

Davidson County, North Carolina

Annual Comprehensive Financial Report

Year Ended June 30, 2022

Prepared by:
Christy E. Stilwell
Finance Director

DAVIDSON COUNTY, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022

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INTRODUCTORY SECTION

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DAVIDSON COUNTY FINANCE

Davidson County Governmental Center
Post Office Box 1067
913 N. Greensboro Street
Lexington, NC 27292



January 31, 2023

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

I am pleased to present the annual comprehensive financial report of Davidson County for the fiscal year ended June 30, 2022. 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 perspective of the specific environment within which the County operates.

Local economy. The County is the home of several nationally known employers. Egger Wood Products LLC is a global leader in the manufacturing of wood-based materials for the furniture,

interior design, flooring and building products industries. 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, 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 3.9 % employment rate which is .2% less than the state rate and .7% less than the County's rate in 2021.

The County experienced an increase of 15.2% 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 continues to develop the 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 \$19.8 million in site improvements.

2022 brought the completion of the 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.

Additionally, the County has completed construction of 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, 2022, 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

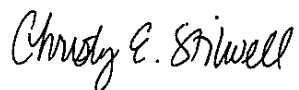
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Davidson County for its annual comprehensive financial report for the fiscal year ended June 30, 2021. The Certificate of Achievement is a prestigious 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-five years (fiscal years ended 1987-2021). 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,

A handwritten signature in black ink that reads "Christy E. Stilwell". The signature is written in a cursive, flowing style.

Christy E. Stilwell
Finance Director

DAVIDSON COUNTY, NORTH CAROLINA

ORGANIZATIONAL CHART

CITIZENS OF DAVIDSON



BOARD OF COUNTY COMMISSIONERS



COUNTY MANAGER



COUNTY DEPARTMENTS

GENERAL GOVERNMENT

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

Administration and Support:

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

PUBLIC SAFETY

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

HUMAN SERVICES

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

CULTURE AND RECREATION

- * Library
- * Museum
- * Recreation

ECONOMIC AND PHYSICAL DEVELOPMENT

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

ENVIRONMENTAL PROTECTION

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

DAVIDSON COUNTY, NORTH CAROLINA

Board of County Commissioners

Fred McClure, Chairman
Todd Yates, Vice Chairman
Chris Elliott
Matt Mizell
Steve Shell
James Shores
Karen Watford

County Officials

Casey Smith
Jason Martin
Christy Stilwell
Charles Frye
Michael Horne
David Rickard
Dwayne Childress
Tony Dill
Andrew Richards
Richie Simmons
Beau Chollett
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, 2021

Christopher P. Morill

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 Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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, 2022, and the respective change 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.

We did not audit the financial statements of the Davidson County ABC Board, which represents 9.75%, 7.36%, and 50.75%, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units as of June 30, 2022, and the respective changes in the financial position, and where applicable, cashflows thereof for the year then ended. Those financial 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Davidson County ABC Board were not audited in accordance with *Government Auditing Standards*.

Change in Accounting Principle

As discussed in Note VI to the financial statements, in 2022 the County adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgement and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 Governmental Employees' Retirement System's Schedules of the County's Proportionate Share of Net Pension Liability (Asset) and 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 is the responsibility of management and, 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 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 combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical tables but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023 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, 2023

Management's Discussion and Analysis (Continued)

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, 2022. 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 resources of Davidson County's governmental activities exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$135,806,385.
- As of the close of the current fiscal year, Davidson County's governmental funds reported combined ending fund balances of \$171,236,626, after a net increase of \$24,506,952. Approximately 21.02% of this total amount, or \$35,987,066, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$71,833,870, or 39.84%, 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 \$163,905,315. This is an increase of \$38,012,270 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 rating and the Standard & Poor's bond rating during the year. The ratings are as follows:

Moody's	Aa1
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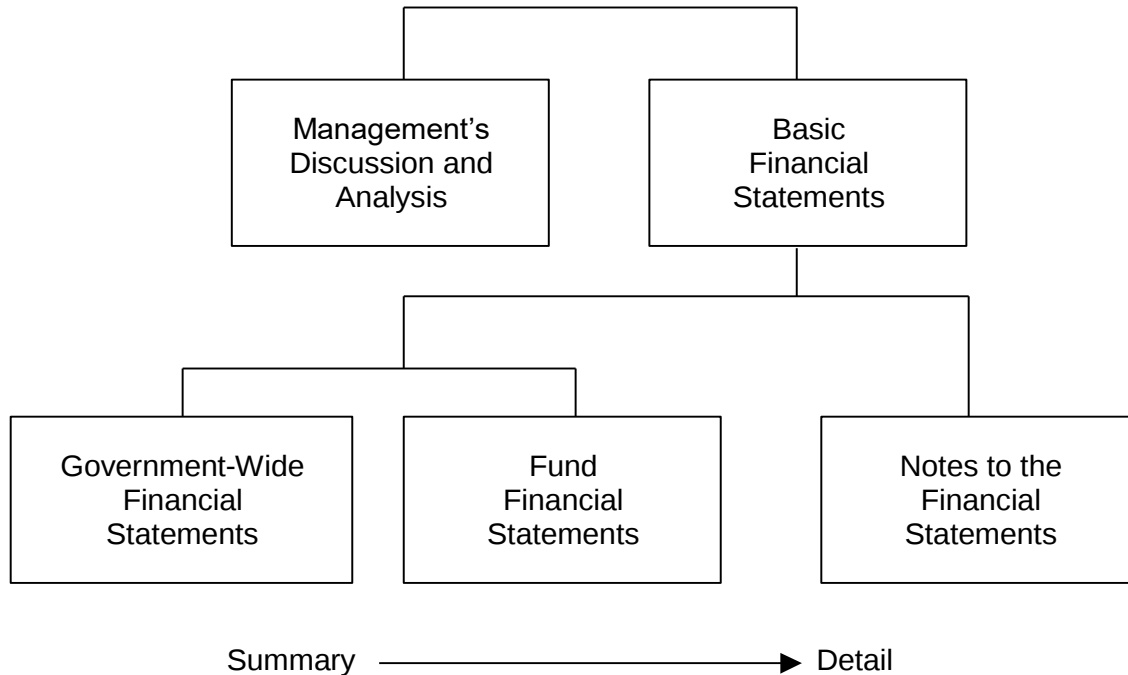
Standard & Poor's	AA
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Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the County's non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension and benefit plans.

Government-Wide Financial Statements

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

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the total of the County's assets and deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include general government, public safety, public education, economic development, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the sewer and landfill services offered by Davidson County. The final category is the component units. 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. The government-wide financial statements are on Exhibits A and B 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 all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Davidson County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. 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*. This method also has a current financial resource 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

Management's Discussion and Analysis (Continued)

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.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Davidson County has two fiduciary funds, one of which is the property tax fund which accounts for funds that are billed and collected by the County for various municipalities and special districts. The other custodial fund accounts for Bid Bond deposits, Sheriff-Inmate, Sheriff-Execution and Sheriff-Evidence activities for reporting purposes.

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 30 through 88 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 89 through 99 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 \$163,905,315 as of June 30, 2022. As of June 30, 2021, the net position of Davidson County was \$125,893,045. The County's net position increased by \$38,012,270 for the fiscal year ended June 30, 2022.

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, 2022 include outstanding general obligation debt of \$22,890,000, outstanding qualified school construction bond debt of \$14,065,391, and outstanding limited obligation bond debt of \$27.4 million all relate to funding these non-County assets. This represents 92% of the County's bonded 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 \$24,981,683 represents resources that are subject to external restrictions on how they are used. The remaining balance of \$60,931,710 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	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 204,547,397	\$ 177,836,837	\$ 26,804,795	\$ 23,531,966	\$ 231,352,192	\$ 201,368,803
Capital assets, net of depreciation	97,422,663	97,965,023	18,800,642	19,210,842	116,223,305	117,175,865
Total assets	<u>301,970,060</u>	<u>275,801,860</u>	<u>45,605,437</u>	<u>42,742,808</u>	<u>347,575,497</u>	<u>318,544,668</u>
Deferred Outflows of Resources	<u>17,568,723</u>	<u>14,675,590</u>	<u>240,696</u>	<u>174,053</u>	<u>17,809,419</u>	<u>14,849,643</u>
Liabilities:						
Long-term liabilities outstanding	144,455,677	164,092,574	16,369,262	16,391,929	160,824,939	180,484,503
Other liabilities	24,744,017	24,500,720	1,097,219	291,188	25,841,236	24,791,908
Total liabilities	<u>169,199,694</u>	<u>188,593,294</u>	<u>17,466,481</u>	<u>16,683,117</u>	<u>186,666,175</u>	<u>205,276,411</u>
Deferred Inflows of Resources	<u>14,532,704</u>	<u>2,189,703</u>	<u>280,722</u>	<u>35,152</u>	<u>14,813,426</u>	<u>2,224,855</u>
Net Position:						
Net investment in capital assets	64,434,632	63,182,870	13,557,290	13,212,725	77,991,922	76,395,595
Restricted	24,981,683	24,093,095	-	-	24,981,683	24,093,095
Unrestricted	<u>46,390,070</u>	<u>12,418,488</u>	<u>14,541,640</u>	<u>12,985,867</u>	<u>60,931,710</u>	<u>25,404,355</u>
Total net position	<u>\$ 135,806,385</u>	<u>\$ 99,694,453</u>	<u>\$ 28,098,930</u>	<u>\$ 26,198,592</u>	<u>\$ 163,905,315</u>	<u>\$ 125,893,045</u>

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.74%.
- 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)

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 7,448,125	\$ 6,091,512	\$ 6,707,567	\$ 6,456,307	\$ 14,155,692	\$ 12,547,819
Operating grants	30,175,660	34,790,743	-	-	30,175,660	34,790,743
Capital grants	903,398	1,218,715	-	-	903,398	1,218,715
General revenues:						
Property taxes	109,143,288	95,770,364	-	-	109,143,288	95,770,364
Other taxes	49,427,320	43,816,538	504,160	436,976	49,931,480	44,253,514
Other revenue	1,868,527	1,050,771	145,884	126,344	2,014,411	1,177,115
Total revenues	<u>198,966,318</u>	<u>182,738,643</u>	<u>7,357,611</u>	<u>7,019,627</u>	<u>206,323,929</u>	<u>189,758,270</u>
Expenses:						
General government	17,685,499	15,574,436	-	-	17,685,499	15,574,436
Public safety	48,067,677	47,476,815	-	-	48,067,677	47,476,815
Economic and physical development	12,004,511	4,644,453	-	-	12,004,511	4,644,453
Environmental protection	1,513,037	1,441,343	-	-	1,513,037	1,441,343
Human services	28,151,261	28,268,641	-	-	28,151,261	28,268,641
Culture and recreation	5,290,750	6,106,909	-	-	5,290,750	6,106,909
Transportation	1,507,842	1,358,363	-	-	1,507,842	1,358,363
Education	44,119,643	44,105,793	-	-	44,119,643	44,105,793
Interest on long-term debt	3,613,216	3,799,926	-	-	3,613,216	3,799,926
Landfill	-	-	5,093,751	3,395,657	5,093,751	3,395,657
Sanitation	-	-	1,264,472	1,307,602	1,264,472	1,307,602
Total expenses	<u>161,953,436</u>	<u>152,776,679</u>	<u>6,358,223</u>	<u>4,703,259</u>	<u>168,311,659</u>	<u>157,479,938</u>
Change in net position before transfers	37,012,882	29,961,964	999,388	2,316,368	38,012,270	32,278,332
Transfers	(900,950)	(933,100)	900,950	933,100	-	-
Change in net position	<u>36,111,932</u>	<u>29,028,864</u>	<u>1,900,338</u>	<u>3,249,468</u>	<u>38,012,270</u>	<u>32,278,332</u>
Net Position:						
Beginning of year - July 1	99,694,453	70,634,717	26,198,592	22,949,124	125,893,045	93,583,841
Restatement	-	30,872	-	-	-	30,872
Beginning of year - July 1, as restated	<u>99,694,453</u>	<u>70,665,589</u>	<u>26,198,592</u>	<u>22,949,124</u>	<u>125,893,045</u>	<u>93,614,713</u>
End of year - June 30	<u>\$ 135,806,385</u>	<u>\$ 99,694,453</u>	<u>\$ 28,098,930</u>	<u>\$ 26,198,592</u>	<u>\$ 163,905,315</u>	<u>\$ 125,893,045</u>

Management's Discussion and Analysis (Continued)

Governmental Activities. Of total net position, governmental activities accounted for \$135,806,385 (83 percent). Operating and capital grants and contributions funded \$31,079,058 of Davidson County's governmental activities. Operating grants increased due to more funding received for human services and public safety programs. 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 \$36,111,932 compared to an increase of \$29,028,864 in 2021. The key elements of the increase in 2022 were increases in property taxes, sales taxes, and operating grants.

Business-type activities. Net position of Davidson County's business-type activities increased to \$28,098,930. Net position increased by \$1,900,338 in 2022 due to an increase in landfill revenues. Net position increased \$3,249,468 in 2021.

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

The General Fund is the principal operating fund of Davidson County. At the end of the current fiscal year, fund balance available in the General Fund was \$92,091,255, while total fund balance for reached \$109,324,435. 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 51.07% of General Fund expenditures and transfers to other funds, while total fund balance represents 60.63% of that same amount.

The other major governmental funds are the Capital Reserve Fund which accounts for monies that have been specially reserved for future capital expenditures, ARP Fund, which accounts for monies that have been reserved for American Rescue Plan act expenditures, and Capital Projects Fund that accounts for monies that have been specifically reserved for County capital project expenditures.

The Capital Reserve Fund fund balance increased by \$24,308,147 due to a large transfer in from the General Fund of \$28,063,670 for future capital projects. The ARP Fund fund balance increased by \$27,899 due to interest earnings and had \$16,278,042 in unspent grant proceeds. Capital Projects Fund received a transfer of \$600,000 from the General Fund and \$2,581,995 from the Capital Reserve Fund for capital improvements. The Capital Projects Fund also transferred \$3.8m to the General Fund during the year to support airport hangar construction. The County was previously awarded a \$1,945,472 Economic Development Act grant that was recorded in the Capital Projects Fund of which \$1,610,417 was spent during the year with \$335,055 remaining for the I-85 business park.

Management's Discussion and Analysis (Continued)

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, appropriated fund balance, and other financing sources by \$42,873,145. \$4,799,002 of the increase can be attributed to additional grant revenue. \$1,942,259 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. \$32,753,670 of the increase can be attributed to an increase in sales taxes and property for capital projects and capital reserve. \$3.8m of the increase is attributable to a transfer in from the Capital Projects Fund to assist with airport hangars. Favorable variances were recognized in all departments through the utilization of conservative spending.

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 \$12,913,520. Unrestricted net position of the Sewer operation at the end of the year totaled \$1,628,120.

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, 2022 amounts to \$116,223,305 (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 2.1 percent.

The major capital asset event during the fiscal year was the continued work on the I-85 Corporate Center. 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. An upgrade to our 911 CAD system was also completed this year to provide enhanced emergency communications within the County. This project was funded by local revenues. 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.

Management's Discussion and Analysis (Continued)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land and Improvements	\$ 18,880,488	\$ 18,880,488	\$ 863,794	\$ 863,794	\$ 19,744,282	\$ 19,744,282
Buildings	91,998,275	89,832,083	809,028	794,528	92,807,303	90,626,611
Furniture and equipment	28,143,744	26,144,979	10,013,581	10,652,186	38,157,325	36,797,165
Vehicles	12,166,334	12,076,609	-	-	12,166,334	12,076,609
Sewer line	-	-	18,127,698	18,127,258	18,127,698	18,127,258
Landfill cell construction	-	-	23,000,931	23,000,931	23,000,931	23,000,931
Improvements to landfill	-	-	2,547,465	2,466,750	2,547,465	2,466,750
Construction in progress	<u>1,164,877</u>	<u>1,303,194</u>	<u>-</u>	<u>-</u>	<u>1,164,877</u>	<u>1,303,194</u>
Subtotal	152,353,718	148,237,353	55,362,497	55,905,447	207,716,215	204,142,800
Less accumulated depreciation	<u>54,931,055</u>	<u>50,272,330</u>	<u>36,561,855</u>	<u>36,694,605</u>	<u>91,492,910</u>	<u>86,966,935</u>
Total	<u>\$ 97,422,663</u>	<u>\$ 97,965,023</u>	<u>\$ 18,800,642</u>	<u>\$ 19,210,842</u>	<u>\$ 116,223,305</u>	<u>\$ 117,175,865</u>

Additional information on Davidson County's capital assets can be found in Note II.A.5 on pages 47 through 50 of this report.

Long-Term Debt. As of June 30, 2022, Davidson County had total bonded debt outstanding of \$22,890,000, which is backed by the full faith and credit of the County.

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds - direct placement	\$ 22,510,000	\$ 26,480,000	\$ 380,000	\$ 425,000	\$ 22,890,000	\$ 26,905,000
Certificates of Participation - direct placement	1,575,000	2,400,000	-	-	1,575,000	2,400,000
Qualified School Construction Bonds - direct placement	14,065,391	14,403,856	-	-	14,065,391	14,403,856
Limited obligation bonds - direct placement	54,545,000	58,060,000	4,130,000	4,735,000	58,675,000	62,795,000
Bond premium	15,522,115	16,589,909	733,352	838,117	16,255,467	17,428,026
Leases	425,325	-	-	-	425,325	-
REDLG Loan - Direct Placement	1,260,000	1,500,000	-	-	1,260,000	-
Total pension liability (LEOSSA)	5,637,591	5,702,564	-	-	5,637,591	5,702,564
Net pension liability (LGBERS)	7,928,755	19,160,826	60,820	290,046	7,989,575	19,450,872
Total OPEB liability	18,501,731	17,338,691	377,586	353,850	18,879,317	17,692,541
Compensated absences	2,484,769	2,456,728	60,528	53,310	2,545,297	2,510,038
Accrued landfill closure and post closure notes	-	-	<u>10,626,976</u>	<u>9,696,606</u>	<u>10,626,976</u>	<u>9,696,606</u>
Total	<u>\$ 144,455,677</u>	<u>\$ 164,092,574</u>	<u>\$ 16,369,262</u>	<u>\$ 16,391,929</u>	<u>\$ 160,824,939</u>	<u>\$ 178,984,503</u>

Management's Discussion and Analysis (Continued)

This outstanding General Obligation indebtedness is out of a legal debt limit of approximately \$1,412,015,319. 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 \$135.30 as of June 30, 2022 while the County's gross debt per capita is \$446.72 due to \$75,575,391 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 \$9,538,465.

Additional information on Davidson County's long-term debt can be found in Note II.B.7 on pages 71 through 85 of this report.

Economic Factors and Next Year's Budget and Rates

- The unemployment rate for Davidson County is currently 3.9 percent, which is .7 percent less than last year's rate. This rate is .2 percent less the state's average unemployment rate of 4.1 percent.
- Inflationary trends in the region compare favorably to national indices.
- Population of 171,063 has grown 5.1 percent from 2012 to 2022.

Impact of Coronavirus on the County. During the fiscal year, the state and the nation continued to be 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 FY2022.

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 received the final distribution of an additional \$16.278 million during FY2022.

All of these factors were considered in preparing Davidson County's budget for Fiscal Year 2022-2023.

Budget Highlights for Fiscal Year 2022-2023

Governmental Activities - Minimal growth of 3.0 percent in property tax revenue is anticipated over FY2022. A 14.0 percent increase in sales tax revenues over FY2022 has been included as taxable retail sales have increased 11 percent likely due to 2013 and 2016 tax reforms. Additionally, the County is now fully realizing the additional Article 44 and 46 sales tax receipts. General Fund reserves, maintained in the current fiscal year through reduced spending initiatives and additional revenues, were appropriated in the amount of \$5.5 million.

While budgeted expenditures increased over FY2022, the increases are covered via the natural growth in property/sales tax collections. Increases for Education and Economic Development, in addition to personnel costs, are slightly offset by a decrease in debt service expenditures budgeted for FY2023. Management plans to re-evaluate capital spending after revenue estimates are realized during the year.

Management's Discussion and Analysis (Continued)

Business-Type Activities - Budgeted expenditures for the Landfill Fund will increase to replace major capital equipment, add high priority positions and begin planning the next phase of development at the landfill. The Sewer Fund anticipates a 6 percent sewer rate increase which the County does not plan to pass on to Davidson County customers.

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, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Davidson County Airport Authority	Davidson County ABC Board
Assets:					
Cash and cash equivalents	\$ 153,397,037	\$ 26,007,883	\$ 179,404,920	\$ 5,708,644	\$ 1,637,820
Taxes receivable, net	607,611	-	607,611	-	-
Accounts receivable, net	2,489,802	645,541	3,135,343	-	-
Leases receivable, net	79,610	-	79,610	75,975	-
Accrued interest receivable, net	33	-	33	65	-
Due from other governments	17,450,923	151,371	17,602,294	189,597	-
Inventory, at cost	130,817	-	130,817	-	453,908
Prepaid items	222,685	-	222,685	-	12,533
Restricted cash and cash equivalents	29,142,261	-	29,142,261	-	-
Long-term note receivable	225,000	-	225,000	-	-
Leases receivable, non-current	63,497	-	63,497	155,607	-
Net pension asset	308,505	-	308,505	-	-
Right to use assets, net	429,616	-	429,616	-	-
Capital assets:					
Land and construction in progress	20,045,365	863,794	20,909,159	12,189,580	-
Other capital assets, net of depreciation	77,377,298	17,936,848	95,314,146	2,749,418	171,199
Total capital assets	97,422,663	18,800,642	116,223,305	14,938,998	171,199
Total assets	301,970,060	45,605,437	347,575,497	21,068,886	2,275,460
Deferred Outflows of Resources:	17,568,723	240,696	17,809,419	-	-
Liabilities:					
Liabilities:					
Accounts payable and accrued liabilities	6,118,346	1,097,219	7,215,565	88,006	627,488
Accrued interest payable	355,441	-	355,441	-	-
Unearned revenue	480,078	-	480,078	-	-
Advances from grantor	17,790,152	-	17,790,152	-	-
Long-term liabilities:					
Due within one year	12,200,777	711,412	12,912,189	-	-
Due in more than one year	132,254,900	15,657,850	147,912,750	-	-
Total long-term liabilities	144,455,677	16,369,262	160,824,939	-	-
Total liabilities	169,199,694	17,466,481	186,666,175	88,006	627,488
Deferred Inflows of Resources:	14,532,704	280,722	14,813,426	231,404	-
Net Position:					
Net investment in capital assets	64,434,632	13,557,290	77,991,922	14,938,998	171,199
Restricted for:					
Stabilization by state statute	17,085,636	-	17,085,636	-	-
Register of Deeds	485,667	-	485,667	-	-
Register of Deeds' pension plan	306,694	-	306,694	-	-
Public safety	3,180,373	-	3,180,373	-	-
Transportation	860,925	-	860,925	-	-
Human services	3,062,388	-	3,062,388	-	-
Capital improvements	-	-	-	-	300,627
Working capital	-	-	-	-	214,361
Unrestricted	46,390,070	14,541,640	60,931,710	5,810,478	961,785
Total net position	\$ 135,806,385	\$ 28,098,930	\$ 163,905,315	\$ 20,749,476	\$ 1,647,972

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 17,685,499	\$ 3,739,071	\$ 968,997	\$ -
Human services	28,151,261	311,730	15,732,255	-
Public safety	48,067,677	2,962,025	7,490,691	-
Environmental protection	1,513,037	-	89,857	-
Economic and physical development	12,004,511	181,761	2,624,671	903,398
Culture and recreation	5,290,750	243,266	192,292	-
Transportation	1,507,842	10,272	1,727,577	-
Intergovernmental:				
Education	44,119,643	-	-	-
Debt service:				
Interest and fiscal charges	3,613,216	-	1,349,320	-
Total governmental activities	<u>161,953,436</u>	<u>7,448,125</u>	<u>30,175,660</u>	<u>903,398</u>
Business-type activities:				
Landfill	5,093,751	5,714,595	-	-
Sewer	1,264,472	992,972	-	-
Total business-type activities	<u>6,358,223</u>	<u>6,707,567</u>	<u>-</u>	<u>-</u>
Total primary government	<u>168,311,659</u>	<u>14,155,692</u>	<u>30,175,660</u>	<u>903,398</u>
Component units:				
Airport	773,910	492,045	242,355	4,679,185
ABC Board	4,781,753	5,576,932	-	-
Total component units	<u>\$ 5,555,663</u>	<u>\$ 6,068,977</u>	<u>\$ 242,355</u>	<u>\$ 4,679,185</u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Davidson County Airport Authority	Davidson County ABC Board
Primary government:					
Governmental activities:					
General government	\$ (12,977,431)	\$ -	\$ (12,977,431)		
Human services	(12,107,276)	-	(12,107,276)		
Public safety	(37,614,961)	-	(37,614,961)		
Environmental protection	(1,423,180)	-	(1,423,180)		
Economic and physical development	(8,294,681)	-	(8,294,681)		
Culture and recreation	(4,855,192)	-	(4,855,192)		
Transportation	230,007	-	230,007		
Intergovernmental:					
Education	(44,119,643)	-	(44,119,643)		
Debt service:					
Interest and fiscal charges	(2,263,896)	-	(2,263,896)		
Total governmental activities	(123,426,253)	-	(123,426,253)		
Business-type activities:					
Landfill	-	620,844	620,844		
Sewer	-	(271,500)	(271,500)		
Total business-type activities	-	349,344	349,344		
Total primary government	(123,426,253)	349,344	(123,076,909)		
Component units:					
Airport				\$ 4,639,675	\$ -
ABC Board				-	795,179
Total component units				4,639,675	795,179
General revenues:					
Taxes:					
Property taxes, levied for					
general purposes	109,143,288	-	109,143,288	-	-
Sales tax	48,191,952	-	48,191,952	-	-
Other taxes	1,235,368	504,160	1,739,528	-	-
Interest earnings	(103,330)	41,119	(62,211)	-	1,423
Other	1,971,857	104,765	2,076,622	-	-
Total general revenues before transfers	160,439,135	650,044	161,089,179		
Transfers	(900,950)	900,950	-	-	-
Total general revenues and transfers	159,538,185	1,550,994	161,089,179	-	1,423
Change in net position	36,111,932	1,900,338	38,012,270	4,639,675	796,602
Net Position:					
Net position - beginning	99,694,453	26,198,592	125,893,045	16,109,801	851,370
Net position, ending	\$ 135,806,385	\$ 28,098,930	\$ 163,905,315	\$ 20,749,476	\$ 1,647,972

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	Major Funds					
	General Fund	ARP Fund	Capital Reserve Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Cash and cash equivalents	\$ 86,425,300	\$ 28,430	\$ 43,942,618	\$ 3,742,914	\$ 13,929,142	\$ 148,068,404
Taxes receivable, net	340,310	-	-	-	267,301	607,611
Accounts receivable, net	2,489,802	-	-	-	-	2,489,802
Lease receivable	143,107	-	-	-	-	143,107
Due from other governments	15,412,701	-	-	1,675,794	302,502	17,390,997
Prepaid items	222,685	-	-	-	-	222,685
Restricted cash and cash equivalents	9,933,100	16,278,042	-	2,451,041	480,078	29,142,261
Long-term note receivable	225,000	-	-	-	-	225,000
Total assets	<u>\$ 115,192,005</u>	<u>\$ 16,306,472</u>	<u>\$ 43,942,618</u>	<u>\$ 7,869,749</u>	<u>\$ 14,979,023</u>	<u>\$ 198,289,867</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 4,242,136	\$ -	\$ -	\$ 696,016	\$ 301,339	\$ 5,239,491
Unearned revenue	-	-	-	-	480,078	480,078
Advances from grantor	25,009	16,278,042	-	1,487,101	-	17,790,152
Total liabilities	<u>4,267,145</u>	<u>16,278,042</u>	<u>-</u>	<u>2,183,117</u>	<u>781,417</u>	<u>23,509,721</u>
Deferred Inflows of Resources	<u>1,600,425</u>	<u>-</u>	<u>-</u>	<u>1,675,794</u>	<u>267,301</u>	<u>3,543,520</u>
Fund Balances:						
Nonspendable:						
Prepays	222,685	-	-	-	-	222,685
Long term note receivable	225,000	-	-	-	-	225,000
Leases	2,361	-	-	-	-	2,361
Restricted:						
Stabilization by State Statute	16,783,134	-	-	-	302,502	17,085,636
Register of deeds	485,667	-	-	-	-	485,667
Fire protection	-	-	-	-	1,753,866	1,753,866
Transportation	-	-	-	-	860,925	860,925
Public safety	971,517	-	-	-	454,990	1,426,507
Health	3,062,388	-	-	-	-	3,062,388
Economic and physical development	-	-	-	963,940	-	963,940
Debt service	9,898,091	-	-	-	-	9,898,091
Committed:						
Tax revaluation	10,000	-	-	-	-	10,000
LEO Special Separation Allowance	296,340	-	-	-	-	296,340
School capital	-	-	-	-	10,558,022	10,558,022
Capital projects funds	-	-	43,942,618	3,046,898	-	46,989,516
General government	-	28,430	-	-	-	28,430
Assigned - subsequent year's expenditures	5,533,382	-	-	-	-	5,533,382
Unassigned	71,833,870	-	-	-	-	71,833,870
Total fund balances	<u>109,324,435</u>	<u>28,430</u>	<u>43,942,618</u>	<u>4,010,838</u>	<u>13,930,305</u>	<u>171,236,626</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 115,192,005</u>	<u>\$ 16,306,472</u>	<u>\$ 43,942,618</u>	<u>\$ 7,869,749</u>	<u>\$ 14,979,023</u>	<u>\$ 198,289,867</u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances	\$ 171,236,626
Capital assets and right to use assets used in governmental activities are not financial resources and therefore not reported in the funds.	97,652,964
Net pension asset	308,505
Net pension liability	(7,928,755)
Total OPEB liability	(18,501,731)
Total pension liability	(5,637,591)
Deferred inflows of resources for taxes and other receivables	3,402,774
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	4,857,987
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position.	357,639
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	81,260
Pension related deferrals	(3,115,023)
OPEB related deferrals	994,902
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.	4,825,932
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	(109,902,831)
Compensated absences	(2,470,865)
Accrued interest receivable	33
Accrued interest payable	(355,441)
Net position of governmental activities	<u>\$ 135,806,385</u>

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, 2022

	Major Funds					
	General Fund	ARP Fund	Capital Reserve Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 144,529,461	\$ -	\$ -	\$ -	\$ 14,249,571	\$ 158,779,032
Licenses and permits	3,669,728	-	-	-	-	3,669,728
Intergovernmental	20,810,969	-	-	1,003,398	2,298,024	24,112,391
Charges for services	9,142,667	-	-	-	10,272	9,152,939
Interest on investments	(149,687)	27,899	-	-	18,458	(103,330)
Miscellaneous	1,802,781	-	-	110,042	59,001	1,971,824
Total revenues	<u>179,805,919</u>	<u>27,899</u>	<u>-</u>	<u>1,113,440</u>	<u>16,635,326</u>	<u>197,582,584</u>
Expenditures:						
Current:						
General government	15,205,432	-	-	-	-	15,205,432
Human services	28,615,913	-	-	-	-	28,615,913
Public safety	35,950,779	-	-	-	12,626,127	48,576,906
Environmental protection	1,587,951	-	-	-	-	1,587,951
Economic and physical development	7,602,250	-	-	-	-	7,602,250
Culture and recreation	5,134,492	-	-	-	-	5,134,492
Transportation	-	-	-	-	1,482,438	1,482,438
Intergovernmental:						
Education	38,582,616	-	-	-	5,537,027	44,119,643
Capital outlay	-	-	-	6,727,331	-	6,727,331
Debt service:						
Principal	9,092,764	-	-	-	-	9,092,764
Interest and fiscal charges	4,659,186	-	-	-	-	4,659,186
Total expenditures	<u>146,431,383</u>	<u>-</u>	<u>-</u>	<u>6,727,331</u>	<u>19,645,592</u>	<u>172,804,306</u>
Excess (deficiency) of revenues over expenditures	<u>33,374,536</u>	<u>27,899</u>	<u>-</u>	<u>(5,613,891)</u>	<u>(3,010,266)</u>	<u>24,778,278</u>
Other Financing Sources (Uses):						
Lease liabilities issued	629,624	-	-	-	-	629,624
Transfers from other funds	5,063,528	-	28,063,670	3,181,995	4,328,529	40,637,722
Transfers to other funds	(33,893,149)	-	(3,755,523)	(3,800,000)	(90,000)	(41,538,672)
Total other financing sources (uses)	<u>(28,199,997)</u>	<u>-</u>	<u>24,308,147</u>	<u>(618,005)</u>	<u>4,238,529</u>	<u>(271,326)</u>
Net change in fund balances	5,174,539	27,899	24,308,147	(6,231,896)	1,228,263	24,506,952
Fund balances at beginning of year	<u>104,149,896</u>	<u>531</u>	<u>19,634,471</u>	<u>10,242,734</u>	<u>12,702,042</u>	<u>146,729,674</u>
Fund balances at end of year	<u>\$ 109,324,435</u>	<u>\$ 28,430</u>	<u>\$ 43,942,618</u>	<u>\$ 4,010,838</u>	<u>\$ 13,930,305</u>	<u>\$ 171,236,626</u>

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, 2022

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 **\$ 24,506,952**

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.

Capital outlays	5,337,202
Depreciation	(5,839,630)
Gain/loss on disposal	(37,817)
Capital outlays - leases	629,624
Amortization	(200,008)

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 fund 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.

Principal payments	8,888,465
Amortization of bond premium	1,067,794
Lease proceeds	(629,624)
Compensated absences	(30,557)
Lease payments	204,299

Pension expense - ROD and LGERS	1,352,604
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Pension expense - LEOSA	(492,512)
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OPEB plan expense	(29,536)
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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.	15,988
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	1,383,734
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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.	(15,046)
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Changes in net position of governmental activities **\$ 36,111,932**

DAVIDSON COUNTY, NORTH CAROLINA
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final
				Positive
				(Negative)
Revenues:				
Taxes	\$ 111,623,322	\$ 140,486,992	\$ 144,529,461	\$ 4,042,469
Licenses and permits	1,909,355	1,995,944	3,669,728	1,673,784
Intergovernmental	19,972,809	24,835,897	20,810,969	(4,024,928)
Charges for services	7,483,422	9,973,690	9,142,667	(831,023)
Interest on investments	100,000	100,000	(149,687)	(249,687)
Miscellaneous	732,644	740,587	1,802,781	1,062,194
Total revenues	<u>141,821,552</u>	<u>178,133,110</u>	<u>179,805,919</u>	<u>1,672,809</u>
Expenditures:				
Current:				
General government	15,248,660	15,561,359	14,802,948	758,411
Human services	30,324,464	33,904,336	28,464,105	5,440,231
Public safety	35,267,214	37,881,552	35,934,919	1,946,633
Environmental protection	1,454,632	1,562,287	1,533,706	28,581
Economic and physical development	2,722,282	8,513,276	7,597,023	916,253
Culture and recreation	4,996,582	5,383,999	5,134,492	249,507
Intergovernmental:				
Education	37,939,826	38,539,826	38,582,616	(42,790)
Debt service:				
Principal	10,408,465	9,962,764	9,962,764	-
Interest and fiscal charges	4,910,136	4,659,186	4,659,186	-
Total expenditures	<u>143,272,261</u>	<u>155,968,585</u>	<u>146,671,759</u>	<u>9,296,826</u>
Excess (deficiency) of revenues over expenditures	<u>(1,450,709)</u>	<u>22,164,525</u>	<u>33,134,160</u>	<u>10,969,635</u>
Other Financing Sources (Uses):				
Transfers from other funds	444,200	5,063,528	5,063,528	-
Transfers to other funds	<u>(4,026,873)</u>	<u>(34,203,694)</u>	<u>(33,893,149)</u>	<u>310,545</u>
Total other financing sources (uses)	<u>(3,582,673)</u>	<u>(29,140,166)</u>	<u>(28,829,621)</u>	<u>310,545</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(5,033,382)</u>	<u>(6,975,641)</u>	<u>4,304,539</u>	<u>11,280,180</u>
Fund balance appropriated	<u>5,033,382</u>	<u>6,975,641</u>	<u>-</u>	<u>(6,975,641)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4,304,539</u>	<u>\$ 4,304,539</u>
Fund balance at beginning of year			104,139,896	
Reconciliation from Budgetary Basis to Modified Accrual Basis:				
Initial implementation of GASB 87 lease standard:				
Lease liability issued			629,624	
Capital outlay			(629,624)	
Debt service payment to sinking fund			<u>870,000</u>	
Fund balance at end of year			109,314,435	
A legally budgeted Tax Revaluation Fund is consolidated into the General Fund for reporting purposes:				
Fund balance at beginning of year			<u>10,000</u>	
Fund balance at end of year (Exhibit 4)			<u>\$ 109,324,435</u>	

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2022

	Major Funds			Governmental Activities
	Landfill	Sewer	Total	Internal Service
Assets:				
Current assets:				
Cash and investments	\$ 24,392,555	\$ 1,615,328	\$ 26,007,883	\$ 5,328,633
Accounts receivable, net	567,808	77,733	645,541	-
Due from other governments	151,371	-	151,371	59,926
Inventory, at cost	-	-	-	130,817
Total current assets	<u>25,111,734</u>	<u>1,693,061</u>	<u>26,804,795</u>	<u>5,519,376</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress	863,794	-	863,794	-
Other capital assets, net of depreciation	4,289,440	13,647,408	17,936,848	199,315
Total capital assets	<u>5,153,234</u>	<u>13,647,408</u>	<u>18,800,642</u>	<u>199,315</u>
Total noncurrent assets	<u>5,153,234</u>	<u>13,647,408</u>	<u>18,800,642</u>	<u>199,315</u>
Total assets	<u>30,264,968</u>	<u>15,340,469</u>	<u>45,605,437</u>	<u>5,718,691</u>
Deferred Outflows of Resources:	<u>240,696</u>	<u>-</u>	<u>240,696</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Current portion of accrued vacation benefits	46,000	412	46,412	-
Accounts payable and accrued liabilities	1,032,690	64,529	1,097,219	878,855
General obligation bonds payable	-	45,000	45,000	-
Limited obligation note payable	-	620,000	620,000	-
Total current liabilities	<u>1,078,690</u>	<u>729,941</u>	<u>1,808,631</u>	<u>878,855</u>
Noncurrent liabilities:				
Accrued landfill closure and postclosure costs	10,626,976	-	10,626,976	-
Total OPEB liability	377,586	-	377,586	-
Net pension liability	60,820	-	60,820	-
Accrued vacation benefits	14,116	-	14,116	13,904
General obligation bonds payable	-	688,352	688,352	-
Limited obligation note payable	-	3,890,000	3,890,000	-
Total noncurrent liabilities	<u>11,079,498</u>	<u>4,578,352</u>	<u>15,657,850</u>	<u>13,904</u>
Total liabilities	<u>12,158,188</u>	<u>5,308,293</u>	<u>17,466,481</u>	<u>892,759</u>
Deferred Inflows of Resources:	<u>280,722</u>	<u>-</u>	<u>280,722</u>	<u>-</u>
Net Position:				
Net investment in capital assets	5,153,234	8,404,056	13,557,290	199,315
Unrestricted	12,913,520	1,628,120	14,541,640	4,626,617
Total net position	<u>\$ 18,066,754</u>	<u>\$ 10,032,176</u>	<u>\$ 28,098,930</u>	<u>\$ 4,825,932</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, 2022

	Major Funds			Governmental Activities
	Landfill	Sewer	Total	Internal Service
Operating Revenues:				
Intergovernmental	\$ 504,160	\$ -	\$ 504,160	\$ -
Charges for sales and services	5,676,145	992,972	6,669,117	18,143,295
Miscellaneous	38,450	-	38,450	40,561
Total operating revenues	<u>6,218,755</u>	<u>992,972</u>	<u>7,211,727</u>	<u>18,183,856</u>
Operating Expenses:				
Salaries and benefits	1,067,130	65,682	1,132,812	377,165
Operating	1,980,993	575,240	2,556,233	17,791,988
Depreciation	1,053,156	372,600	1,425,756	29,749
Closure and postclosure costs	992,472	-	992,472	-
Total operating expenses	<u>5,093,751</u>	<u>1,013,522</u>	<u>6,107,273</u>	<u>18,198,902</u>
Operating income (loss)	<u>1,125,004</u>	<u>(20,550)</u>	<u>1,104,454</u>	<u>(15,046)</u>
Non-Operating Revenues (Expenses):				
Amortization of premium	-	104,765	104,765	-
Interest earned	41,119	-	41,119	-
Interest expense	-	(250,950)	(250,950)	-
Total nonoperating revenues (expenses)	<u>41,119</u>	<u>(146,185)</u>	<u>(105,066)</u>	<u>-</u>
Income (loss) before transfers	1,166,123	(166,735)	999,388	(15,046)
Transfers:				
Transfers from other funds	<u>-</u>	<u>900,950</u>	<u>900,950</u>	<u>-</u>
Change in net position	1,166,123	734,215	1,900,338	(15,046)
Total net position, beginning	<u>16,900,631</u>	<u>9,297,961</u>	<u>26,198,592</u>	<u>4,840,978</u>
Total net position, ending	<u>\$ 18,066,754</u>	<u>\$ 10,032,176</u>	<u>\$ 28,098,930</u>	<u>\$ 4,825,932</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, 2022

	Major Funds			Governmental Activities
	Landfill	Sewer	Total	Internal Service
Cash Flows from Operating Activities:				
Cash received from customers	\$ 5,651,133	\$ 987,729	\$ 6,638,862	\$ 18,996,051
Cash received for interfund services	289,826	-	289,826	-
Cash paid for goods and services	(1,217,777)	(594,527)	(1,812,304)	(18,260,051)
Cash paid to employees for services	(1,086,512)	(65,645)	(1,152,157)	(379,681)
Other operating revenues	493,901	-	493,901	40,561
Net cash provided (used) by operating activities	<u>4,130,571</u>	<u>327,557</u>	<u>4,458,128</u>	<u>396,880</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers from other funds	-	900,950	900,950	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(1,015,116)	(440)	(1,015,556)	(27,632)
Principal payments on debt	-	(650,000)	(650,000)	-
Interest payments on debt	-	(250,950)	(250,950)	-
Net cash provided (used) by capital and related financing activities	<u>(1,015,116)</u>	<u>(901,390)</u>	<u>(1,916,506)</u>	<u>(27,632)</u>
Cash Flows from Investing Activities:				
Interest on investments	41,119	-	41,119	-
Net increase (decrease) in cash and cash equivalents	3,156,574	327,117	3,483,691	369,248
Cash and cash equivalents at beginning of year	<u>21,235,981</u>	<u>1,288,211</u>	<u>22,524,192</u>	<u>4,959,385</u>
Cash and cash equivalents at end of year	<u>\$ 24,392,555</u>	<u>\$ 1,615,328</u>	<u>\$ 26,007,883</u>	<u>\$ 5,328,633</u>
Reconciliation of operating income (loss) to net cash used by operating activities:				
Operating income (loss)	\$ 1,125,004	\$ (20,550)	\$ 1,104,454	\$ (15,046)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	1,053,156	372,600	1,425,756	29,749
Change in assets and liabilities and deferred outflows and inflows of resources:				
(Increase) decrease in accounts receivable	226,363	(5,243)	221,120	-
(Increase) decrease in due from other governments	(10,259)	-	(10,259)	852,756
(Increase) decrease in inventory	-	-	-	(80,920)
Increase (decrease) in accounts payable and accrued liabilities	825,318	(19,287)	806,031	(387,143)
Increase (decrease) in accrued landfill closure and postclosure costs	930,370	-	930,370	-
(Increase) decrease in deferred outflows of resources for pensions	(30,899)	-	(30,899)	-
(Increase) decrease in deferred outflows of resources for OPEB	(35,744)	-	(35,744)	-
Increase (decrease) in net pension liability	(229,226)	-	(229,226)	-
Increase (decrease) in deferred inflows of resources for pensions	232,959	-	232,959	-
Increase (decrease) in deferred inflows of resources for OPEB	12,612	-	12,612	-
Increase (decrease) in net accrued OPEB liability	23,736	-	23,736	-
Increase (decrease) in accrued vacation benefits	7,181	37	7,218	(2,516)
Net cash provided (used) by operating activities	<u>\$ 4,130,571</u>	<u>\$ 327,557</u>	<u>\$ 4,458,128</u>	<u>\$ 396,880</u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
June 30, 2022

	<u>Custodial Funds</u>
Assets:	
Cash and cash equivalents	\$ 1,483,218
Taxes receivable for other governments, net	<u>1,338,410</u>
Total assets	<u>2,821,628</u>
Liabilities:	
Accounts payable and accrued liabilities	577,408
Due to other governments	<u>1,391,674</u>
Total liabilities	<u>1,969,082</u>
Net Position:	
Restricted for:	
Individuals, organizations, and other governments	<u>\$ 852,546</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, 2022

	<u>Custodial Funds</u>
Additions:	
Ad valorem taxes collected for other governments	\$ 141,536,259
Collections on behalf of inmates	620,077
Collections on behalf of the courts	69,935
Collections on behalf of creditors	<u>157,370</u>
Total additions	<u>142,383,641</u>
Deductions:	
Tax distributions to other governments	141,651,810
Payments on behalf of inmates	618,549
Payments on behalf of the courts	6,620
Payments on behalf of creditors	<u>156,077</u>
Total deductions	<u>142,433,056</u>
Change in net position	(49,415)
Net position, beginning	<u>901,961</u>
Net position - ending	<u><u>\$ 852,546</u></u>

The accompanying notes are an integral part of this statement.

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DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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, 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

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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

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

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

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

The County reports the following major enterprise funds:

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

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

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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 six legally budgeted funds. The Fire Districts Fund, Transportation Fund, Emergency Telephone Fund, COVID-19 Relief Fund, Opioid Fund and Special School Districts Fund are reported as nonmajor special revenue funds. The County has the following nonmajor capital project fund: School Capital Outlay Fund.

Measurement Focus, Basis of Accounting

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

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.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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 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.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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, Opioid Fund, ARP Special Revenue Fund, and the Enterprise Capital Projects funds.

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 \$11,063,670 and property taxes of \$17,000,000 were appropriated for a one-time contribution to the Capital Reserve fund. \$200,000 and \$600,000 were appropriated to the Economic Development Reserve fund and for capital expenditures, respectively. Intergovernmental revenues of \$4,799,002 were appropriated for various grant programs. Additional fund balance of \$6,561,587 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.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

State law [G. S. 159-30(c)(8)] 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 majority of the County's investments are carried at fair value. Non-participating interest-earning investment contracts are accounted for at cost.

The North Carolina Capital Management Trust (NCCMT), which consists of a SEC registered fund, is authorized by G.S. 159-30(c)(8). The Government Portfolio is a 2a7 fund that invests in treasuries and government agencies and is rated AAAm by S&P and AAAmf by Moody's Investor Services. The Government Portfolio is reported at fair value.

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, 2022:

Governmental Activities:

General Fund:

Restricted for revaluation	\$ 10,000
Sinking fund debt repayment of QSCB	9,898,091
Unexpended grant proceeds	25,009

ARP Fund:

Unexpended grant proceeds	16,278,042
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Other Governmental Funds:

Unexpended settlement proceeds - opioid funds	480,078
Unexpended grant proceeds - Wilcox bridge, SCIF	1,487,101
Unexpended debt proceeds - REDLG	<u>963,940</u>

Total governmental activities	<u>\$29,142,261</u>
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DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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, 2021. 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.

5. Lease Receivable

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

6. 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.

7. 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 is recorded as an expense as the inventory is consumed. Inventory of the ABC Board is valued at the lower of cost (FIFO) or net realizable value.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items for the County's governmental funds are treated using the consumption method. The ABC Board's prepaid items are treated using the purchases method.

8. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to July 1, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after July 1, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$10,000; computer software, \$5,000; and computer equipment, \$500. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

<u>Governmental activities:</u>	<u>Estimated Useful Lives</u>
Buildings and improvements	20 - 40 years
Furniture, equipment and vehicles	5 - 10 years
 <u>Business-type activities:</u>	
Buildings	20 years
Furniture and equipment	5 - 10 years
Improvements	20 years
Sewer lines	50 years
 <u>Component unit - Davidson County Airport Authority:</u>	
Buildings	40 years
Land improvements	50 years
Equipment	10 years
Runways	20 years
 <u>Component unit - Davidson County ABC Board:</u>	
Furniture and equipment	5 - 10 years

9. Right to Use Assets

The County has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

10. 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*, represent a consumption of net assets that applies to future periods 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*, represent an acquisition of net assets that applies to future periods and so will not be recognized as revenue until then. The County has several items that meet the criterion for this category, property taxes receivable, other receivables, EMS receivables, other pension and OPEB related deferrals, and lease deferrals.

11. 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 other financing sources.

12. 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.

13. Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the State ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to a County Incentive Fund.

The County received \$480,078 as part of this settlement in Fiscal Year 2022. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. No funds have been expended as of June 30, 2022. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic.

14. Reimbursements for Pandemic-Related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The County was allocated \$32,556,083 of fiscal recovery funds to be paid in two equal installments. The first installment of \$16,278,042 was received in May 2021. The second installment was received July 2022. The County plans on using the funds in Fiscal Year 2023 to invest in the sewer infrastructure, making necessary investments for economic growth. The sewer expansion will service current and future industrial needs as current capacity along the southern I-85 corridor is not sufficient at this time.

15. 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 a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or b) 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.

DAVIDSON COUNTY, NORTH CAROLINA
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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.

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

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease 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 included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

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

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.

DAVIDSON COUNTY, NORTH CAROLINA
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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 \$9,898,091 restricted for QSCB debt service, the amount of \$306,694 restricted for the Register of Deeds pension plan, and the unspent debt proceeds of \$963,940.

Purpose	General Fund	Capital Projects Fund	Other Governmental Funds	Total
Register of Deeds	\$ 485,667	\$ -	\$ -	\$ 485,667
Health	3,062,388	-	-	3,062,388
Fire Protection	-	-	1,753,866	1,753,866
Transportation	-	-	860,925	860,925
Public Safety	971,517	-	454,990	1,426,507
Economic and Physical Development	-	963,940	-	963,940
Debt Service	9,898,091	-	-	9,898,091
Total	<u>\$14,417,663</u>	<u>\$ 963,940</u>	<u>\$ 3,069,781</u>	<u>\$18,451,384</u>

Committed Fund Balance - Portion of fund balance that can only be used for specific purpose imposed by majority vote of Davidson County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

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

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

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

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

DAVIDSON COUNTY, NORTH CAROLINA
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Committed for General Government – portion of fund balance committed by revenue source for general government purposes.

Purpose	General Fund	ARP Fund	Capital Reserve Fund	Capital Projects Fund	Other Governmental Funds	Total
Tax revaluation	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000
School Capital	-	-	-	-	10,558,022	10,558,022
Capital Projects Fund	-	-	43,942,618	3,046,898	-	46,989,516
LEO Pension Obligations	296,340	-	-	-	-	296,340
General Government	-	28,430	-	-	-	28,430
Total	\$ 306,340	\$ 28,430	\$ 43,942,618	\$ 3,046,898	\$ 10,558,022	\$ 57,882,308

Assigned Fund Balance - portion of fund balance that the Davidson County governing board has budgeted.

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.

Purpose	General Fund
Subsequent year's expenditures	<u>\$ 5,533,382</u>

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. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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.

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16. 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.

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
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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, 2022, the County deposits had a carrying amount of \$55,117,650 and a bank balance of \$62,408,896. Of the bank balance, \$565,703 was covered by federal depository insurance and \$61,843,193 in both interest-bearing and noninterest bearing deposits were covered by collateral held under the Pooling Method. Of the County's carrying amount, \$1,483,218 is held on behalf of others in the Custodial Funds. At June 30, 2022, Davidson County had \$4,401 cash on hand.

At June 30, 2022, the Airport Authority had a carrying amount of \$5,708,644 and a bank balance of \$5,708,644. At June 30, 2022, the Davidson County ABC Board had a carrying amount of \$1,635,820 and a bank balance of \$1,641,620. Of the bank balance, \$250,000 was covered by federal depository insurance and \$1,391,620 was covered by collateral held under the Pooling Method. At June 30, 2022, the Davidson County ABC Board had \$2,000 cash on hand.

2. Investments

As of June 30, 2022, the County had the following investments and maturities:

Investment Type	Valuation	Fair Value	Less Than 6 Months	1-3 Years
	Measurement Method			
N.C. Capital Management Trust - Government Portfolio	Fair Value - Level 1	\$ 145,319,931	\$ 145,319,931	N/A
U.S. Government Agencies	Fair Value - Level 2	8,105,199	-	8,105,199
Total investments		<u>\$ 153,425,130</u>	<u>\$ 145,319,931</u>	<u>\$ 8,105,199</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.

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.

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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, 2022. 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.

3. Property Tax - Use-Value Assessment on Certain Lands

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

Year Levied	Tax	Interest	Total
2019	\$ 3,071,087	\$1,005,781	\$ 4,076,868
2020	3,061,172	727,028	3,788,200
2021	3,167,832	467,255	3,635,087
2022	3,110,382	178,847	3,289,229
Total	<u>\$ 12,410,473</u>	<u>\$ 2,378,911</u>	<u>\$ 14,789,384</u>

DAVIDSON COUNTY, NORTH CAROLINA
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4. Receivables

Receivables at the government-wide level at June 30, 2022 were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Leases and related accrued interest</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:					
General	\$ 5,751,967	\$ 34,620,285	\$ 79,643	\$ 15,472,627	\$ 55,924,522
Other governmental	506,228	-	-	1,978,296	2,484,524
Total receivables	6,258,195	34,620,285	79,643	17,450,923	58,409,046
Allowance for doubtful accounts	(5,650,584)	(32,130,483)	-	-	(37,781,067)
Total government activities	<u>\$ 607,611</u>	<u>\$ 2,489,802</u>	<u>\$ 79,643</u>	<u>\$ 17,450,923</u>	<u>\$ 20,627,979</u>
Business-Type Activities:					
Landfill	\$ -	\$ 635,410	\$ -	\$ 151,371	\$ 786,781
Sewer	-	77,733	-	-	77,733
Total receivables	-	713,143	-	151,371	864,514
Allowance for doubtful accounts	-	(67,602)	-	-	(67,602)
Total business-type activities	<u>\$ -</u>	<u>\$ 645,541</u>	<u>\$ -</u>	<u>\$ 151,371</u>	<u>\$ 796,912</u>

Due from other governments consists of the following at June 30, 2022:

Governmental Activities:

Local option sales tax	\$ 11,857,613
Sales tax refund	748,768
Grants reimbursements	3,966,600
Others	877,942
Total	<u>\$ 17,450,923</u>

Business-Type Activities:

Landfill - others	<u>\$ 151,371</u>
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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 \$225,000 at June 30, 2022.

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 were made over five years. Interest was not charged. The balance has been paid in full at June 30, 2022.

DAVIDSON COUNTY, NORTH CAROLINA
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5. Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Governmental Activities:					
Non-Depreciable Assets:					
Land	\$ 18,880,488	\$ -	\$ -	\$ -	\$ 18,880,488
Construction in progress	1,303,194	1,164,877	-	(1,303,194)	1,164,877
Total non-depreciable capital assets	<u>20,183,682</u>	<u>1,164,877</u>	<u>-</u>	<u>(1,303,194)</u>	<u>20,045,365</u>
Depreciable Assets:					
Buildings and improvements	89,832,083	862,998	-	1,303,194	91,998,275
Furniture and equipment	26,137,211	2,169,532	162,999	-	28,143,744
Vehicles and motor equipment	12,061,555	1,167,429	1,055,646	(7,004)	12,166,334
Total depreciable assets	<u>128,030,849</u>	<u>4,199,959</u>	<u>1,218,645</u>	<u>1,296,190</u>	<u>132,308,353</u>
Less Accumulated Depreciation:					
Buildings	27,523,181	3,029,058	-	-	30,552,239
Furniture and equipment	13,998,497	1,723,693	162,999	-	15,559,191
Vehicles and motor equipment	8,727,830	1,116,628	1,017,829	(7,004)	8,819,625
Total accumulated depreciation	<u>50,249,508</u>	<u>\$ 5,869,379</u>	<u>\$ 1,180,828</u>	<u>\$ (7,004)</u>	<u>54,931,055</u>
Total depreciable capital assets, net	<u>77,781,341</u>				<u>77,377,298</u>
Governmental activities capital assets, net	<u>\$ 97,965,023</u>				<u>\$ 97,422,663</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Depreciation By Function

General government	\$ 4,096,185
Human services	125,155
Public safety	1,385,649
Environmental protection	52,728
Culture and recreation	76,479
Transportation	103,434
Capital assets held by the County's Internal Service Fund are charged to the various functions based on asset usage	<u>29,749</u>
Total	<u>\$ 5,869,379</u>

DAVIDSON COUNTY, NORTH CAROLINA
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	<u>Balance</u> <u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2022</u>
Business-Type Activities:					
Landfill					
Non-Depreciable Assets:					
Land	\$ 863,794	\$ -	\$ -	\$ -	\$ 863,794
Depreciable Assets:					
Buildings	794,528	14,500	-	-	809,028
Furniture and Equipment	10,531,709	919,901	1,565,510	-	9,886,100
Landfill cell construction	23,000,931	-	-	-	23,000,931
Improvements	2,466,750	80,715	-	-	2,547,465
Total depreciable assets	<u>36,793,918</u>	<u>1,015,116</u>	<u>1,565,510</u>	<u>-</u>	<u>36,243,524</u>
Less Accumulated Depreciation:					
Buildings	560,935	24,887	-	-	585,822
Furniture and Equipment	8,389,754	298,188	1,565,510	-	7,122,432
Landfill cell construction	21,115,951	706,868	-	-	21,822,819
Improvements	2,399,798	23,213	-	-	2,423,011
Total accumulated depreciation	<u>32,466,438</u>	<u>\$ 1,053,156</u>	<u>\$ 1,565,510</u>	<u>\$ -</u>	<u>31,954,084</u>
Total depreciable capital assets, net	<u>4,327,480</u>				<u>4,289,440</u>
Landfill capital assets, net	<u>5,191,274</u>				<u>5,153,234</u>
Sewer					
Depreciable Assets:					
Equipment	120,477	\$ -	\$ -	\$ 7,004	127,481
Sewer Lines	18,127,258	440	-	-	18,127,698
Total depreciable capital assets	<u>18,247,735</u>	<u>440</u>	<u>-</u>	<u>7,004</u>	<u>18,255,179</u>
Less Accumulated Depreciation:					
Equipment	70,049	10,257	-	7,004	87,310
Sewer Lines	4,158,118	362,343	-	-	4,520,461
Total accumulated depreciation	<u>4,228,167</u>	<u>\$ 372,600</u>	<u>\$ -</u>	<u>\$ 7,004</u>	<u>4,607,771</u>
Total depreciable capital assets, net	<u>14,019,568</u>				<u>13,647,408</u>
Sewer capital assets, net	<u>14,019,568</u>				<u>13,647,408</u>
Business-type activities capital assets, net	<u>\$ 19,210,842</u>				<u>\$ 18,800,642</u>

DAVIDSON COUNTY, NORTH CAROLINA
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Construction Commitments

The Capital Projects fund has active construction projects at June 30, 2022. At year-end, the commitments with contractors were \$2,004,384.

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Governmental Activities:		
	<u>\$ 4,294,151</u>	<u>\$ 2,004,384</u>

Discretely Presented Component Units

Capital asset activity for the Davidson County Airport Authority for the year ended June 30, 2022 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
By Asset Type:				
Non-Depreciable Assets:				
Land	\$ 5,227,469	\$ -	\$ -	\$ 5,227,469
Construction in progress	<u>5,971,920</u>	<u>990,191</u>	<u>-</u>	<u>6,962,111</u>
Total non-depreciable assets	<u>11,199,389</u>	<u>990,191</u>	<u>-</u>	<u>12,189,580</u>
Depreciable Assets:				
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	<u>11,168,962</u>	<u>-</u>	<u>-</u>	<u>11,168,962</u>
Total depreciable assets	<u>17,548,018</u>	<u>-</u>	<u>-</u>	<u>17,548,018</u>
Less Accumulated Depreciation:				
Buildings	1,289,935	83,186	-	1,373,121
Land improvements	100,503	9,812	-	110,315
Equipment	378,869	1,064	-	379,933
Paving & grading	1,662,988	103,281	-	1,766,269
Runways	<u>11,099,144</u>	<u>69,818</u>	<u>-</u>	<u>11,168,962</u>
Total accumulated depreciation	<u>14,531,439</u>	<u>\$ 267,161</u>	<u>\$ -</u>	<u>14,798,600</u>
Capital assets, net	<u>\$14,215,968</u>			<u>\$14,938,998</u>

DAVIDSON COUNTY, NORTH CAROLINA
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Capital asset activity for the Davidson County ABC Board for the year ended June 30, 2022 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Building Improvements	\$ 96,079	\$ 4,703	\$ -	\$ 100,782
Furniture and equipment	133,368	3,745	-	137,113
Total capital assets being depreciated	229,447	8,448	-	237,895
Less accumulated depreciation for:				
Building Improvements	12,276	6,471	-	18,747
Furniture and equipment	30,242	17,707	-	47,949
Total accumulated depreciation	42,518	24,178	-	66,696
Total capital assets being depreciated, net	<u>\$ 186,929</u>	<u>\$ (15,730)</u>	<u>\$ -</u>	<u>\$ 171,199</u>

6. Right to Use Leased Assets

The County has recorded fourteen right to use leased assets. The assets are right to use assets for leased land, leased computer equipment and leased vehicles. The related leases are discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases. Right to use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Leased assets				
Leased land	\$ -	\$ 54,245	\$ -	\$ 54,245
Leased equipment	-	424,734	-	424,734
Leased buildings	-	150,645	-	150,645
Total leased assets	-	629,624	-	629,624
Less accumulated amortization				
Leased land	-	7,968	-	7,968
Leased equipment	-	134,038	-	134,038
Leased buildings	-	58,002	-	58,002
Total accumulated amortization	-	200,008	-	200,008
Right to use assets, net	<u>\$ -</u>	<u>\$ 429,616</u>	<u>\$ -</u>	<u>\$ 429,616</u>

DAVIDSON COUNTY, NORTH CAROLINA
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June 30, 2022

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2022, were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General	\$ 1,879,929	\$ 2,362,207	\$ 878,855	\$5,120,991
Other governmental	997,355	-	-	997,355
Total governmental activities	<u>\$ 2,877,284</u>	<u>\$ 2,362,207</u>	<u>\$ 878,855</u>	<u>\$6,118,346</u>
Business-Type Activities:				
Landfill	\$ 1,032,690	\$ -	\$ -	\$1,032,690
Sewer	64,529	-	-	64,529
Total business-type activities	<u>\$ 1,097,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,097,219</u>
Discretely presented component units:				
Davidson County Airport Authority	<u>\$ 88,006</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,006</u>
Davidson County ABC Board	<u>\$ 627,488</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 627,488</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.

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Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with 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, 2022, was 12.04% of compensation for law enforcement officers and 11.42% 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 \$4,774,459 for the year ended June 30, 2022.

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

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

At June 30, 2022, the County reported a liability of \$7,989,575 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2022, the County's proportion was .52097% (measured as of June 30, 2021), which was an decrease of .02335% from its proportion measured as of June 30, 2021 (measured as of June 30, 2020).

For the year ended June 30, 2022, the County recognized pension expense of \$3,416,192. At June 30, 2022, 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	\$ 2,541,771	\$ -
Changes of assumptions	5,019,494	-
Net difference between projected and actual earnings on pension plan investments	-	11,414,703
Changes in proportion and differences between County contributions and proportionate share of contributions	82,643	253,192
County contributions subsequent to the measurement date	<u>4,774,459</u>	<u>-</u>
Total	<u><u>\$12,418,367</u></u>	<u><u>\$11,667,895</u></u>

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\$4,774,459 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a increase of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2023	\$ 701,631
2024	(282,673)
2025	(949,978)
2026	(3,492,967)
2027	-
Thereafter	-
Total	<u>\$ (4,023,987)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 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, 2020 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

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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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term
		Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Opportunistic Fixed Income	7.0%	6.0%
Inflation Sensitive	6.0%	4.0%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. 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 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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.

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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 6.50 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 (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease	Discount	1% Increase
	<u>(5.50%)</u>	<u>Rate (6.50%)</u>	<u>(7.50%)</u>
County's proportionate share of the net pension liability (asset)	\$ 31,014,865	\$ 7,989,575	\$ (10,958,901)

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

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 62 who have completed at least 30 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, 2020, the Separation Allowance's membership consisted of:

Inactive members currently receiving benefits	14
Active plan members	<u>116</u>
Total	<u><u>130</u></u>

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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.

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2020 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent per annum
Salary increases	3.25 - 7.75% per annum.
Discount rate	2.25% per annum, compounded annually

The discount rate used to measure the TPL in the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending 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.

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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 may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$162,848 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, 2022, the County reported a liability of \$5,637,591. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the County recognized pension expense of \$646,100.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 170,481	\$ 133,812
Changes of assumptions	1,058,861	168,857
County benefit payments and plan administrative expense made subsequent to the measurement date	81,260	-
Total	<u>\$ 1,310,602</u>	<u>\$ 302,669</u>

\$81,260 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, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ending June 30	Amount
2023	\$ 260,432
2024	270,790
2025	275,708
2026	144,221
2027	(24,478)
Thereafter	-
Total	<u>\$ 926,673</u>

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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 2.25 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 (1.25 percent) or 1 percentage point higher (3.25 percent) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 6,133,574	\$ 5,637,591	\$ 5,184,583

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

	2022
Beginning balance	\$ 5,702,564
Service cost	279,950
Interest on the total pension liability	108,488
Difference between expected and actual experience in the measurement of the total pension liability	(136,651)
Changes of assumptions or other inputs	(153,912)
Benefit payments	(162,848)
Ending balance of the total pension liability	<u>\$ 5,637,591</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 1.93 percent at December 31, 2020 (measurement date) to 2.25 percent at December 31, 2021 (measurement date).

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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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, 2022 were \$537,910, which consisted of \$374,470 from the County and \$163,440 from the law enforcement officers. No amounts were forfeited.

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 Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. 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.

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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 \$17,672 for the year ended June 30, 2022.

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

At June 30, 2022, the County reported an asset of \$308,505 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021, the County's proportion was 1.60571%, which was an increase of 0.28431% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the County recognized pension expense of \$3,833. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 3,292	\$ 3,741
Changes of assumptions	22,496	-
Net difference between projected and actual earnings on pension plan investments	-	947
Changes in proportion and differences between County contributions and proportionate share of contributions	6,040	46,623
County contributions subsequent to the measurement date	17,672	-
Total	<u>\$ 49,500</u>	<u>\$ 51,311</u>

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\$17,672 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, 2023. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2023	\$ (12,429)
2024	(13,525)
2025	(723)
2026	7,194
2027	-
Thereafter	-
Total	<u>\$ (19,483)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 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, 2020 valuation were based on the results of an actuarial experience study as of December 31, 2019.

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

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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, 2021 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. 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 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 3.00%. 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 3.00 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 (2.00 percent) or 1-percentage-point higher (4.00 percent) than the current rate:

	1% Decrease	Discount	1% Increase
	(2.00%)	Rate (3.00%)	(4.00%)
County's proportionate share of the net pension liability (asset)	<u>\$ (245,047)</u>	<u>\$ 308,505</u>	<u>\$ (361,831)</u>

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.

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

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2020. The total pension liability for LEOSSA was measured as of June 30, 2021, with an actuarial valuation date of December 31, 2020.

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)	\$ 7,989,575	\$ (308,505)	\$ -	\$ 7,681,070
Proportion of the net pension liability (asset)	0.52097%	-1.60571%	n/a	
Total pension liability	-	-	\$ 5,637,591	5,637,591
Pension expense	3,416,192	3,833	646,100	4,066,125

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Outflows of Resources:				
Pensions - difference between expected and actual experience	\$ 2,541,771	\$ 3,292	\$ 170,481	\$ 2,715,544
Changes of assumptions	5,019,494	22,496	1,058,861	6,100,851
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	82,643	6,040	-	88,683
County contributions (LGERS, ROD)/ benefit payments and administration costs (LEOSSA) subsequent to the measurement date	4,774,459	17,672	81,260	4,873,391
Total	<u>\$ 12,418,367</u>	<u>\$ 49,500</u>	<u>\$ 1,310,602</u>	<u>\$ 13,778,469</u>
Deferred Inflows of Resources:				
Pensions - difference between expected and actual experience	\$ -	\$ 3,741	\$ 133,812	\$ 137,553
Net difference between projected and actual earnings on pension plan investments	11,414,703	947	-	11,415,650
Changes of assumptions	-	-	168,857	168,857
Pensions - change in proportion and difference between employer contributions and proportionate share of contributions	253,192	46,623	-	299,815
Total	<u>\$ 11,667,895</u>	<u>\$ 51,311</u>	<u>\$ 302,669</u>	<u>\$ 12,021,875</u>

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e. 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, 2021, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefit payments	48
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	<u>270</u>
Total	<u><u>318</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.

County Contributions Based on Years of Creditable Service

<u>Years of Service with County at Retirement</u>	<u>County Pays</u>
30+	100%
25 - 29	67%
20-24	33%

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The County's total OPEB liability of \$18,879,317 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial assumptions. The total OPEB liability was determined by actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases:	
General employees & Firefighters	3.25 to 8.41 percent, including wage inflation
Firefighters	3.25 to 8.15 percent, including wage inflation
Law enforcement officers	3.25 to 7.90 percent, including wage inflation
Municipal Bond Index Rate:	
Prior measurement date	2.21 percent
Measurement date	2.16 percent
Healthcare cost trends:	
Pre-Medicare	7.00 percent for 2021 decreasing to an ultimate rate of 4.50% by 2031

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, 2021	<u>\$ 17,692,541</u>
Changes for the year:	
Service cost	526,703
Interest	392,175
Differences between expected and actual experience	(1,551,326)
Changes of assumptions or other inputs	2,772,041
Benefit payments	<u>(952,817)</u>
Net changes	<u>1,186,776</u>
Balance at June 30, 2022	<u><u>\$ 18,879,317</u></u>

Change in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16% due to a change in the Municipal Bond Rate.

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Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP – 2019.

The actuarial assumptions used in the June 30, 2021 valuations were based on the results of an actuarial experience study for the period January 2015 through December 2019, 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 (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	<u>\$ 20,541,460</u>	<u>\$ 18,879,317</u>	<u>\$ 17,363,098</u>

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 to 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% Increase	Current	1% Decrease
Total OPEB liability	<u>\$ 17,170,303</u>	<u>\$ 18,879,317</u>	<u>\$ 20,816,814</u>

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$996,680. At June 30, 2022, 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	\$ 86,780	\$ 2,267,892
Changes of assumptions	3,579,233	382,913
Benefit payments and plan administrative expense made subsequent to the measurement date	<u>364,937</u>	<u>-</u>
Total	<u>\$ 4,030,950</u>	<u>\$ 2,650,805</u>

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\$364,937 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to measurement date will be recognized as a decrease of the total OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Total
2023	\$ 77,803
2024	164,270
2025	318,173
2026	454,962
2027	-
Thereafter	-
Total	<u>\$ 1,015,208</u>

f. Other Employment Benefits

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

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3. Deferred Outflows and Inflows of Resources

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience:		
LGERS/ROD/LEOSSA	\$ 2,715,544	\$ 137,553
OPEB	86,780	2,267,892
Net difference between projected and actual investment earnings:		
LGERS/ROD/LEOSSA	-	11,415,650
Changes of assumptions:		
LGERS/ROD/LEOSSA	6,100,851	168,857
OPEB	3,579,233	382,913
Change in proportion and difference between employer contributions and proportionate share of contributions:		
LGERS/ROD/LEOSSA	88,683	299,815
Contributions to pension plan subsequent to measurement date (LGERS/ROD)	4,792,131	-
Benefits payments/administration costs paid subsequent to the measurement date (LEOSSA/OPEB)	446,197	-
Leases	-	140,746
Taxes Receivable, net (General)	-	340,310
Taxes receivable, net (Special Revenue)	-	267,301
EMS receivables (General)	-	1,010,244
Other receivables (Capital Projects)	-	1,675,794
Other receivables (General)	-	109,125
Total	<u>\$ 17,809,419</u>	<u>\$ 18,216,200</u>

4. 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 \$10,626,976 reported as landfill closure and postclosure care liability at June 30, 2022 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, 84% of the total estimated capacity of Phase II of the landfill,

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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 \$2,571,322 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 2022. 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.

5. Risk Management

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

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

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

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

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

	<u>2021</u>	<u>2022</u>
Balance, beginning of year	\$ 591,000	\$ 715,000
Incurred claims (including IBNRs) and changes in estimates	12,228,639	12,425,494
Less claims payments	<u>(12,104,639)</u>	<u>(12,375,494)</u>
Balance, end of year	<u>\$ 715,000</u>	<u>\$ 765,000</u>

6. Contingent Liabilities

At June 30, 2022, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-Term Obligations

a. Leases

Serviced by the General Fund:

The County has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

For the year ended 6/30/2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On 07/01/2021, the County entered into a 68-month lease as Lessee for the use of Thomasville Township. An initial lease liability was recorded in the amount of \$15,604. As of 06/30/2022, the value of the lease liability is \$12,496. The County is required to make annual fixed payments of \$3,174. The lease has an interest rate of 0.6370%. The value of the right to use asset as of 06/30/2022 of \$15,604 with accumulated amortization of \$2,754 is included with Land on the rollforward schedule found in II.A.6. Right to Use Leased Assets footnote. The County has 1 extension option(s), each for 60 months.

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On 07/01/2021, the County entered into a 64-month lease as Lessee for the use of Boone Township. An initial lease liability was recorded in the amount of \$16,146. As of 06/30/2022, the value of the lease liability is \$12,906. The County is required to make annual fixed payments of \$3,269. The lease has an interest rate of 0.5270%. The value of the right to use asset as of 06/30/2022 of \$16,146 with accumulated amortization of \$3,027 is included with Land on the rollforward schedule found in II.A.6. Right to Use Leased Assets footnote.

On 07/01/2021, the County entered into a 20-month lease as Lessee for the use of Postage Meter - Quadiant Leasing. An initial lease liability was recorded in the amount of \$15,195. As of 06/30/2022, the value of the lease liability is \$5,070. The County is required to make quarterly fixed payments of \$2,537. The lease has an interest rate of 0.1980%. The value of the right to use asset as of 06/30/2022 of \$15,195 with accumulated amortization of \$8,752 is included with Equipment on the rollforward schedule found in II.A.6. Right to Use Leased Assets footnote.

On 07/01/2021, the County entered into a 32-month lease as Lessee for the use of Konica Minolta Copier. An initial lease liability was recorded in the amount of \$3,347. As of 06/30/2022, the value of the lease liability is \$2,095. The County is required to make monthly fixed payments of \$105. The lease has an interest rate of 0.2850%. The value of the right to use asset as of 06/30/2022 of \$3,347 with accumulated amortization of \$1,233 is included with Equipment on the rollforward schedule found in II.A.6. Right to Use Leased Assets footnote.

On 07/01/2021, the County entered into a 34-month lease as Lessee for the use of Canon Printer. An initial lease liability was recorded in the amount of \$67,102. As of 06/30/2022, the value of the lease liability is \$42,751. The County is required to make quarterly fixed payments of \$6,543. The lease has an interest rate of 0.2850%. The value of the right to use asset as of 06/30/2022 of \$67,102 with accumulated amortization of \$23,028 is included with Equipment on the rollforward schedule found in II.A.6. Right to Use Leased Assets footnote.

On 07/01/2021, the County entered into a 25-month lease as Lessee for the use of Savin MP - Dept of Social Services. An initial lease liability was recorded in the amount of \$11,102. As of 06/30/2022, the value of the lease liability is \$5,778. The County is required to make monthly fixed payments of \$1,105. The lease has an interest rate of 0.1980%. The value of the right to use asset as of 06/30/2022 of \$11,102 with accumulated amortization of \$5,218 is included with Equipment on the rollforward schedule found in II.A.6. Right to Use Leased Assets footnote.

On 07/01/2021, the County entered into a 27-month lease as Lessee for the use of Fax Option - Dept of Social Services. An initial lease liability was recorded in the amount of \$537. As of 06/30/2022, the value of the lease liability is \$298. The County is required to make monthly fixed payments of \$20. The lease has an interest rate of 0.1980%. The value of the right to use asset as of 06/30/2022 of \$537 with accumulated amortization of \$232 is included with Equipment on the rollforward schedule found in II.A.6. Right to Use Leased Assets footnote.

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On 07/01/2021, the County entered into a 39-month lease as Lessee for the use of Savin Multifunctional Printer. An initial lease liability was recorded in the amount of \$9,372. As of 06/30/2022, the value of the lease liability is \$6,497. The County is required to make monthly fixed payments of \$313. The lease has an interest rate of 0.2850%. The value of the right to use asset as of 06/30/2022 of \$9,372 with accumulated amortization of \$2,835 is included with Equipment on the rollforward schedule found in II.A.6. Right to Use Leased Assets footnote.

On 07/01/2021, the County entered into a 57-month lease as Lessee for the use of Savin Printers. An initial lease liability was recorded in the amount of \$63,695. As of 06/30/2022, the value of the lease liability is \$50,415. The County is required to make monthly fixed payments of \$2,512. The lease has an interest rate of 0.5270%. The value of the right to use asset as of 06/30/2022 of \$63,695 with accumulated amortization of \$13,209 is included with Equipment on the rollforward schedule found in II.A.6. Right to Use Leased Assets footnote.

On 07/01/2021, the County entered into a 24-month lease as Lessee for the use of Ricoh Branding Set. An initial lease liability was recorded in the amount of \$15,860. As of 06/30/2022, the value of the lease liability is \$7,935. The County is required to make quarterly fixed payments of \$1,986. The lease has an interest rate of 0.1980%. The value of the right to use asset as of 06/30/2022 of \$15,860 with accumulated amortization of \$7,695 is included with Equipment on the rollforward schedule found below.

On 07/01/2021, the County entered into a 24-month lease as Lessee for the use of Ricoh Copier. An initial lease liability was recorded in the amount of \$5,227. As of 06/30/2022, the value of the lease liability is \$2,616. The County is required to make monthly fixed payments of \$218. The lease has an interest rate of 0.1980%. The value of the right to use asset as of 06/30/2022 of \$5,227 with accumulated amortization of \$2,540 is included with Equipment on the rollforward schedule found in II.A.6. Right to Use Leased Assets footnote.

On 07/01/2021, the County entered into a 40-month lease as Lessee for the use of Xerox Copiers. An initial lease liability was recorded in the amount of \$233,297. As of 06/30/2022, the value of the lease liability is \$163,517. The County is required to make monthly fixed payments of \$9,660. The lease has an interest rate of 0.2850%. The value of the right to use asset as of 06/30/2022 of \$233,297 with accumulated amortization of \$69,296 is included with Equipment on the rollforward schedule found in II.A.6. Right to Use Leased Assets footnote.

On 01/06/2022, the County entered into a 60-month lease as Lessee for the use of Evans Road. An initial lease liability was recorded in the amount of \$22,495. As of 06/30/2022, the value of the lease liability is \$18,686. The County is required to make annual fixed payments of \$3,809. The lease has an interest rate of 0.6360%. The value of the right to use asset as of 06/30/2022 of \$22,495 with accumulated amortization of \$2,187 is included with Land on the rollforward schedule found in II.A.6. Right to Use Leased Assets footnote.

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On 07/01/2021, the County entered into a 31-month Sublease lease as Lessee for the use of Hickory Tree Crossing - Prime Lease. An initial lease liability was recorded in the amount of \$150,645. As of 06/30/2022, the value of the lease liability is \$94,265. The County is required to make monthly fixed payments of \$4,725. The lease has an interest rate of 0.2850%. The value of the right to use asset as of 06/30/2022 of \$150,645 with accumulated amortization of \$58,002 is included with Buildings on the rollforward schedule found in II.A.6. Right to Use Leased Assets footnote. The County has 2 extension option(s), each for 60 months.

Governmental Activities			
Fiscal Year	Principal	Interest	Total
2023	\$ 199,518	\$ 1,206	\$ 200,724
2024	153,949	618	154,567
2025	47,744	252	47,996
2026	20,329	108	20,437
2027	3,785	24	3,809
	<u>\$ 425,325</u>	<u>\$ 2,208</u>	<u>\$ 427,533</u>

b. Installment Purchase

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.

\$ 1,260,000

Year Ending	General Fund
June 30	Principal
2023	\$ 240,000
2024	240,000
2025	240,000
2026	240,000
2027	240,000
2028	60,000
Total	<u>\$ 1,260,000</u>

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The County's outstanding note from direct placement related to the I-85 Business Park of \$1,260,000 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.

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.

c. 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.

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The County's general obligation bonds payable at June 30, 2022 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.

\$ 22,510,000

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.

\$ 380,000

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

Year Ending June 30	General Fund		Sewer Fund		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	4,040,000	300,000	45,000	7,400	4,085,000	307,400
2028	<u>2,950,000</u>	<u>98,000</u>	<u>155,000</u>	<u>5,150</u>	<u>3,105,000</u>	<u>103,150</u>
Total	<u>\$ 22,510,000</u>	<u>\$ 3,479,050</u>	<u>\$ 380,000</u>	<u>\$ 63,900</u>	<u>\$ 22,890,000</u>	<u>\$ 3,542,950</u>

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d. 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%.

\$ 1,575,000

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

Year Ending	General Fund	
	Principal	Interest
June 30		
2023	\$ 800,000	\$ 31,185
2024	775,000	15,345
Total	<u>\$ 1,575,000</u>	<u>\$ 46,530</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 \$1,575,000 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 THE FINANCIAL STATEMENTS
June 30, 2022

e. 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.

\$ 1,015,391

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 General Fund

\$ 14,065,391

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

Year Ending June 30	General Fund	
	Principal	Interest
2023	\$ 338,465	\$ 739,175
2024	338,465	732,033
2025	338,461	724,893
2026	<u>13,050,000</u>	<u>717,750</u>
Total	<u><u>\$ 14,065,391</u></u>	<u><u>\$ 2,913,851</u></u>

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

e. 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 \$1,015,391 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 THE FINANCIAL STATEMENTS
June 30, 2022

f. Direct Placement Limited Obligation Bonds

Serviced by the General Fund:

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. \$ 30,410,000

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. 24,135,000

Total General Fund 54,545,000

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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. 3,610,000

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%. 520,000

Total Sewer Fund 4,130,000

Total \$ 58,675,000

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

Year Ending June 30	General Fund		Sewer Fund		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	106,256	4,220,000	2,059,606
2027	3,510,000	1,777,350	600,000	74,750	4,110,000	1,852,100
2028-2032	17,555,000	6,271,500	630,000	44,750	18,185,000	6,316,250
2033-2037	15,405,000	2,339,850	265,000	13,250	15,670,000	2,353,100
2038-2040	4,010,000	320,600	-	-	4,010,000	320,600
Total	<u>\$54,545,000</u>	<u>\$19,576,700</u>	<u>\$4,130,000</u>	<u>\$757,919</u>	<u>\$58,675,000</u>	<u>\$20,334,619</u>

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

The County's outstanding limited obligation bond of direct placement related to a sewer line to serve Davidson County school facilities of \$520,000 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 construction of a new Sheriff's office facility and High School of \$30,410,000 and construction of sewer lines of \$3,610,000 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 THE FINANCIAL STATEMENTS
June 30, 2022

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 \$24,135,000 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 THE FINANCIAL STATEMENTS
June 30, 2022

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2022:

	<u>Balance</u> <u>June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2022</u>	<u>Current</u> <u>Portion</u>
Governmental Activities:					
General obligation debt	\$ 26,480,000	\$ -	\$ 3,970,000	\$ 22,510,000	\$ 3,935,000
Unamortized premium	16,589,909	-	1,067,794	15,522,115	1,067,794
Leases	-	629,624	204,299	425,325	199,518
Certificates of Participation - Direct Placement	2,400,000	-	825,000	1,575,000	800,000
Limited obligation bonds - Direct Placement	58,060,000	-	3,515,000	54,545,000	3,520,000
Qualified School Construction Bonds -					
Direct Placement	14,403,856	-	338,465	14,065,391	338,465
REDLG Loan - Direct Placement	1,500,000	-	240,000	1,260,000	240,000
Total pension liability (LEOSSA)	5,702,564	-	64,973	5,637,591	-
Net pension liability (LGERS)	19,160,826	-	11,232,071	7,928,755	-
Total OPEB liability	17,338,691	1,163,040	-	18,501,731	-
Compensated absences	2,456,728	2,095,679	2,067,638	2,484,769	2,100,000
Total governmental activities	<u>\$ 164,092,574</u>	<u>\$ 3,888,343</u>	<u>\$ 23,525,240</u>	<u>\$ 144,455,677</u>	<u>\$ 12,200,777</u>
Business-Type Activities:					
Landfill					
Accrued landfill closure and postclosure costs	\$ 9,696,606	\$ 930,370	\$ -	\$ 10,626,976	\$ -
Net pension liability (LGERS)	290,046	-	229,226	60,820	-
Total OPEB liability	353,850	23,736	-	377,586	-
Compensated absences	52,935	53,612	46,431	60,116	46,000
Total landfill activities	<u>10,393,437</u>	<u>1,007,718</u>	<u>275,657</u>	<u>11,125,498</u>	<u>46,000</u>
Sewer					
General obligation debt	425,000	-	45,000	380,000	45,000
Unamortized premium	838,117	-	104,765	733,352	-
Limited obligation bonds - direct placement	4,735,000	-	605,000	4,130,000	620,000
Compensated absences	375	1,644	1,607	412	412
Total Sewer activities	<u>5,998,492</u>	<u>1,644</u>	<u>756,372</u>	<u>5,243,764</u>	<u>665,412</u>
Total business-type activities	<u>\$ 16,391,929</u>	<u>\$ 1,009,362</u>	<u>\$ 1,032,029</u>	<u>\$ 16,369,262</u>	<u>\$ 711,412</u>

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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, 2022, Davidson County had a legal debt margin of \$1,313,549,928.

Debt Related to Capital Activities – Of the total Governmental Activities debt listed, only \$34,381,587 relates to assets the County holds.

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2022 consist of the following:

<u>Funds</u>	<u>Amount</u>	<u>Purpose</u>
From General Fund to School Capital Outlay Fund	\$ 4,225,690	School construction
From General Fund to Transportation Fund	102,839	Transportation services
From General Fund to Capital Reserve Fund	28,063,670	Future capital improvements
From General Fund to County Capital Projects Fund	600,000	Capital improvements
From General Fund to EF Sewer Fund	900,950	Debt service
From Capital Projects Fund to General Fund	(3,800,000)	Capital improvements - hangars
From Transportation Fund to General Fund	(90,000)	Transportation services
From Capital Reserve Fund to General Fund	<u>(1,173,528)</u>	Capital improvements
Total General Fund	<u>\$ 28,829,621</u>	
From Capital Reserve Fund to County Capital Projects Fund	<u>\$ (2,581,995)</u>	Capital improvements

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.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

D. Other Information

The County transfers funds annually from the general fund to the sewer fund to cover the debt payment in the Sewer Fund. This is due to debt recorded in the sewer fund for general obligation debt and limited obligation bonds. The proceeds are received and recorded in the general fund and then transferred to the sewer fund to make the payment. In the current year the debt service expense is \$900,950 and there is a transfer of \$900,950 to cover payment.

E. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-Type</u>
Capital asset, net	\$ 97,422,663	\$ 18,800,642
Right to use assets, net	429,616	-
Less: net long term debt for capital related purposes	(34,381,587)	(5,243,352)
Plus: unspent debt proceeds	963,940	-
Net investment in capital assets	<u>\$ 64,434,632</u>	<u>\$ 13,557,290</u>

F. Fund Balance

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

<u>Remaining Fund Balance</u>	
Total fund balance - General Fund	\$ 109,324,435
Less:	
Long term note receivable	225,000
Prepays	222,685
Leases	2,361
Stabilization by State statute	16,783,134
Appropriated fund balance in 2023 budget	5,533,382
Register of Deeds	485,667
Inspections operations	741,197
Sheriff operations	230,320
Health programs	3,062,388
Tax revaluation	10,000
LEO Special Separation Allowance	296,340
Debt service	9,898,091
Working capital / fund balance policy	<u>28,676,960</u>
Remaining fund balance	<u>\$ 43,156,910</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 THE FINANCIAL STATEMENTS
June 30, 2022

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 \$3,432,058 and \$415,186 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2022. 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, 2022. 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, 2022. 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, 2022.

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, 2022, 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, 2022. Complete financial statements for the Lexington Board of Education can be obtained from the Board's administrative offices at 1010 Fair Street, Lexington, North Carolina 27292.

The County and the Cities of Lexington and Thomasville participate in the Lake Thom-A-Lex Recreation Authority. This authority, consisting of five members appointed by governmental parties, is responsible for the oversight and promotion of operations related to recreation at Lake Thom-A-Lex. 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 \$37,010 for the operations of the lake during the fiscal year ended June 30, 2022.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022

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, 2022. 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 \$35,534 to the Council during the fiscal year ended June 30, 2022.

V. 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.

VI. Change in Accounting Principle

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

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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)

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DAVIDSON COUNTY, NORTH CAROLINA
OPEB PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS
Last Five Fiscal Years

	Total OPEB Liability				
	2022	2021	2020	2019	2018
Service cost	\$ 526,703	\$ 381,576	\$ 468,672	\$ 486,115	\$ 528,228
Interest	392,175	544,741	635,042	577,693	500,918
Differences between expected and actual experience	(1,551,326)	91,349	(2,096,709)	70,651	(125,884)
Changes of assumptions	2,772,041	1,811,801	423,300	(498,087)	(868,498)
Benefit payments	(952,817)	(633,297)	(512,957)	(564,435)	(336,442)
Net change in total OPEB liability	1,186,776	2,196,170	(1,082,652)	71,937	(301,678)
Total OPEB liability - beginning	17,692,541	15,496,371	16,579,023	16,507,086	16,808,764
Total OPEB liability - ending	<u>\$ 18,879,317</u>	<u>\$ 17,692,541</u>	<u>\$ 15,496,371</u>	<u>\$ 16,579,023</u>	<u>\$ 16,507,086</u>
Covered employee payroll	\$ 13,469,408	\$ 16,062,249	\$ 16,062,249	\$ 18,791,506	\$ 18,791,506
Total OPEB liability as a percentage of covered employee payroll	140.16%	110.15%	96.48%	88.23%	87.84%

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:

Fiscal Year	Rate
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

The County has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

This schedule is intended to show information for ten years. Additional years' information will be displayed 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 Nine Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
County's proportion of the net pension liability (asset) (%)	0.52097%	0.54432%	0.54326%	0.54258%
County's proportion of the net pension liability (asset) (\$)	\$ 7,989,575	\$ 19,450,872	\$ 14,836,007	\$ 12,871,853
County's covered payroll	\$ 39,872,245	\$ 38,942,063	\$ 37,226,636	\$ 36,553,384
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	20.038%	49.948%	39.853%	35.214%
Plan fiduciary net position as a percentage of total pension liability**	95.51%	88.61%	90.86%	91.63%

Notes to the Schedule:

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

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

This schedule is intended to show information for ten years.
Additional years' information will be displayed 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 Nine Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	0.55083%	0.57581%	0.5743%	0.5620%	0.5959%
County's proportion of the net pension liability (asset) (\$)	\$ 8,415,157	\$ 12,220,617	\$ 2,577,379	\$ (3,314,375)	\$ 6,821,268
County's covered payroll	\$ 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	23.722%	35.88%	7.72%	-10.02%	21.97%
Plan fiduciary net position as a percentage of total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 4,774,459	\$ 4,108,445	\$ 3,547,880	\$ 2,945,226
Contributions in relation to the contractually required contribution	<u>4,774,459</u>	<u>4,108,445</u>	<u>3,547,880</u>	<u>2,945,226</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 41,501,963	\$ 39,872,245	\$ 38,942,063	\$ 37,226,636
Contributions as a percentage of covered payroll	11.50%	10.30%	9.11%	7.91%

Notes to the Schedule:

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,813,348	\$ 2,648,093	\$ 2,338,397	\$ 2,377,433	\$ 2,349,496
Contributions in relation to the contractually required contribution	<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>
County's covered payroll	\$ 36,553,384	\$ 35,473,882	\$ 34,056,401	\$ 33,406,656	\$ 33,064,674
Contributions as a percentage of covered payroll	7.70%	7.46%	6.87%	7.12%	7.11%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
County's proportion of the net pension liability (asset) (%)	1.60571%	1.32140%	1.19841%	1.32316%
County's proportion of the net pension liability (asset) (\$)	\$ (308,505)	\$ (302,838)	\$ (236,590)	\$ (219,155)
County's covered payroll	\$ 74,984	\$ 71,815	\$ 70,223	\$ 68,686
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-411.428%	-421.69%	-336.91%	-319.07%
Plan fiduciary net position as a percentage of total pension liability**	156.53%	173.62%	164.11%	153.31%

Notes to the Schedule:

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

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

This schedule is intended to show information for ten years.
 Additional years' information will be displayed 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 Nine Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset) (%)	1.55941%	1.08700%	1.29100%	1.30600%	1.70700%
County's proportion of the net pension liability (asset) (\$)	\$ (266,176)	\$ (203,261)	\$ (299,144)	\$ (295,954)	\$ (364,637)
County's covered payroll	\$ 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	-396.27%	-307.94%	-484.51%	-486.53%	-608.44%
Plan fiduciary net position as a percentage of total pension liability**	153.77%	160.17%	197.29%	193.88%	190.50%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 17,672	\$ 17,927	\$ 13,996	\$ 11,391
Contributions in relation to the contractually required contribution	<u>17,672</u>	<u>17,927</u>	<u>13,996</u>	<u>11,391</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 78,028	\$ 74,984	\$ 71,815	\$ 70,223
Contributions as a percentage of covered payroll	22.65%	23.91%	19.49%	16.22%

Notes to the Schedule:

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 11,323	\$ 11,601	\$ 10,830	\$ 10,329	\$ 10,661
Contributions in relation to the contractually required contribution	<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>
County's covered payroll	\$ 68,686	\$ 67,171	\$ 66,006	\$ 61,742	\$ 60,830
Contributions as a percentage of covered payroll	16.49%	17.27%	16.41%	16.73%	17.53%

DAVIDSON COUNTY, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
Law Enforcement Officers' Special Separation Allowance
Last Six Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 5,702,564	\$ 3,783,637	\$ 3,488,162	\$ 3,510,164	\$ 3,290,281	\$ 3,240,922
Service cost	279,950	193,179	166,417	171,187	151,838	167,504
Interest on the total pension liability	108,488	120,749	124,559	108,712	124,237	113,105
Differences between expected and actual experience in the measurement of the total pension liability	(136,651)	252,846	15,924	(16,063)	(159,919)	-
Changes of assumptions or other inputs	(153,912)	1,511,522	121,000	(146,013)	247,128	(85,815)
Benefit payments	<u>(162,848)</u>	<u>(159,369)</u>	<u>(132,425)</u>	<u>(139,825)</u>	<u>(143,401)</u>	<u>(145,435)</u>
Total pension liability, end of year	<u>\$ 5,637,591</u>	<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>

Notes to the Schedule:

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

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

DAVIDSON COUNTY, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TOTAL PENSION LIABILITY AS A
PERCENTAGE OF COVERED EMPLOYEE PAYROLL
Law Enforcement Officers' Special Separation Allowance
Last Six Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 5,637,591	\$ 5,702,564	\$ 3,783,637	\$ 3,488,162	\$ 3,510,164	\$ 3,290,281
Covered employee payroll	6,457,956	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	87.30%	84.96%	59.80%	57.59%	57.44%	53.03%

Notes to the Schedule:

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

This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

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SUPPLEMENTARY INFORMATION

***COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES***

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DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - ACTUAL - GENERAL FUND CONSOLIDATED
Year Ended June 30, 2022

	<u>General Fund</u>	<u>Revaluation Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
REVENUES				
Taxes	\$ 144,529,461	\$ -	\$ -	\$ 144,529,461
Licenses and permits	3,669,728	-	-	3,669,728
Intergovernmental	20,810,969	-	-	20,810,969
Charges for services	9,142,667	-	-	9,142,667
Interest on investments	(149,687)	-	-	(149,687)
Miscellaneous	1,802,781	-	-	1,802,781
Total revenues	<u>179,805,919</u>	<u>-</u>	<u>-</u>	<u>179,805,919</u>
EXPENDITURES				
Current:				
General government	14,802,948	-	-	14,802,948
Human services	28,464,105	-	-	28,464,105
Public safety	35,934,919	-	-	35,934,919
Environmental protection	1,533,706	-	-	1,533,706
Economic and physical development	7,597,023	-	-	7,597,023
Culture and recreation	5,134,492	-	-	5,134,492
Intergovernmental:				
Education	38,582,616	-	-	38,582,616
Debt service:				
Principal	9,092,764	-	-	9,092,764
Interest and fiscal charges	4,659,186	-	-	4,659,186
Total expenditures	<u>145,801,759</u>	<u>-</u>	<u>-</u>	<u>145,801,759</u>
Excess (deficiency) of revenues over expenditures	<u>34,004,160</u>	<u>-</u>	<u>-</u>	<u>34,004,160</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	5,063,528	-	-	5,063,528
Transfers to other funds	(33,893,149)	-	-	(33,893,149)
Total other financing sources (uses)	<u>(28,829,621)</u>	<u>-</u>	<u>-</u>	<u>(28,829,621)</u>
Net change in fund balance	5,174,539	-	\$ -	5,174,539
FUND BALANCE				
Beginning of year - July 1	<u>104,139,896</u>	<u>10,000</u>		<u>104,149,896</u>
End of year, - June 30	<u>\$ 109,314,435</u>	<u>\$ 10,000</u>		<u>\$ 109,324,435</u>

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2022

	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES			
Taxes:			
Property taxes	\$ 93,315,600	\$ 94,342,339	\$ 1,026,739
Tax penalty and interest	700,000	759,802	59,802
Local option sales tax	45,185,448	48,191,952	3,006,504
Other taxes	1,285,944	1,235,368	(50,576)
Total taxes	140,486,992	144,529,461	4,042,469
Licenses and permits	1,995,944	3,669,728	1,673,784
Intergovernmental	24,835,897	20,810,969	(4,024,928)
Charges for services	9,973,690	9,142,667	(831,023)
Interest on investments	100,000	(149,687)	(249,687)
Miscellaneous	740,587	1,802,781	1,062,194
Total revenues	178,133,110	179,805,919	1,672,809
EXPENDITURES			
Current:			
General government:			
County commissioners	386,249	379,302	6,947
County manager	765,078	733,865	31,213
Legal	882,161	876,125	6,036
Human Resources	1,172,222	1,106,276	65,946
Finance	949,480	936,247	13,233
Purchasing	364,164	358,195	5,969
Tax Assessor and Collector	2,814,255	2,706,238	108,017
Board of Elections	870,626	864,919	5,707
Register of Deeds	599,251	576,772	22,479
State agencies	166,134	202,323	(36,189)
Public works and services	4,962,058	4,480,005	482,053
Information Technology	1,629,681	1,582,681	47,000
Total general government	15,561,359	14,802,948	758,411
Human services:			
Health	9,863,620	7,820,201	2,043,419
Mental health	824,344	506,965	317,379
Social services	13,562,686	12,898,071	664,615
Public assistance	6,423,789	4,269,926	2,153,863
Senior services	2,755,109	2,500,451	254,658
Veterans services	153,850	152,672	1,178
Contributions	320,938	315,819	5,119
Total human services	33,904,336	28,464,105	5,440,231

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2022

	Final Budget	Actual Amounts	Variance Positive (Negative)
Public safety:			
Sheriff	15,265,722	14,021,061	1,244,661
School resource officers	1,129,883	1,156,664	(26,781)
Jail	5,612,200	5,227,876	384,324
Emergency communications	3,168,430	3,143,775	24,655
Inspections	1,321,535	1,222,651	98,884
Animal shelter	675,516	654,060	21,456
Medical examiner	289,950	287,600	2,350
Emergency Management	204,251	201,630	2,621
Fire Marshal	570,648	545,191	25,457
Ambulance	9,319,074	9,142,901	176,173
Contributions	324,343	331,510	(7,167)
Total public safety	37,881,552	35,934,919	1,946,633
Environmental protection:			
Sanitation	1,319,631	1,294,051	25,580
Soil and water	242,656	239,655	3,001
Total environmental protection	1,562,287	1,533,706	28,581
Economic and physical development:			
Planning	568,740	526,815	41,925
GIS	227,281	224,072	3,209
Cooperative extension	330,221	306,349	23,872
Economic development	6,013,912	5,407,133	606,779
Job Training	1,373,122	1,132,654	240,468
Total economic and physical development	8,513,276	7,597,023	916,253
Culture and recreation:			
Recreation	1,289,746	1,210,232	79,514
Library	3,674,076	3,538,085	135,991
Museum	174,950	154,824	20,126
Lake Thom-A-Lex	172,367	158,491	13,876
Tourism	72,860	72,860	-
Total culture and recreation	5,383,999	5,134,492	249,507
Intergovernmental:			
Public schools - current	32,083,656	32,083,656	-
Public schools - capital	1,958,926	1,958,926	-
Public schools - fines & forfeitures	600,000	681,540	(81,540)
Public schools - scholarships	50,000	11,250	38,750
Community college - current	3,432,058	3,432,058	-
Community college - capital	415,186	415,186	-
Total intergovernmental	38,539,826	38,582,616	(42,790)

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Debt service:			
Principal	9,962,764	9,962,764	-
Interest and fiscal charges	4,659,186	4,659,186	-
Total debt service	<u>14,621,950</u>	<u>14,621,950</u>	<u>-</u>
 Total expenditures	 <u>155,968,585</u>	 <u>146,671,759</u>	 <u>9,296,826</u>
 Excess (deficiency) of revenues over expenditures	 <u>22,164,525</u>	 <u>33,134,160</u>	 <u>10,969,635</u>
 OTHER FINANCING SOURCES (USES)			
Transfers from other funds	5,063,528	5,063,528	-
Transfers to other funds	<u>(34,203,694)</u>	<u>(33,893,149)</u>	<u>310,545</u>
Total other financing sources (uses)	<u>(29,140,166)</u>	<u>(28,829,621)</u>	<u>310,545</u>
 Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	 (6,975,641)	 4,304,539	 11,280,180
 Fund balance appropriated	 <u>6,975,641</u>	 <u>-</u>	 <u>(6,975,641)</u>
 Net change in fund balance	 <u>\$ -</u>	 4,304,539	 <u>\$ 4,304,539</u>
 Fund balance, beginning		104,139,896	
 Reconciliation from Budgetary basis to Modified Accrual basis:			
Initial implementation of GASB 87 lease standard:			
Lease liability issued		629,624	
Capital outlay		(629,624)	
Debt service payment to sinking fund		<u>870,000</u>	
 Fund balance at end of year		 <u>\$ 109,314,435</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - REVALUATION FUND
Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Net change in fund balance	\$ -	\$ -	\$ -
Fund balance at beginning of year		10,000	
Fund balance at end of year		\$ 10,000	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -
ARP FUND - MAJOR
From Inception and for the Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Interest on investments	\$ -	\$ 531	\$ 27,899	\$ 28,430	\$ 28,430
Net change in fund balance	<u>\$ -</u>	<u>\$ 531</u>	27,899	<u>\$ 28,430</u>	<u>\$ 28,430</u>
Fund balance at beginning of year			<u>531</u>		
Fund balance at end of year			<u>\$ 28,430</u>		

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - CAPITAL RESERVE FUND - MAJOR
Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Other Financing Sources (Uses):			
Transfers from other funds	\$ -	\$ 28,063,670	\$ 28,063,670
Transfers to other funds	<u>(3,755,523)</u>	<u>(3,755,523)</u>	<u>-</u>
Excess (deficiency) of other financing sources over expenditures	(3,755,523)	24,308,147	28,063,670
Fund balance appropriated	<u>3,755,523</u>	<u>-</u>	<u>(3,755,523)</u>
Net change in fund balance	<u>\$ -</u>	24,308,147	<u>\$ 24,308,147</u>
Fund balance at beginning of year		<u>19,634,471</u>	
Fund balance at end of year		<u>\$ 43,942,618</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - CAPITAL PROJECTS FUND - MAJOR
From Inception and for the Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Intergovernmental	\$ 17,604,726	\$ 10,967,074	\$ 1,003,398	\$ 11,970,472	\$ (5,634,254)
Interest on investments	-	70,895	-	70,895	70,895
Miscellaneous	700,179	2,029,323	110,042	2,139,365	1,439,186
Total revenues	18,304,905	13,067,292	1,113,440	14,180,732	(4,124,173)
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	19,833,037	13,818,825	3,952,673	17,771,498	2,061,539
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	2,278,328	397,958	2,676,286	46,137
Hughes Park improvements	346,700	345,032	1,305	346,337	363
Southmont Park improvements	107,000	103,719	2,410	106,129	871
Bombay Park improvements	326,777	114,586	209,650	324,236	2,541
Courthouse expansion	30,312,694	29,554,594	44,312	29,598,906	713,788
Cecil School roof	496,690	496,312	-	496,312	378
Voting equipment	1,737,221	1,737,221	-	1,737,221	-
Server replacement	683,538	341,769	341,769	683,538	-
Enterprise Back Up System	313,187	-	-	-	313,187
Flood cleanup-Old 109/Cunningham Brick Road	224,200	23,220	66,742	89,962	134,238
Boone Canoe Trail- Boones Cave Park	100,000	99,997	-	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	702,780	22,607	265,896	288,503	414,277
Yadkin Park project	167,000	97,605	67,258	164,863	2,137
CAD system replacement	1,728,471	345,694	864,236	1,209,930	518,541
Backup 911 equipment	642,316	612,683	29,633	642,316	-
911 Radio System upgrade	8,388,694	8,055,400	333,294	8,388,694	-
911 Center expansion	344,505	336,872	-	336,872	7,633
Colonial Drive DSS Bldg Renovations	745,930	-	30,365	30,365	715,565
Inspections Dept Software-SHI International	119,830	-	119,830	119,830	-
Lexington Senior High School Renovations	1,100,000	-	-	-	1,100,000
Total expenditures	90,387,871	75,215,117	6,727,331	81,942,448	8,445,423

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - CAPITAL PROJECTS FUND - MAJOR
From Inception and for the Year Ended June 30, 2022

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Excess (deficiency) of revenues over expenditures	<u>(72,082,966)</u>	<u>(62,147,825)</u>	<u>(5,613,891)</u>	<u>(67,761,716)</u>	<u>4,321,250</u>
Other Financing Sources (Uses):					
Debt issued	40,438,555	39,410,000	-	39,410,000	(1,028,555)
Premium on debt issued	6,583,185	6,583,185	-	6,583,185	-
Transfers to other funds	(3,949,884)	(149,884)	(3,800,000)	(3,949,884)	-
Transfers from other funds	<u>29,011,110</u>	<u>26,547,258</u>	<u>3,181,995</u>	<u>29,729,253</u>	<u>718,143</u>
Total other financing sources	<u>72,082,966</u>	<u>72,390,559</u>	<u>(618,005)</u>	<u>71,772,554</u>	<u>(310,412)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,242,734</u>	<u>(6,231,896)</u>	<u>\$ 4,010,838</u>	<u>\$ 4,010,838</u>
Fund balance at beginning of year			<u>10,242,734</u>		
Fund balance at end of year			<u>\$ 4,010,838</u>		

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	Special Revenue Funds				
	Fire Districts	Transportation	Emergency Telephone	Special School Districts	COVID-19 Relief Fund
Assets:					
Cash and investments	\$ 1,906,866	\$ 979,449	\$ 459,983	\$ 24,822	\$ -
Taxes receivable, net	211,355	-	-	55,946	-
Due from other governments	-	254,989	47,513	-	-
Restricted cash and investments	-	-	-	-	-
Total assets	<u>\$ 2,118,221</u>	<u>\$ 1,234,438</u>	<u>\$ 507,496</u>	<u>\$ 80,768</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 153,000	\$ 118,524	\$ 4,993	\$ 24,822	\$ -
Unearned revenue	-	-	-	-	-
Total liabilities	<u>153,000</u>	<u>118,524</u>	<u>4,993</u>	<u>24,822</u>	<u>-</u>
Deferred Inflows of Resources:	<u>211,355</u>	<u>-</u>	<u>-</u>	<u>55,946</u>	<u>-</u>
Fund balances:					
Restricted:					
Stabilization by state statute	-	254,989	47,513	-	-
Fire protection	1,753,866	-	-	-	-
Transportation	-	860,925	-	-	-
Public safety	-	-	454,990	-	-
Committed:					
School capital outlay	-	-	-	-	-
Total fund balances	<u>1,753,866</u>	<u>1,115,914</u>	<u>502,503</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources, resources, and fund balance	<u>\$ 2,118,221</u>	<u>\$ 1,234,438</u>	<u>\$ 507,496</u>	<u>\$ 80,768</u>	<u>\$ -</u>

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2022

	<u>Special Revenue Funds</u>		<u>Capital Project Fund</u>	<u>Total</u>
	<u>Opioid Fund</u>	<u>Total Special Revenue</u>	<u>School Capital Outlay Fund</u>	<u>Nonmajor Governmental Funds</u>
Assets:				
Cash and investments	\$ -	\$ 3,371,120	\$ 10,558,022	\$ 13,929,142
Taxes receivable, net	-	267,301	-	267,301
Due from other governments	-	302,502	-	302,502
Restricted cash and investments	480,078	480,078	-	480,078
Total assets	<u>\$ 480,078</u>	<u>\$ 4,421,001</u>	<u>\$ 10,558,022</u>	<u>\$ 14,979,023</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 301,339	\$ -	\$ 301,339
Unearned revenue	480,078	480,078	-	480,078
Total liabilities	<u>480,078</u>	<u>781,417</u>	<u>-</u>	<u>781,417</u>
Deferred Inflows of Resources:	<u>-</u>	<u>267,301</u>	<u>-</u>	<u>267,301</u>
Fund balances:				
Restricted:				
Stabilization by state statute	-	302,502	-	302,502
Fire protection	-	1,753,866	-	1,753,866
Transportation	-	860,925	-	860,925
Public safety	-	454,990	-	454,990
Committed:				
School capital outlay	-	-	10,558,022	10,558,022
Total fund balances	<u>-</u>	<u>3,372,283</u>	<u>10,558,022</u>	<u>13,930,305</u>
Total liabilities, deferred inflows of resources, resources, and fund balance	<u>\$ 480,078</u>	<u>\$ 4,421,001</u>	<u>\$ 10,558,022</u>	<u>\$ 14,979,023</u>

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	Special Revenue Funds				
	Fire Districts	Transportation	Emergency Telephone	Special School Districts	COVID-19 Relief Fund
Revenues:					
Taxes	\$ 12,405,115	\$ -	\$ -	\$ 1,844,456	\$ -
Intergovernmental	-	1,727,577	570,151	-	296
Charges for services	-	10,272	-	-	-
Interest on investments	-	-	646	-	-
Miscellaneous	-	59,001	-	-	-
Total revenues	<u>12,405,115</u>	<u>1,796,850</u>	<u>570,797</u>	<u>1,844,456</u>	<u>296</u>
Expenditures:					
Current:					
Public safety	12,371,558	-	249,564	-	5,005
Transportation	-	1,482,438	-	-	-
Intergovernmental:					
Education	-	-	-	1,844,456	-
Total expenditures	<u>12,371,558</u>	<u>1,482,438</u>	<u>249,564</u>	<u>1,844,456</u>	<u>5,005</u>
Excess (deficiency) of revenues over expenditures	<u>33,557</u>	<u>314,412</u>	<u>321,233</u>	<u>-</u>	<u>(4,709)</u>
Other Financing Sources (Uses):					
Transfers from other funds	-	102,839	-	-	-
Transfers to other funds	-	(90,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>12,839</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	33,557	327,251	321,233	-	(4,709)
Fund balances at beginning of year	<u>1,720,309</u>	<u>788,663</u>	<u>181,270</u>	<u>-</u>	<u>4,709</u>
Fund balances at end of year	<u>\$ 1,753,866</u>	<u>\$ 1,115,914</u>	<u>\$ 502,503</u>	<u>\$ -</u>	<u>\$ -</u>

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	<u>Special Revenue Funds</u>		<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Opioid Fund</u>	<u>Total Special Revenue</u>	<u>School Capital Outlay Fund</u>	
Revenues:				
Taxes	\$ -	\$ 14,249,571	\$ -	\$ 14,249,571
Intergovernmental	-	2,298,024	-	2,298,024
Charges for services	-	10,272	-	10,272
Interest on investments	-	646	17,812	18,458
Miscellaneous	-	59,001	-	59,001
Total revenues	-	16,617,514	17,812	16,635,326
Expenditures:				
Current:				
Public safety	-	12,626,127	-	12,626,127
Transportation	-	1,482,438	-	1,482,438
Intergovernmental:				
Education	-	1,844,456	3,692,571	5,537,027
Total expenditures	-	15,953,021	3,692,571	19,645,592
Excess (deficiency) of revenues over expenditures	-	664,493	(3,674,759)	(3,010,266)
Other Financing Sources (Uses):				
Transfers from other funds	-	102,839	4,225,690	4,328,529
Transfers to other funds	-	(90,000)	-	(90,000)
Total other financing sources (uses)	-	12,839	4,225,690	4,238,529
Net change in fund balances	-	677,332	550,931	1,228,263
Fund balances at beginning of year	-	2,694,951	10,007,091	12,702,042
Fund balances at end of year	\$ -	\$ 3,372,283	\$ 10,558,022	\$ 13,930,305

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - FIRE DISTRICTS FUND
Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property taxes	\$ 12,362,957	\$ 12,348,390	\$ (14,567)
Tax penalty and interest	-	56,725	56,725
Total revenues	<u>12,362,957</u>	<u>12,405,115</u>	<u>42,158</u>
Expenditures:			
Public safety	<u>12,362,957</u>	<u>12,371,558</u>	<u>(8,601)</u>
Net change in fund balance	<u>\$ -</u>	33,557	<u>\$ 33,557</u>
Fund balance at beginning of year		<u>1,720,309</u>	
Fund balance at end of year		<u>\$ 1,753,866</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - TRANSPORTATION FUND
Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 1,532,485	\$ 1,727,577	\$ 195,092
Charges for services	21,000	10,272	(10,728)
Other	<u>-</u>	<u>59,001</u>	<u>59,001</u>
Total revenues	<u>1,553,485</u>	<u>1,796,850</u>	<u>243,365</u>
Expenditures:			
Transportation	<u>1,583,813</u>	<u>1,482,438</u>	<u>101,375</u>
Excess (deficiency) of revenues over expenditures	<u>(30,328)</u>	<u>314,412</u>	<u>344,740</u>
Other Financing Sources (Uses):			
Transfers from other funds	102,839	102,839	-
Transfers to other funds	<u>(90,000)</u>	<u>(90,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>12,839</u>	<u>12,839</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(17,489)	327,251	344,740
Fund balance appropriated	<u>17,489</u>	<u>-</u>	<u>(17,489)</u>
Net change in fund balance	<u>\$ -</u>	<u>327,251</u>	<u>\$ 327,251</u>
Fund balance at beginning of year		<u>788,663</u>	
Fund balance at end of year		<u>\$ 1,115,914</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - EMERGENCY TELEPHONE FUND
Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 570,150	\$ 570,151	\$ 1
Interest on investments	-	646	646
Total revenues	<u>570,150</u>	<u>570,797</u>	<u>647</u>
Expenditures:			
Public safety:			
Emergency telephone	<u>570,150</u>	<u>249,564</u>	<u>320,586</u>
Net change in fund balance	<u>\$ -</u>	321,233	<u>\$ 321,233</u>
Fund balance at beginning of year		<u>181,270</u>	
Fund balance at end of year		<u>\$ 502,503</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, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property taxes	\$ 1,818,096	\$ 1,833,585	\$ 15,489
Tax penalty and interest	<u>9,306</u>	<u>10,871</u>	<u>1,565</u>
Total taxes	1,827,402	1,844,456	17,054
 Interest on investments	 <u>298</u>	 <u>-</u>	 <u>(298)</u>
 Total revenues	 1,827,700	 1,844,456	 16,756
Expenditures:			
Special School Districts:			
Education	<u>1,827,700</u>	<u>1,844,456</u>	<u>(16,756)</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>-</u>	 <u>\$ -</u>
 Fund balance at beginning of year		 <u>-</u>	
 Fund balance at end of year		 <u><u>\$ -</u></u>	

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, 2022

	<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	\$ 6,229,702	\$ 296	\$ 6,229,998	\$ (1)
Interest on investments	4,709	4,709	-	4,709	-
Total revenues	<u>6,234,708</u>	<u>6,234,411</u>	<u>296</u>	<u>6,234,707</u>	<u>(1)</u>
Expenditures:					
COVID-19 relief	<u>6,234,708</u>	<u>6,229,702</u>	<u>5,005</u>	<u>6,234,707</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 4,709</u>	<u>(4,709)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance at beginning of year			<u>4,709</u>		
Fund balance at end of year			<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, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Public School Building Capital Fund	\$ 20,394,550	\$ 19,535,456	\$ -	\$ 19,535,456	\$ (859,094)
Public School Building Bond Act of 1996	29,198,056	29,198,056	-	29,198,056	-
	<u>49,592,606</u>	<u>48,733,512</u>	<u>-</u>	<u>48,733,512</u>	<u>(859,094)</u>
Interest on investments	3,754,879	5,729,818	17,812	5,747,630	1,992,751
Miscellaneous	<u>10,907,922</u>	<u>10,244,929</u>	<u>-</u>	<u>10,244,929</u>	<u>(662,993)</u>
Total revenues	<u>64,255,407</u>	<u>64,708,259</u>	<u>17,812</u>	<u>64,726,071</u>	<u>470,664</u>
Expenditures:					
Intergovernmental:					
Education:					
Capital outlay:					
Davidson County School System	235,487,438	229,355,138	2,314,928	231,670,066	3,817,372
Lexington City School System	36,786,434	32,078,732	695,065	32,773,797	4,012,637
Thomasville City School System	39,577,536	34,971,251	682,578	35,653,829	3,923,707
Davidson County Community College	8,393,800	7,493,731	-	7,493,731	900,069
Other	<u>833,554</u>	<u>822,259</u>	<u>-</u>	<u>822,259</u>	<u>11,295</u>
Total expenditures	<u>321,078,762</u>	<u>304,721,111</u>	<u>3,692,571</u>	<u>308,413,682</u>	<u>12,665,080</u>
Excess (deficiency) of revenues over expenditures	<u>(256,823,355)</u>	<u>(240,012,852)</u>	<u>(3,674,759)</u>	<u>(243,687,611)</u>	<u>13,135,744</u>
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	105,639,523	101,927,928	4,225,690	106,153,618	514,095
Transfers to other funds	<u>(4,969,529)</u>	<u>(4,969,529)</u>	<u>-</u>	<u>(4,969,529)</u>	<u>-</u>
Total other financing sources (uses)	<u>256,823,355</u>	<u>250,019,943</u>	<u>4,225,690</u>	<u>254,245,633</u>	<u>(2,577,722)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,007,091</u>	<u>550,931</u>	<u>\$ 10,558,022</u>	<u>\$ 10,558,022</u>
Fund balance at beginning of year			<u>10,007,091</u>		
Fund balance at end of year			<u>\$ 10,558,022</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, 2022

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Intergovernmental	\$ 369,820	\$ 504,160	\$ 134,340
Charges for services	3,884,212	5,676,145	1,791,933
Interest on investments	25,000	41,119	16,119
Miscellaneous	-	38,450	38,450
Total revenues	<u>4,279,032</u>	<u>6,259,874</u>	<u>1,980,842</u>
Expenditures:			
Salaries	1,097,980	1,086,511	11,469
Operating	2,159,379	2,031,474	127,905
Capital outlay	1,085,232	1,026,735	58,497
Total expenditures	<u>4,342,591</u>	<u>4,144,720</u>	<u>197,871</u>
Excess (deficiency) of revenues over expenditures	(63,559)	2,115,154	2,178,713
Appropriated net position	<u>63,559</u>	<u>-</u>	<u>(63,559)</u>
Excess of revenues and appropriated net position over expenditures and other financing uses	<u>\$ -</u>	<u>2,115,154</u>	<u>\$ 2,115,154</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		1,015,116	
Depreciation		(1,053,156)	
Increase in deferred outflows of resources - pensions		30,899	
Increase in deferred outflows of resources - OPEB		35,744	
Decrease in net pension liability		229,226	
Increase in deferred inflows of resources - pensions		(232,959)	
Increase in deferred inflows of resources - OPEB		(12,612)	
Increase in accrued landfill closure and postclosure costs		(930,372)	
Increase in OPEB costs		(23,736)	
Increase in accrued vacation pay		(7,181)	
Total reconciling items		<u>(949,031)</u>	
Change in net position		<u>\$ 1,166,123</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, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 709,245	\$ 992,972	\$ 283,727
Expenditures;			
Salaries	66,046	65,682	364
Sewer operations	577,199	575,240	1,959
Debt service	900,950	900,950	-
Capital outlay	66,000	-	66,000
Total expenditures	<u>1,610,195</u>	<u>1,541,872</u>	<u>68,323</u>
Excess (deficiency) of revenues over expenditures	(900,950)	(548,900)	352,050
Other Financing Sources (Uses):			
Operating transfers in	<u>900,950</u>	<u>900,950</u>	<u>-</u>
Excess of revenues and other financing over expenditures	<u>\$ -</u>	<u>352,050</u>	<u>\$ 352,050</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling item:			
Depreciation		(372,600)	
Debt principal		650,000	
Amortization of premium on refunding bonds issued		104,765	
Total reconciling items		<u>382,165</u>	
Change in net position		<u>\$ 734,215</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION - BUDGET AND
ACTUAL (NON-GAAP) - SEWER CAPITAL PROJECTS FUND
From Inception and for the Year Ended June 30, 2022

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
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	13,473,658	440	13,474,098	4,475,068
Excess (deficiency) of revenues over expenditures	(17,899,166)	(13,371,501)	(440)	(13,371,941)	(4,527,225)
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	3,799,476	-	3,799,476	23,200
Transfers to other funds	(631,354)	(631,354)	-	(631,354)	-
Total other financing sources	17,899,166	16,228,122	-	16,228,122	(1,671,044)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 2,856,621	\$ (440)	\$ 2,856,181	\$ 2,856,181

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2022

	<u>Garage Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Assets:			
Current assets:			
Cash and investments	\$ 718,941	\$ 4,609,692	\$ 5,328,633
Due from other governments	-	59,926	59,926
Inventory, at cost	130,817	-	130,817
Total current assets	<u>849,758</u>	<u>4,669,618</u>	<u>5,519,376</u>
Noncurrent assets:			
Capital assets:			
Other capital assets, net of depreciation	199,315	-	199,315
Total assets	<u>1,049,073</u>	<u>4,669,618</u>	<u>5,718,691</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	84,953	793,902	878,855
Noncurrent liabilities:			
Accrued vacation benefits	13,904	-	13,904
Total liabilities	<u>98,857</u>	<u>793,902</u>	<u>892,759</u>
Net Position:			
Net investment in capital assets	199,315	-	199,315
Unrestricted	750,901	3,875,716	4,626,617
Total net position	<u>\$ 950,216</u>	<u>\$ 3,875,716</u>	<u>\$ 4,825,932</u>

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2022

	<u>Garage Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Revenues:			
Charges for services	\$ 1,778,806	\$ 16,364,489	\$ 18,143,295
Miscellaneous	40,561	-	40,561
Total revenues	<u>1,819,367</u>	<u>16,364,489</u>	<u>18,183,856</u>
Expenditures			
Salaries	377,165	-	377,165
Operating	1,751,443	16,040,545	17,791,988
Depreciation	29,749	-	29,749
Total expenses	<u>2,158,357</u>	<u>16,040,545</u>	<u>18,198,902</u>
Change in net position	(338,990)	323,944	(15,046)
Total net position, beginning	<u>1,289,206</u>	<u>3,551,772</u>	<u>4,840,978</u>
Total net position, ending	<u>\$ 950,216</u>	<u>\$ 3,875,716</u>	<u>\$ 4,825,932</u>

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2022

Schedule 20

	<u>Garage Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Cash received from customers	\$ 1,778,806	\$ 17,217,245	\$ 18,996,051
Cash paid for goods and services	(1,831,131)	(16,428,920)	(18,260,051)
Cash paid to employees for services	(379,681)	-	(379,681)
Other operating revenues	40,561	-	40,561
Net cash provided (used) by operating activities	<u>(391,445)</u>	<u>788,325</u>	<u>396,880</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	<u>(27,632)</u>	-	<u>(27,632)</u>
Net increase (decrease) in cash and cash equivalents	(419,077)	788,325	369,248
Cash and cash equivalents at beginning of year	<u>1,138,018</u>	<u>3,821,367</u>	<u>4,959,385</u>
Cash and cash equivalents at end of year	<u>\$ 718,941</u>	<u>\$ 4,609,692</u>	<u>\$ 5,328,633</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (338,990)	\$ 323,944	\$ (15,046)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	29,749	-	29,749
Change in assets, liabilities, and deferred outflows and inflows of resources:			
(Increase) decrease in receivables	-	852,756	852,756
(Increase) decrease in inventory	(80,920)	-	(80,920)
Increase (decrease) in accounts payable and accrued liabilities	1,232	(388,375)	(387,143)
Increase (decrease) in accrued vacation benefits	<u>(2,516)</u>	<u>-</u>	<u>(2,516)</u>
Net cash provided (used) by operating activities	<u>\$ (391,445)</u>	<u>\$ 788,325</u>	<u>\$ 396,880</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, 2022

	<u>Financial Plan</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 2,152,173	\$ 1,778,806	\$ (373,367)
Miscellaneous	-	40,561	40,561
Total revenues	<u>2,152,173</u>	<u>1,819,367</u>	<u>(332,806)</u>
Expenditures:			
Garage:			
Salaries	384,753	377,165	7,588
Operating	1,767,420	1,751,443	15,977
Capital outlay	28,727	27,632	1,095
Total expenditures	<u>2,180,900</u>	<u>2,156,240</u>	<u>24,660</u>
Excess (deficiency) of revenues over (under) expenditures	(28,727)	(336,873)	(308,146)
Appropriated net position	<u>28,727</u>	-	<u>(28,727)</u>
Excess of revenues and appropriated net position over expenditures and other financing uses	<u>\$ -</u>	<u>(336,873)</u>	<u>\$ (336,873)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital Outlay		27,632	
Depreciation		(29,749)	
Total reconciling items		<u>(2,117)</u>	
Change in net position		<u>\$ (338,990)</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, 2022

	<u>Financial Plan</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 14,324,328	\$ 16,364,489	\$ 2,040,161
Expenditures:			
Insurance:			
Operating	<u>14,324,328</u>	<u>16,040,545</u>	<u>(1,716,217)</u>
Excess of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 323,944</u>	<u>\$ 323,944</u>
Change in net position		<u>\$ 323,944</u>	

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2022

	Property Tax Fund	Jail Inmate Fund	Sheriff Execution Fund	Sheriff Evidence Fund	Bid Bond Deposit Fund	Total
Assets:						
Cash and cash equivalents	\$ 1,210,835	\$ 44,947	\$ 7,017	\$ 203,554	\$ 16,865	\$ 1,483,218
Taxes receivable for other governments, net	<u>1,338,410</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,338,410</u>
Total assets	<u>2,549,245</u>	<u>44,947</u>	<u>7,017</u>	<u>203,554</u>	<u>16,865</u>	<u>2,821,628</u>
Liabilities:						
Accounts payable and accrued liabilities	577,408	-	-	-	-	577,408
Due to other governments	<u>1,391,674</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,391,674</u>
Total liabilities	<u>1,969,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,969,082</u>
Net Position:						
Restricted for:						
Individuals, organizations, and other governments	<u>580,163</u>	<u>44,947</u>	<u>7,017</u>	<u>203,554</u>	<u>16,865</u>	<u>852,546</u>
Total net position	<u>\$ 580,163</u>	<u>\$ 44,947</u>	<u>\$ 7,017</u>	<u>\$ 203,554</u>	<u>\$ 16,865</u>	<u>\$ 852,546</u>

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
Year Ended June 30, 2022

	Property Tax Fund	Jail Inmate Fund	Sheriff Execution Fund	Sheriff Evidence Fund	Bid Bond Deposit Fund	Total
Additions:						
Ad valorem taxes for other governments	\$ 141,536,259	\$ -	\$ -	\$ -	\$ -	\$ 141,536,259
Collections on behalf of inmates	-	620,077	-	-	-	620,077
Collections of evidence on behalf of the courts	-	-	-	69,935	-	69,935
Collections of execution orders on behalf of creditors	-	-	157,370	-	-	157,370
Total additions	<u>141,536,259</u>	<u>620,077</u>	<u>157,370</u>	<u>69,935</u>	<u>-</u>	<u>142,383,641</u>
Deductions:						
Tax distributions to other governments	141,651,810	-	-	-	-	141,651,810
Payments on behalf of inmates	-	618,549	-	-	-	618,549
Payments on behalf of the courts	-	-	-	6,620	-	6,620
Payments on behalf of creditors	-	-	156,077	-	-	156,077
Total deductions	<u>141,651,810</u>	<u>618,549</u>	<u>156,077</u>	<u>6,620</u>	<u>-</u>	<u>142,433,056</u>
Net increase in fiduciary net position	(115,551)	1,528	1,293	63,315	-	(49,415)
Net position, beginning	<u>695,714</u>	<u>43,419</u>	<u>5,724</u>	<u>140,239</u>	<u>16,865</u>	<u>901,961</u>
Net position, ending	<u>\$ 580,163</u>	<u>\$ 44,947</u>	<u>\$ 7,017</u>	<u>\$ 203,554</u>	<u>\$ 16,865</u>	<u>\$ 852,546</u>

DAVIDSON COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2022

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections And Credits	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 94,573,914	\$ 92,436,822	\$ 2,137,092
2020-2021	1,735,513	-	887,700	847,813
2019-2020	968,392	-	422,354	546,038
2018-2019	656,773	-	145,307	511,466
2017-2018	522,435	-	155,999	366,436
2016-2017	339,131	-	95,699	243,432
2015-2016	248,867	-	69,587	179,280
2014-2015	192,195	-	42,362	149,833
2013-2014	274,053	-	33,647	240,406
2012-2013	306,297	-	29,416	276,881
2011-2012	531,446	-	278,156	253,290
	<u>\$ 5,775,102</u>	<u>\$ 94,573,914</u>	<u>\$ 94,597,049</u>	<u>5,751,967</u>
Less: allowance for uncollectible accounts:				
General Fund				<u>5,411,657</u>
Ad valorem taxes receivable- net:				
General Fund				<u>\$ 340,310</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund				\$ 94,342,339
Penalties collected on ad valorem taxes- General Fund				39,662
Interest collected on ad valorem taxes- General Fund				720,140
Reconciling items:				
Interest collected				(720,140)
Discounts allowed				856,171
Taxes written off				(641,123)
Total reconciling items				<u>(505,092)</u>
Total collections and credits				<u>\$ 94,597,049</u>

DAVIDSON COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
Year Ended June 30, 2022

Schedule 26

				Total Levy	
	Property Valuation	County-Wide Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 17,044,423,622	\$ 0.54	\$ 92,039,888	\$ 82,271,265	\$ 9,768,623
Penalties	-		44,669	44,669	-
Total	<u>17,044,423,622</u>		<u>92,084,557</u>	<u>82,315,934</u>	<u>9,768,623</u>
Discoveries:					
Current year taxes	657,421,659	0.54	3,550,077	3,547,442	2,635
Penalties	-		74,393	74,393	-
Total	<u>657,421,659</u>		<u>3,624,470</u>	<u>3,621,835</u>	<u>2,635</u>
Releases and discounts	<u>(51,653,796)</u>		<u>(1,135,113)</u>	<u>(1,135,113)</u>	<u>-</u>
Total property valuation	<u><u>\$ 17,650,191,485</u></u>				
Net Levy			94,573,914	84,802,656	9,771,258
Uncollected taxes at June 30, 2022			<u>2,137,092</u>	<u>2,137,092</u>	<u>-</u>
Current year's taxes collected			<u><u>\$ 92,436,822</u></u>	<u><u>\$ 82,665,564</u></u>	<u><u>\$ 9,771,258</u></u>
Current Levy Collection Percentage			<u><u>97.74%</u></u>	<u><u>97.48%</u></u>	<u><u>100.00%</u></u>

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STATISTICAL SECTION

This part of Davidson County's Annual Comprehensive 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 annual comprehensive financial reports for the relevant year.

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

Table 1

Year Ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Taxes:										
Property	\$ 109,351,712	\$ 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
Sales	48,191,952	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
Intangibles	-	-	-	-	-	-	-	-	-	-
Other	1,235,368	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
Total taxes	158,779,032	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
Licenses and permits	3,669,728	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
Intergovernmental	24,112,391	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
Charges for services	9,152,939	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
Interest on investments	(103,330)	92,071	1,739,251	2,172,893	1,063,803	512,871	419,838	307,954	316,229	270,151
Miscellaneous	1,971,824	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
Total revenues	197,582,584	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
Current:										
General government	15,205,432	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
Human services	28,615,913	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
Public safety	48,576,906	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
Environmental protection	1,587,951	1,402,439	1,512,571	1,316,524	1,351,529	1,584,244	1,388,599	1,275,458	1,372,998	1,417,664
Economic and physical development	7,602,250	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
Culture and recreation	5,134,492	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
Transportation	1,482,438	1,494,473	1,165,811	1,082,143	1,050,950	821,032	756,840	882,718	1,490,487	1,581,662
Intergovernmental:										
Education	44,119,643	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
Capital outlay	6,727,331	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
Debt service:										
Principal	9,092,764	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
Interest and fiscal charges	4,659,186	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
Total expenditures	172,804,306	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
Other financing sources (uses)										
Transfers in	40,637,722	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
Transfers out	(41,538,672)	(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)
Debt issued	629,624	-	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)	(271,326)	(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)
Net change in fund balances	\$ 24,506,952	\$ 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)
Debt service as a percentage of noncapital expenditures	8.2%	8.1%	8.3%	12.7%	8.5%	7.6%	9.0%	8.0%	7.5%	7.7%

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

Table 2

Year Ended June 30,	Total Tax Levy	Less Discounts and Releases	Adjusted Net Levy	Collections of Current Year's Taxes During Fiscal Year (1)	Percentage of Levy Collected During Fiscal Year	Total Collections on Prior Year's Taxes	Percentage of Total Tax Collections to Adjusted Net Levy	Total Collections	Accumulated Total Delinquent Taxes	Ratio of Total Delinquent Taxes to Current Tax Levy
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%
2022	93,438,801	1,135,113	94,573,914	92,436,822	97.74%	2,160,227	100.02%	94,597,049	3,614,875	3.82%

(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					Total	Total Direct Tax Rate
	Real Property (1)	Individual Personal (2)	Business Personal (1)	Motor Vehicles (2)	Public Service Companies (3)		
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
2022	14,071,996,766	103,117,156	1,185,847,298	1,810,221,971	479,008,294	17,650,191,485	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'
 - (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

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

Table 4

June 30,	2022	2021	2020	2019	2018	2017	2016	2015 (1)	2014	2013
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	0.650	0.600	0.600	0.600	0.600
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	0.620	0.600	0.600	0.600	0.600	0.560	0.560	0.560	0.560	0.560
Thomasville Special Schools District	0.195	0.195	0.200	0.200	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	0.600	0.550	0.550	0.550	0.550
City of High Point	0.6475	0.6475	0.6475	0.6475	0.6475	0.6475	0.650	0.664	0.675	0.675
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	0.100	0.090	0.090	0.090	0.090	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	0.100	0.080	0.080	0.080	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	0.100	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	0.130	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	0.110	0.100	0.100	0.100
Reeds	0.060	0.060	0.060	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	0.100	0.090	0.085	0.085	0.085	0.075	0.075
Churchland	0.090	0.090	0.090	0.090	0.090	0.070	0.070	0.070	0.070	0.070
Arcadia - Reedy Creek - Hampton	0.100	0.100	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	0.100	0.085	0.085	0.085	0.085	0.085	0.085	0.085
Fairgrove	0.100	0.100	0.100	0.100	0.100	0.080	0.080	0.080	0.080	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	0.108	0.100	0.100	0.100
Gumtree	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.085
South Emmons	0.100	0.100	0.080	0.060	0.060	0.060	0.060	0.060	0.050	0.050
South Davidson	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Horneytown	0.150	0.150	0.150	0.130	0.130	0.110	0.110	0.110	0.110	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	0.060	0.050	0.050	0.050	0.050
Badin	0.055	0.055	0.055	0.055	0.055	0.055	0.055	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	2022 (1)	2021 (1)(3)	2020 (1)	2019 (1)	2018 (1)	2017 (1)	2016 (1)	2015 (1)(2)	2014 (1)	2013 (1)
Davidson County	\$ 17,650,191,485	\$ 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
City of Lexington	1,774,259,022	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
Lexington Special Schools District	1,513,795,322	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
Lexington Main Street District	43,949,710	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
City of Thomasville	2,019,907,085	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
Thomasville Special Schools District	890,004,094	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
Town of Denton	144,525,156	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
City of High Point	570,920,711	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
Town of Wallburg	342,466,350	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
Town of Midway	414,712,985	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
Fire Protection Districts:										
Central	446,412,116	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
Pilot	392,608,717	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
Hasty	625,752,960	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
West Lexington	340,859,646	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
Wallburg	990,654,708	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
Holly Grove	348,205,269	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
North Lexington	235,590,559	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
Welcome	625,106,658	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
Reeds	601,546,591	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
Tyro	528,296,992	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
Linwood	710,150,694	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
Churchland	305,187,761	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
Arcadia - Reedy Creek - Hampton	1,286,123,671	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
Healing Springs	382,993,160	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
Southmont	997,857,920	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
Fairgrove	519,169,447	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
South Lexington	289,720,554	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
Silver Valley	458,012,246	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
Midway	1,055,867,614	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
Gumtree	160,941,315	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
South Emmons	146,465,090	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
South Davidson	135,531,642	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
Hornetown	173,943,132	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
Griffith	430,278,076	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
Clemmons	179,930,203	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
Badin	87,554,029	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

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.

(3) The County's reappraisal was effective as of January 1, 2021.

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

Table 6

<u>Year Ended June 30,</u>	<u>Population (1)</u>	<u>Assessed Value (000,000's)</u>	<u>Bonded Debt (000's)</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Bonded Debt Per Capita</u>
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
2022	169,180	17,650	22,890	0.13%	135

Sources:

(1) Most recent annual estimates as certified to the North Carolina Department of Revenue by the Office of State Budget

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

Table 7

<u>Year Ended June 30,</u>	<u>Debt Limit</u>	<u>Total net debt applicable to limit</u>	<u>Legal Debt Margin</u>	<u>Ratio of total net debt applicable to limit to the debt limit</u>
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%
2022	1,412,015	98,465	1,313,550	6.97%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value of taxable property	<u><u>\$ 17,650,191,485</u></u>
Debt limit - eight percent (8%) of assessed value	\$ 1,412,015,319
Amount of debt applicable to debt limit:	
Bonded debt	\$ 22,890,000
Certificates of participation	1,575,000
Limited Obligation Bonds	58,675,000
Installment Financing - REDLG	1,260,000
Qualified School Construction Bonds	<u>14,065,391</u>
Total amount of debt applicable to legal debt limit	<u>98,465,391</u>
Legal debt margin	<u><u>\$ 1,313,549,928</u></u>

DAVIDSON COUNTY, NORTH CAROLINA **Table 8**
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2022

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Davidson County</u>	<u>Amount Applicable to Davidson County</u>
Davidson County	<u>\$ 109,477,506</u>	100%	<u>\$ 109,477,506</u>
Total direct debt	<u>109,477,506</u>		<u>109,477,506</u>
 City of Lexington	 <u>5,114,096</u>	 100%	 <u>5,114,096</u>
Total overlapping debt	<u>5,114,096</u>		<u>5,114,096</u>
Total direct and overlapping debt	<u><u>\$ 114,591,602</u></u>		<u><u>\$ 114,591,602</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

Year	Principal	Interest and Fiscal Charges	Total Debt Service	General Government Expenditures	Ratio (1)
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%
2022	9,092,764	4,659,186	13,751,950	172,804,306	7.96%

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)
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%
2022	171,063	4,798,146	28,049	23,556	3.9%

Sources:

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

(2) Employment Security Commission

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

Table 11
Page 1 of 2

Expenses	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
General government	\$ 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	\$ 17,685,499
Human Services	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	28,151,261
Public Safety	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	48,067,677
Environmental protection	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	1,513,037
Economic and physical development	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	12,004,511
Culture and recreation	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	5,290,750
Transportation	1,547,832	1,616,226	933,502	846,392	898,341	941,313	992,287	1,179,807	1,358,363	1,507,842
Education	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	44,119,643
Interest and fiscal charges	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	3,613,216
Total governmental activities expenses	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	161,953,436
Business-type activities:										
Landfill	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	5,093,751
Sewer	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	1,264,472
Total business-type activities	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	6,358,223
Total primary governmental expenses	\$ 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	\$ 168,311,659
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 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	\$ 3,739,071
Human services	571,525	538,060	543,002	624,828	588,531	639,725	718,954	958,995	873,798	311,730
Public safety	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	2,962,025
Culture and recreation	273,406	198,135	191,837	184,527	227,897	203,952	305,968	266,793	266,150	243,266
Other activities	1,697,266	1,021,421	640,920	1,232,263	927,832	163,620	148,749	165,387	231,983	192,033
Operating grants and contributions	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	30,175,660
Capital grants and contributions	-	6,432,288	-	1,460,682	500,092	3,485,556	3,382,359	1,149,250	1,218,715	903,398
Total governmental activities program revenues	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	38,527,183
Business-type activities:										
Charges for services:										
Landfill	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	5,714,595
Sewer	355,319	446,165	477,487	543,388	613,849	657,865	847,871	799,792	846,643	992,972
Capital grants and contributions	-	-	-	-	-	-	-	50,000	-	-
Total business-type activities program revenues	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	6,707,567
Total primary governmental program revenues	\$ 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	\$ 45,234,750
Net (expense)/revenue										
Governmental activities	\$ (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)	\$ (123,426,253)
Business-type activities	(1,525,060)	315,545	(3,355,549)	(15,369)	(1,594,261)	665,741	(166,354)	(550,340)	1,753,048	349,344
Total primary governmental net expense	\$ (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)	\$ (123,076,909)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 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	\$ 109,143,288
Sales taxes	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	48,191,952
Other taxes	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	1,235,368
Investment earnings	270,151	316,229	307,954	419,838	512,871	1,063,803	2,172,893	1,739,251	92,071	(103,330)
Miscellaneous	1,359,476	2,328,908	1,282,400	998,267	978,148	1,895,472	6,990,818	545,486	958,700	1,971,857
Contributions of general capital assets	-	-	-	6,632,793	-	-	-	-	-	-
Transfers	(1,412,336)	(1,101,622)	(1,016,043)	(487,718)	(1,609,944)	(891,032)	(1,394,336)	(706,871)	(933,100)	(900,950)
Total governmental activities	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	159,538,185

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

Table 11
Page 2 of 2

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Other taxes	329,416	334,919	353,211	345,643	350,099	477,035	465,744	416,315	436,976	504,160
Investment earnings	26,870	35,600	44,091	50,592	72,878	185,910	357,607	284,624	21,579	41,119
Other	-	-	-	-	104,765	152,687	156,322	104,765	104,765	104,765
Contributions of general capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	1,412,336	1,101,622	1,016,043	487,718	1,609,944	891,032	1,394,336	706,871	933,100	900,950
Total business-type activities	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	1,550,994
Total primary government	<u>\$ 101,475,003</u>	<u>\$ 105,235,408</u>	<u>\$ 108,561,869</u>	<u>\$ 118,288,128</u>	<u>\$ 117,795,696</u>	<u>\$ 122,776,127</u>	<u>\$ 134,997,308</u>	<u>\$ 132,921,309</u>	<u>\$ 141,200,993</u>	<u>\$ 161,089,179</u>
Change in Net Position										
Governmental activities	\$ 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	\$ 36,111,932
Business-type activities	243,562	1,787,686	(1,942,204)	868,584	543,425	2,372,405	2,207,655	962,235	3,249,468	1,900,338
Total primary government	<u>\$ 4,410,987</u>	<u>\$ 15,587,711</u>	<u>\$ 11,621,798</u>	<u>\$ 1,711,378</u>	<u>\$ (12,025,994)</u>	<u>\$ 15,917,443</u>	<u>\$ 30,794,324</u>	<u>\$ 21,762,927</u>	<u>\$ 32,278,332</u>	<u>\$ 38,012,270</u>

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

Table 12

	Fiscal Year									
	<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>	<u>2022</u>
General Fund										
Nonspendable	\$ 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	\$ 450,046
Restricted	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	31,200,797
Committed	79,000	79,000	79,000	375,340	375,340	375,340	375,340	375,340	306,340	306,340
Assigned	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	5,533,382
Unassigned	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	71,833,870
Total General Fund	<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>	<u>\$ 109,324,435</u>
All other governmental funds										
Restricted	\$ 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	\$ 4,336,223
Committed	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	57,575,968
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(6,390,336)	-	-	-	-	(3,381)	-	-
Total all other governmental funds	<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>	<u>\$ 61,912,191</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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 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	\$ 64,434,632
Restricted	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	24,981,683
Unrestricted	(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	46,390,070
Total Governmental activities net position	\$ 6,721,349	\$ 20,521,374	\$ 30,058,262	\$ 31,236,500	\$ 16,803,201	\$ 21,247,356	\$ 49,834,025	\$ 70,634,717	\$ 99,694,453	\$ 135,806,385
Business-type activities										
Net investment in capital assets	\$ 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	\$ 13,557,290
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	14,541,640
Total business-type activities net position	\$ 16,447,569	\$ 18,235,255	\$ 16,213,724	\$ 17,082,308	\$ 17,625,733	\$ 19,779,234	\$ 21,986,889	\$ 22,949,124	\$ 26,198,592	\$ 28,098,930
Primary government										
Net investment in capital assets	\$ 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	\$ 77,991,922
Restricted	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	24,981,683
Unrestricted	(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	60,931,710
Total primary government net position	\$ 23,168,918	\$ 38,756,629	\$ 46,271,986	\$ 48,318,808	\$ 34,428,934	\$ 41,026,590	\$ 71,820,914	\$ 93,583,841	\$ 125,893,045	\$ 163,905,315

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

Table 14

Fiscal Year	Governmental Activities							Business-Type Activities				Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Unamortized Premium	Qualified Zone Academy Bonds	Qualified School Construction Bonds	Installment Purchases	Limited Obligation Bonds	Certificates of Participation	General Obligation Bonds	Unamortized Premium	Limited Obligation Bonds	Installment Purchases			
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
2022	22,510,000	15,522,115	-	14,065,391	1,260,000	54,545,000	1,575,000	380,000	733,352	4,130,000	-	114,720,858	0.00%	670

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

Table 15

Employer	2022		2013	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Davidson County Schools	1000+	3.00%	1000+	3.00%
County of Davidson	1000+	3.00%	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>80,913</u>		<u>70,624</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	2022		2013	
	Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
EGGER Wood Products LLC	\$ 352,409,227	2.00%	\$ -	0.00%
Unilin Flooring NC LLC	163,516,794	0.93%	60,491,799	0.46%
Duke Energy	135,524,434	0.77%	86,071,084	0.65%
Halyard North Carolina (formerly Kimberly- Clark Corporation)	130,694,862	0.74%	77,928,894	0.59%
Electric Glass Fiber America, LLC (formerly PPG industries)	83,195,170	0.47%	63,306,769	0.48%
Energy United	69,226,675	0.39%	-	-
Cube Yadkin Generation LLC (formerly Yadkin, Inc.)	63,077,690	0.36%	53,371,487	0.40%
Owens Brockway	55,602,522	0.32%	31,228,405	0
Transcontinental Pipeline Co.	52,415,199	0.30%	-	0.00%
Norfolk Southern	51,200,238	0.29%	-	-
Walmart Stores East LP	39,249,630	0	30,611,855	0.23%
RCR Enterprises, LLC	24,064,982	0	31,027,877	0.23%
TFI Industries	-	-	24,180,238	0.18%
Newbridge Bank	13,785,080	0	21,696,264	0.16%
Total	<u>\$ 1,233,962,503</u>		<u>\$ 479,914,672</u>	

Source - Davidson County Tax Department

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

Table 17

Full-time Equivalent Employees As of June 30										
Function	<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>	<u>2022</u>
General government	110	110	111	111	108	109	109	108	108	109
Human Services	311	315	315	324	327	321	328	329	330	334
Public Safety	356	359	371	381	381	381	388	395	395	403
Environmental protection	21	21	20	21	19	19	16	15	17	17
Economic and physical development	39	38	37	36	31	30	29	30	30	30
Culture and recreation	74	75	73	73	73	73	74	74	74	74
Transportation	17	16	16	10	8	10	8	8	5	5
Landfill	28	17	15	15	13	17	15	15	14	14
Sewer	2	1	-	-	1	1	1	1	1	1
Garage	<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>	<u>6</u>
Total	<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>	<u>993</u>

Source: Davidson County Budget Office.

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

Table 18

Function	Fiscal Year									
	As of June 30									
	<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>	<u>2022</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	55,869	57,615	57,615	54,221	54,221	54,221	54,221	54,221	56,810	57,237
Public Safety (1):										
Number of Emergency medical stations	7	8	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	47	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**

Table 19

Function	Fiscal Year As of June 30									
	<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>	<u>2022</u>
General government:										
Number of tax bills per 1000 parcels (1)	3,134	2,900	1,077	1,082	1,086	1,087	1,097	1,089	1,092	1,100
Registered motor vehicles per 1000 population (3)	897	1,023	1,049	1,060	1,583	1,058	1,084	1,034	1,095	1,048
Human services (1):										
Children in Social Services custody	192	191	209	218	254	253	280	285	251	163
Public Safety (1):										
Number of EMS calls dispatched	23,778	23,634	23,373	23,056	23,508	25,095	26,682	26,832	30,203	33,543
Number of emergency medical technicians	111	117	117	138	138	138	129	127	127	140
Building permits issued	4,391	4,883	6,173	7,041	7,431	6,739	7,291	8,159	8,641	10,169
Number of firemen	1,070	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	1,577	1,816	1,738	1,943	1,766	1,872	1,345	1,366	1,066
Economic and physical development (1):										
Number of individuals sponsored in WIA services	457	347	737	596	264	419	883	891	636	548
Education (2):										
Number of students	25,555	25,231	25,141	25,131	24,246	24,257	23,847	24,339	23,278	23,556

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