Davidson County, North Carolina

Comprehensive Annual Financial Report

Year Ended June 30, 2016

Prepared by:
Jane S. Kiker
Finance Director

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INTRODUCTORY SECTION

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

November 23, 2016

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

I am pleased to present the comprehensive annual financial report of Davidson County for the fiscal year ended June 30, 2016. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the GFOA Certificate of Achievement, the County's organizational chart and a list of principal officials. The financial section includes the management discussion and analysis, statements of net position, and the combining and individual fund financial statements and schedules, as well as the independent auditors' report on the financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of independent auditors.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and *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.

Office (336) 242-2020 / Fax (336) 243-7578

County Profile

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

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

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

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

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

Factors Affecting Financial Condition

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

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

The County has continued to recruit quality companies to replace those lost to import competition. The County has offered economic development incentive grants to several companies to support industrial expansion. The County currently has a 4.9 % employment rate which is .2 % above the state rate and 1.0% less than the County's rate in 2015.

The County experienced an increase of .45% 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 plan to build schools to relieve overcrowding. The County has completed extensive renovations and additions to existing schools and has constructed a new middle school. The County 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 is in the process of developing a new business park for future industrial growth. County reserves of $4.9 million have been used to purchase land and begin site improvements.

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, 2016, 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 comprehensive annual financial report for the fiscal year ended June 30, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. Davidson County has received a Certificate of Achievement for the last twenty-nine years (fiscal years ended 1987-2015). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgements.

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

Respectfully submitted,

Jane S. Kiker
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
* Animal Shelter

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

CULTURE AND RECREATION
----
* Library
* Museum
* Recreation

ECONOMIC AND PHYSICAL DEVELOPMENT
----
* Planning
* Cooperative Extension
* Job training (DavidsonWorks)
* Economic Development
* GIS

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

DAVIDSON COUNTY, NORTH CAROLINA

Board of County Commissioners

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

County Officials

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Davidson County

North Carolina

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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13 South Center Street ♦ Taylorsville, North Carolina 28681 ♦ Phone 828-632-9025 ♦ Fax 828-632-9085
Toll Free Both Locations 1-800-948-0585 ♦ Website: www.martinstarnes.com

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of June 30, 2016, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The combining and individual fund financial statements, budgetary schedules, supplemental ad valorem tax schedules, and other schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 23, 2016 on our consideration of Davidson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Davidson County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 23, 2016

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, 2016. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of Davidson County's governmental activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $31,236,500.
- As of the close of the current fiscal year, Davidson County's governmental funds reported combined ending fund balances of $114,215,183, after a net increase of $43,657,934. Approximately 55.14% of this total amount, or $62,974,068, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $39,451,906, or 30 % 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 $48,318,808. This is an increase of $2,046,822 over the prior year. The increase in net position is primarily due to the increase in net position of the Governmental Activities.
- The County maintained the following bond ratings:

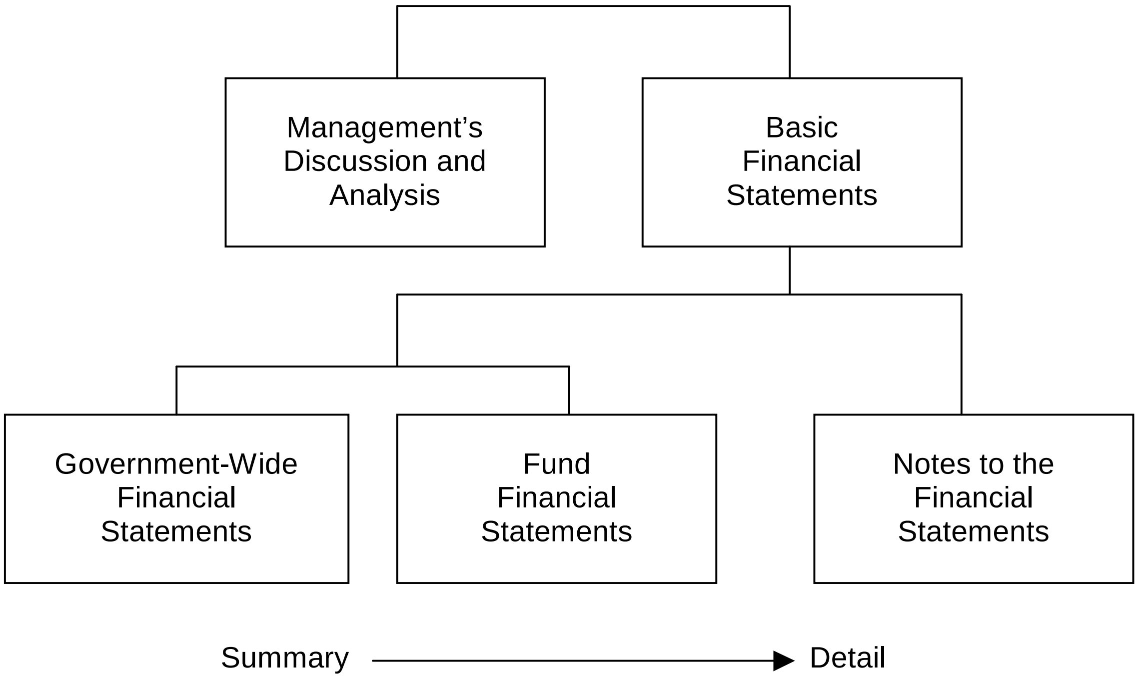
Moody's	Aa2
Standard & Poor's	AA

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Components of Annual Financial Report

Figure 1



BASIC FINANCIAL STATEMENTS

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

The next statements, Exhibits 3 through 9, are the Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government, providing more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary and agency fund statements.

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

Government-Wide Financial Statements

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

The two government-wide statements provide short- and long-term information about the County's financial status as a whole.

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

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

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

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

The government-wide financial statements can be found on pages 15 through 16 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Davidson County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of Davidson County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the County's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the County's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Davidson County adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the County, the management of the County, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the County to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the County complied with the budget ordinance and whether or not the County succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board, 2) the final budget as amended by the Board, 3) the actual resources, charges to appropriations, and ending balances in the General Fund, and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

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

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Davidson County's progress in funding its obligation to provide pension benefits to its public safety employees. Required supplemental information can be found on pages 81through 89 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. In the case of Davidson County, net position is negatively impacted by the fact that the County issues debt to fund the construction of capital assets that become the assets of other governmental entities upon completion. The County issues general obligation debt and limited obligation bonds to fund the cost of constructing these assets. The assets and deferred outflows of Davidson County exceeded liabilities and deferred inflows by $48,318,808 as of June 30, 2016. As of June 30, 2015, the net position of Davidson County stood at $46,271,986. The County's net position increased by $2,046,822 for the fiscal year ended June 30, 2016.

Davidson County, along with many other counties in North Carolina, funds school facilities that become assets of the school district and community college facilities that become property of the community college, through the issuance of debt. General obligation bonds and qualified school construction bonds have been issued by the County to fund a large portion of the cost of these assets. The County's liabilities at June 30, 2016 include outstanding general obligation debt of $46.7 million and outstanding qualified school construction bond debt of $16.1 million that both relate to funding these non-county assets. This represents 99% of the County's outstanding general obligation debt. Because the County does not retain the related assets, this debt liability (less any unspent proceeds) reduces the County's total net position and presents a less favorable picture as compared to governments that do not extensively fund the capital assets of other government entities. An additional portion of Davidson County's net position $18,975,711 represents resources that are subject to external restrictions on how they are used. The remaining balance of ($22,782,464) 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.

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

Davidson County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 132,878,071	$ 88,783,127	$ 17,459,949	$ 17,210,762	$ 150,338,020	$ 105,993,889
Capital assets	51,503,587	44,415,503	17,061,529	18,973,290	68,565,116	63,388,793
Construction in progress	-	-	2,444,059	-	2,444,059	-
Total assets	184,381,658	133,198,630	36,965,537	36,184,052	221,347,195	169,382,682
Deferred Outflows of Resources	2,508,284	2,466,541	43,145	42,081	2,551,429	-
Long-term liabilities outstanding	141,202,981	90,812,500	18,833,116	19,642,677	160,036,097	110,455,177
Other liabilities	10,603,072	6,856,807	1,086,093	227,800	11,689,165	7,084,607
Total liabilities	151,806,053	97,669,307	19,919,209	19,870,477	171,725,262	117,539,784
Deferred Inflows of Resources	3,847,389	7,937,602	7,165	141,932	3,854,554	-
Net position:						
Net investment in capital assets	42,032,142	42,200,503	10,093,419	9,643,520	52,125,561	51,844,023
Restricted	18,975,711	26,646,082	-	-	18,975,711	26,646,082
Unrestricted	(29,771,353)	(38,788,323)	6,988,889	6,570,204	(22,782,464)	(32,218,119)
Total net position	$ 31,236,500	$ 30,058,262	$ 17,082,308	$ 16,213,724	$ 48,318,808	$ 46,271,986

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 97.0517%.
- Continued low cost of debt due to the County's high bond rating.
- Continued conservative spending initiatives through performance-based budgeting.

Davidson County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	$ 9,999,578	$ 8,246,642	$ 4,702,437	$ 4,598,374	$ 14,702,015	$ 12,845,016
Operating grants and contributions	26,376,734	26,955,897	-	-	26,376,734	26,955,897
Capital grants and contributions	1,460,682	-	-	-	1,460,682	-
General revenues:						
Property taxes	83,986,076	82,927,734	-	-	83,986,076	82,927,734
Other taxes	25,854,919	23,646,479	345,643	353,211	26,200,562	23,999,690
Other	8,050,898	1,590,354	50,592	44,091	8,101,490	1,634,445
Total revenues	155,728,887	143,367,106	5,098,672	4,995,676	160,827,559	148,362,782
Expenses:						
General government	12,723,736	12,562,051	-	-	12,723,736	12,562,051
Human services	32,549,001	30,715,679	-	-	32,549,001	30,715,679
Public safety	34,748,009	32,104,612	-	-	34,748,009	32,104,612
Environmental protection	1,455,850	1,289,409	-	-	1,455,850	1,289,409
Economic and physical development	4,311,784	3,331,921	-	-	4,311,784	3,331,921
Culture and recreation	4,197,177	3,814,191	-	-	4,197,177	3,814,191
Transportation	846,392	933,502	-	-	846,392	933,502
Education	56,368,424	40,468,138	-	-	56,368,424	40,468,138
Interest on long-term debt	7,198,002	3,567,558	-	-	7,198,002	3,567,558
Landfill	-	-	3,267,010	6,827,440	3,267,010	6,827,440
Sewer	-	-	1,450,796	1,126,483	1,450,796	1,126,483
Total expenses	154,398,375	128,787,061	4,717,806	7,953,923	159,116,181	136,740,984
Increase in net position before contributions and transfers	1,330,512	14,580,045	380,866	(2,958,247)	1,711,378	11,621,798
Contributions and transfers	(487,718)	(1,016,043)	487,718	1,016,043	-	-
Increase (decrease) in net position	842,794	13,564,002	868,584	(1,942,204)	1,711,378	11,621,798
Net position, beginning, previously reported	30,058,262	20,521,374	16,213,724	18,235,255	46,271,986	38,756,629
Restatement	335,444	(4,027,114)	-	(79,327)	335,444	(4,106,441)
Net position, beginning, restated	30,393,706	16,494,260	16,213,724	18,155,928	46,607,430	34,650,188
Net position, ending	$ 31,236,500	$ 30,058,262	$ 17,082,308	$ 16,213,724	$ 48,318,808	$ 46,271,986

Governmental activities. Of total net position, governmental activities accounted for $31,236,500 (65 percent). Operating and capital grants and contributions funded $27,837,416 of Davidson County's governmental activities. Operating grants increased due to additional funding received for human services programs. Capital grants decreased due to one-time funding received in FY2015. Both sales tax and property taxes provided a large source of revenue. Sales tax increased due to an additional ¼ cent sales tax approved in FY2015 and an improved economy. Governmental activities increased the County's net position by $842,794 compared to an increase of $13,564,002 in 2015. The key elements of the increase in 2016 were the increases in property tax and sales tax collections.

Business-type activities. Net position of Davidson County's business-type activities increased to $17,082,308. Net position increased by $868,584 in 2016 due to the decrease in accrued postclosure costs. Net position decreased $1,942,204 in 2015.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

As of the end of the current fiscal year, Davidson County's governmental funds reported a combined fund balance of $114,215,183, an increase of $43,657,934 in comparison with the prior year.

The General Fund is the principal operating fund of Davidson County. At the end of the current fiscal year, fund balance available in the General Fund was $51,019,348, while total fund balance for the General Fund reached $64,859,292. 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 38.7% of general fund expenditures and transfers to other funds, while total fund balance represents 49.3% of that same amount.

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

The School Capital Outlay Fund fund balance increased by $30,786,705 due to unspent bond proceeds for the new high school. Sources of income included interest earnings of $74,667, debt issuance of $36,570,000, premium on the debt issuance of $5,777,998, and transfers from the General Fund of $6,484,868. The Capital Projects Fund increased by $7,736,942 due to the debt issuance and the premium on the debt issuance for the Sheriff's office building.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues and Fund balance appropriated by $53,509,727. $2,259,984 of the increase can be attributed to additional grant revenue for the Social Services and Health departments. $2,321,063 of the increase can be attributed to additional sales tax for school construction. $3,975,185 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. $46,807,382 of the increase can be attributed to the advance refunding of general obligation bonds. 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 $6,107,919. Unrestricted net position of the Sewer operation at the end of the year totaled $880,970.

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, 2016 amounts to $71,009,175 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment. The total increase in Davidson County's investment in capital assets for the current fiscal year was 12 percent.

The major capital asset event during the fiscal year was the transfer of Wilcox bridge from the State of North Carolina. The County has implemented a plan to build much-needed schools to counteract the problem of overcrowding. These school projects will be funded by both local revenues and school bonds. Other building needs of the County are currently being forecasted into the future as revenues are located and become available.

Davidson County's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and Improvements	$ 10,268,887	$ 9,747,176	$ 2,444,059	$ 863,794	$ 12,712,946	$ 10,610,970
Buildings	56,829,834	49,367,504	794,528	794,528	57,624,362	50,162,032
Furniture and equipment	12,042,587	11,188,278	7,642,061	6,762,004	19,684,648	17,950,282
Vehicles	9,161,623	9,665,884	848,404	848,404	10,010,027	10,514,288
Sewer line	-	-	16,850,903	16,850,903	16,850,903	16,850,903
Landfill cell construction	-	-	16,323,063	16,323,063	16,323,063	16,323,063
Improvements to landfill	-	-	2,443,350	2,443,350	2,443,350	2,443,350
Construction in progress	-	-	-	-	-	-
Subtotal	88,302,931	79,968,842	47,346,368	44,886,046	135,649,299	124,854,888
Less accumulated depreciation	36,799,344	35,553,339	27,840,780	25,912,756	64,640,124	61,466,095
Total	$ 51,503,587	$ 44,415,503	$ 19,505,588	$ 18,973,290	$ 71,009,175	$ 63,388,793

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

Long-Term Debt. At the end of the current fiscal year, Davidson County had total bonded debt outstanding of $46,780,000, which is backed by the full faith and credit of the County.

This outstanding General Obligation indebtedness is out of a legal debt limit of approximately $1,086,317,347. 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 7.78.

The County's general obligation debt per capita is $284.17 as of June 30, 2016 while the County's gross debt per capita is $742.37 due to $75,431,181 in outstanding Certificates of Participation, Limited Obligation Bonds, and Qualified School Construction Bonds. Davidson County's total debt had a net increase of $31,104,342.

Additional information on Davidson County's long-term debt can be found in Note II.B.7 on pages 69 through 76 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Davidson County is currently 4.9 percent, which 1.0 percent less than last year's rate. This rate is .2 percent above the state's average unemployment rate of 4.7 percent.
- Inflationary trends in the region compare favorably to national indices.
- Population of 164,622 has grown 6.3 percent from 2006 to 2016.

All of these factors were considered in preparing Davidson County's budget for Fiscal Year 2016-2017.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2016-2017

Governmental activities. Minimal growth of 1.8% in property tax revenue is anticipated over FY2016. An increase in the Sales tax revenues of 27.9 percent has been projected due to an improvement in the local economy, the additional ¼ cent local option sales tax, and the State's redistribution of sales tax. General Fund reserves, maintained in the current fiscal year through reduced spending initiatives and additional revenues, were appropriated in the amount of $2.7 million.

Budgeted expenditures in the General Fund are expected to increase by a net amount of 5.2 percent from FY2016. The largest increases were due to a cost of living increase for employees and debt service for the construction of a new high school and new Sheriff's office facility.

Business-type activities. Budgeted expenditures for the Landfill Fund will increase by $949,844. This is attributable to one-time capital expenditures budgeted for landfill equipment.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2016

Exhibit 1

	Primary Government			Component Unit
ASSETS	**Governmental Activities**	**Business-Type Activities**	**Total**	**Davidson County Airport Authority**
Cash and cash equivalents	$ 70,710,137	$ 16,647,990	$ 87,358,127	$ -
Taxes receivable, net	1,284,157	-	1,284,157	-
Accounts receivable, net	2,967,577	625,580	3,593,157	-
Due from other governments	10,435,788	106,606	10,542,394	461,571
Due from component unit	552,530	-	552,530	
Inventory, at cost	41,381	-	41,381	-
Restricted cash and cash equivalents	45,224,293	79,773	45,304,066	-
Long-term note receivable	375,000	-	375,000	-
Long-term advance to component unit	988,064	-	988,064	-
Net pension asset	299,144	-	299,144	-
Capital assets				
Land and construction in progress	10,268,887	2,444,059	12,712,946	4,407,318
Other capital assets, net of accumulated				6,729,038
depreciation	41,234,700	17,061,529	58,296,229	-
Total capital assets	51,503,587	19,505,588	71,009,175	11,136,356
Total Assets	184,381,658	36,965,537	221,347,195	11,597,927
DEFERRED OUTFLOWS OF RESOURCES	2,508,284	43,145	2,551,429	-
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	10,211,174	1,086,093	11,297,267	71,868
Due to primary government	-	-	-	552,530
Accrued interest payable	391,898	-	391,898	-
Long-term liabilities:				
Net pension liability - LGERS	2,518,208	59,171	2,577,379	-
Net pension liability - LEOSSA	1,231,217	-	1,231,217	-
Due within one year	9,433,465	585,000	10,018,465	85,901
Due in more than one year	128,020,091	18,188,945	146,209,036	902,163
Total long-term liabilities	141,202,981	18,833,116	160,036,097	988,064
Total liabilities	151,806,053	19,919,209	171,725,262	1,612,462
DEFERRED INFLOWS OF RESOURCES	3,847,389	7,165	3,854,554	-
Net Position:				
Net investment in capital assets	42,032,142	10,093,419	52,125,561	10,148,292
Restricted for:				
Stablization by State Statute	12,656,243	-	12,656,243	-
Register of Deeds	471,920	-	471,920	-
Public safety	2,068,894	-	2,068,894	-
Transportation	627,091	-	627,091	-
Human Services	3,151,563	-	3,151,563	-
Unrestricted	(29,771,353)	6,988,889	(22,782,464)	(162,827)
Total net position	$ 31,236,500	$ 17,082,308	$ 48,318,808	$ 9,985,465

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

Exhibit 2

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**	**Component Unit**
Primary government:								
Governmental activities:								
General government	$ 12,723,736	$ 1,547,032	$ -	$ -	$ (11,176,704)	$ -	$ (11,176,704)	$ -
Human services	32,549,001	624,828	20,453,589	-	(11,470,584)	-	(11,470,584)	-
Public safety	34,748,009	6,410,928	2,015,984	-	(26,321,097)	-	(26,321,097)	-
Environmental protection	1,455,850	148,105	51,812	-	(1,255,933)	-	(1,255,933)	-
Economic and physical development	4,311,784	815,314	1,417,579	-	(2,078,891)	-	(2,078,891)	-
Culture and recreation	4,197,177	184,527	283,052	-	(3,729,598)	-	(3,729,598)	-
Transportation	846,392	268,844	505,258	-	(72,290)	-	(72,290)	-
Intergovernmental:								
Education	56,368,424	-	-	1,460,682	(54,907,742)	-	(54,907,742)	-
Debt service:								
Interest and fiscal charges	7,198,002	-	1,649,460	-	(5,548,542)	-	(5,548,542)	-
Total governmental activities	154,398,375	9,999,578	26,376,734	1,460,682	(116,561,381)	-	(116,561,381)	-
Business-type activities:								
Landfill	3,267,010	4,159,049	-	-	-	892,039	892,039	-
Sewer	1,450,796	543,388	-	-	-	(907,408)	(907,408)	-
Total business-type activities	4,717,806	4,702,437	-	-	-	(15,369)	(15,369)	-
Total primary government	159,116,181	14,702,015	26,376,734	1,460,682	(116,561,381)	(15,369)	(116,576,750)	-
Component units:								
Airport	1,296,691	331,099	688,079	-	-	-	-	(277,513)
Total component units	1,296,691	331,099	688,079	-	-	-	-	(277,513)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					83,986,076	-	83,986,076	-
Sales tax					24,297,053	-	24,297,053	-
Other taxes					1,557,866	345,643	1,903,509	-
Interest earnings					419,838	50,592	470,430	-
Other					998,267	-	998,267	-
Total General Revenues excluding transfers and special items					111,259,100	396,235	111,655,335	
Special item- Donation of bridge					6,632,793	-	6,632,793	
Transfers					(487,718)	487,718	-	-
Total general revenues and transfers					117,404,175	883,953	118,288,128	-
Change in net position					842,794	868,584	1,711,378	(277,513)
Net position - beginning, previously reported					30,058,262	16,213,724	46,271,986	10,262,978
Restatement					335,444	-	335,444	-
Net position - beginning, restated					30,393,706	16,213,724	46,607,430	10,262,978
Net position, ending					$ 31,236,500	$ 17,082,308	$ 48,318,808	$ 9,985,465

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016

Exhibit 3

ASSETS	Major Funds: General Fund	Major Funds: School Capital Outlay Fund	Major Funds: Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 51,303,106	$ 5,920,740	$ 1,591,799	$ 7,843,515	$ 66,659,160
Taxes receivable, net	1,018,539	-	-	265,618	1,284,157
Accounts receivable, net	2,967,577	-	-	-	2,967,577
Due from other governments	10,186,542	76,077	-	103,286	10,365,905
Due from component unit	552,530	-	-	-	552,530
Restricted cash and cash equivalents	4,436,806	38,277,487	2,510,000	-	45,224,293
Long tern note receivable	375,000	-	-	-	375,000
Long-term advance to component unit	988,064	-	-	-	988,064
Total Assets	$ 71,828,164	$ 44,274,304	$ 4,101,799	$ 8,212,419	$ 128,416,686
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 4,720,564	$ 4,147,403	$ 158,174	$ 151,436	$ 9,177,577
Due to other funds	-	-	-	-	-
Total liabilities	4,720,564	4,147,403	158,174	151,436	9,177,577
DEFERRED INFLOWS OF RESOURCES	2,248,308	-	2,510,000	265,618	5,023,926
Fund balances:					
Nonspendable:					
Long term note receivable	375,000	-	-	-	375,000
Long-term advance to component unit	988,064	-	-	-	988,064
Restricted:					
Stabilization by State Statute	12,476,880	76,077	-	103,286	12,656,243
Register of deeds	471,920	-	-	-	471,920
Fire protection	-	-	-	855,408	855,408
Transportation	-	-	-	627,091	627,091
School capital	-	38,277,487	-	-	38,277,487
Public safety	470,211	-	-	743,275	1,213,486
Health	3,151,563	-	-	-	3,151,563
Debt service	4,357,806	-	-	-	4,357,806
Committed:					
Tax revaluation	79,000	-	-	-	79,000
LEO Special Separation Allowance	296,340	-	-	-	296,340
School capital	-	1,773,337	-	-	1,773,337
Capital projects funds	-	-	1,433,625	5,466,305	6,899,930
Assigned, for subsequent year's expenditures	2,740,602	-	-	-	2,740,602
Unassigned	39,451,906	-	-	-	39,451,906
Total fund balances	64,859,292	40,126,901	1,433,625	7,795,365	114,215,183
Total liabilities, deferred inflows of resources, and fund balances	$ 71,828,164	$ 44,274,304	$ 4,101,799	$ 8,212,419	

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	51,307,887
Net pension asset	299,144
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	2,349,227
Net pension liability	(3,749,425)
Deferred inflows of resources for taxes and other receivables	2,513,926
Pension related deferrals	(1,178,332)
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.	3,313,727
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	(128,989,911)
Compensated absences	(2,106,758)
OPEB liability	(6,346,270)
Accrued interest payable	(391,898)
Net position of governmental activities	$ 31,236,500

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, 2016

	Major Funds			Other	Total
	General Fund	School Capital Outlay Fund	Capital Projects Fund	Governmental Funds	Governmental Funds
Revenues:					
Taxes	$ 99,203,786	$ -	$ -	$ 10,458,342	$ 109,662,128
Licenses and permits	1,749,285	-	-	-	1,749,285
Intergovernmental	26,151,127	460,682	201,349	505,258	27,318,416
Charges for services	7,603,021	-	-	268,844	7,871,865
Interest on investments	342,564	74,667	-	2,607	419,838
Miscellaneous	994,306	1,000,000	-	-	1,994,306
Total revenues	136,044,089	1,535,349	201,349	11,235,051	149,015,838
Expenditures:					
Current:					
General government	12,120,665	-	-	-	12,120,665
Human services	31,861,201	-	-	-	31,861,201
Public safety	25,009,889	-	-	9,106,780	34,116,669
Environmental protection	1,388,599	-	-	-	1,388,599
Economic and physical development	3,274,105	-	-	-	3,274,105
Culture and recreation	4,069,309	-	-	-	4,069,309
Transportation	-	-	-	756,840	756,840
Intergovernmental:					
Education	35,292,599	19,581,310	-	1,494,515	56,368,424
Capital outlay	-	-	1,374,518	-	1,374,518
Debt service:					
Principal	6,193,465	-	-	-	6,193,465
Interest and fiscal charges	7,139,113	-	-	-	7,139,113
Total expenditures	126,348,945	19,581,310	1,374,518	11,358,135	158,662,908
Excess (deficiency) of revenues over expenditures	9,695,144	(18,045,961)	(1,173,169)	(123,084)	(9,647,070)
Other financing sources (uses):					
Transfers from other funds	1,034,997	6,484,668	938,666	23,719	8,482,050
Transfers to other funds	(8,346,188)	-	-	(623,580)	(8,969,768)
Debt issued	-	36,570,000	6,885,000	-	43,455,000
Premium on debt issued	-	5,777,998	1,086,445	-	6,864,443
Refunding bonds issued	39,525,000	-	-	-	39,525,000
Premium on refunding bonds issued	7,322,835	-	-	-	7,322,835
Payment to refunded bond agent	(43,710,000)	-	-	-	(43,710,000)
Total other financing sources (uses)	(4,173,356)	48,832,666	8,910,111	(599,861)	52,969,560
Net change in fund balances	5,521,788	30,786,705	7,736,942	(722,945)	43,322,490
Fund balances at beginning of year	59,002,060	9,340,196	(6,303,317)	8,518,310	70,557,249
Restatement	335,444	-	-	-	335,444
Fund balances at end of year	$ 64,859,292	$ 40,126,901	$ 1,433,625	$ 7,795,365	$ 114,215,183

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, 2016

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	$ 43,322,490
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.	7,111,754
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and simlar 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.	(47,322,702)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	2,349,227
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.	(2,148,461)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	80,256
Internal service funds are used by management to charge the costs of fleet management and health insurance to individual funds. The net loss of the internal service funds are reported with governmental activities.	(2,549,770)
Changes in net position of governmental activities	$ 842,794

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2016

Exhibit 5

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance With Final Positive (Negative)
Revenues:				
Taxes	$ 91,640,472	$ 93,961,535	$ 99,203,786	$ 5,242,251
Licenses and permits	1,063,344	1,063,344	1,749,285	685,941
Intergovernmental	25,091,960	27,351,944	26,151,127	(1,200,817)
Charges for services	7,541,046	7,562,892	7,603,021	40,129
Interest on investments	275,000	275,000	342,564	67,564
Miscellaneous	838,793	1,080,315	994,306	(86,009)
Total revenues	126,450,615	131,295,030	136,044,089	4,749,059
Expenditures:				
Current:				
General government	12,640,488	13,422,145	12,120,665	1,301,480
Human services	30,698,353	33,525,080	31,861,201	1,663,879
Public safety	25,419,057	26,213,908	25,009,889	1,204,019
Environmental protection	1,374,185	1,409,178	1,388,599	20,579
Economic and physical development	2,940,675	3,823,215	3,274,105	549,110
Culture and recreation	4,079,752	4,186,307	4,069,309	116,998
Intergovernmental:				
Education	35,303,849	35,303,849	35,292,599	11,250
Debt service:				
Principal	9,556,880	8,314,169	6,193,465	2,120,704
Interest and fiscal charges	3,898,463	7,139,113	7,139,113	-
		-	-	-
Total expenditures	125,911,702	133,336,964	126,348,945	6,988,019
Excess (deficiency) of revenues over expenditures	538,913	(2,041,934)	9,695,144	11,737,078
Other financing sources (uses):				
Transfers from other funds	492,705	1,034,997	1,034,997	-
Transfers to other funds	(3,771,723)	(8,846,188)	(8,346,188)	500,000
Refunding bonds issued	-	39,525,000	39,525,000	-
Premium on refunding bonds issued	-	7,322,835	7,322,835	-
Payment to refunded bond agent	-	(43,710,000)	(43,710,000)	-
Total other financing sources (uses)	(3,279,018)	(4,673,356)	(4,173,356)	500,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,740,105)	(6,715,290)	5,521,788	12,237,078
Fund balance appropriated	2,740,105	6,715,290	-	(6,715,290)
Net change in fund balance	$ -	$ -	5,521,788	$ 5,521,788
Fund balance at beginning of year			58,923,060	
Restatement			335,444	
Fund balance at end of year			$ 64,780,292	

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2016

Exhibit 6

ASSETS	Major Fund Landfill	Major Fund Sewer	Total	Governmental Activities Internal Service
Current assets:				
Cash and investments	$ 15,776,868	$ 871,122	$ 16,647,990	$ 4,050,977
Accounts receivable, net	579,556	46,024	625,580	-
Due from other governments	106,606	-	106,606	69,883
Inventory, at cost	-	-	-	41,381
Restricted cash and cash equivalents	-	79,773	79,773	-
Total current assets	16,463,030	996,919	17,459,949	4,162,241
Noncurrent assets:				
Capital assets:				
Land and construction in progress	2,444,059	-	2,444,059	-
Other capital assets, net of depreciation	2,659,136	14,402,393	17,061,529	195,700
Total capital assets	5,103,195	14,402,393	19,505,588	195,700
Total noncurrent assets	5,103,195	14,402,393	19,505,588	195,700
Total Assets	21,566,225	15,399,312	36,965,537	4,357,941
DEFERRED OUTFLOWS OF RESOURCES	43,145	-	43,145	-
LIABILITIES				
Current liabilities:				
Current portion of accrued vacation benefits	25,000	-	25,000	-
Accounts payable and accrued liabilities	1,049,917	36,176	1,086,093	1,033,597
General obligation note payable	-	50,000	50,000	-
Limited obligation note payable	-	510,000	510,000	-
Total current liabilities	1,074,917	596,176	1,671,093	1,033,597
Noncurrent liabilities:				
Accrued landfill closure and postclosure costs	9,130,233	-	9,130,233	-
Accrued OPEB liability	108,242	-	108,242	-
Net pension liability	59,171	-	59,171	-
Accrued vacation benefits	18,528	-	18,528	10,617
General obligation note payable	-	625,000	625,000	-
Limited obligation note payable		6,945,000	6,945,000	-
Unamortized premium	-	1,361,942	1,361,942	-
Total noncurrent liabilities	9,316,174	8,931,942	18,248,116	10,617
Total liabilities	10,391,091	9,528,118	19,919,209	1,044,214
DEFERRED INFLOWS OF RESOURCES	7,165	-	7,165	-
NET POSITION				
Net investment in capital assets	5,103,195	4,990,224	10,093,419	195,700
Unrestricted	6,107,919	880,970	6,988,889	3,118,027
Total net position	$ 11,211,114	$ 5,871,194	$ 17,082,308	$ 3,313,727

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, 2016

Exhibit 7

	Major Fund Landfill	Major Fund Sewer	Total	Governmental Activities Internal Service
Operating revenues:				
Intergovernmental	$ 345,643	$ -	$ 345,643	$ -
Charges for sales and services	4,159,049	543,388	4,702,437	11,037,849
Miscellaneous	-	-	-	52,716
Total operating revenues	4,504,692	543,388	5,048,080	11,090,565
Operating expenses:				
Salaries and benefits	804,762	12,148	816,910	336,755
Operating	930,675	432,234	1,362,909	13,279,913
Depreciation	1,721,763	336,816	2,058,579	23,667
Closure and postclosure costs	(190,190)	-	(190,190)	-
Total operating expenses	3,267,010	781,198	4,048,208	13,640,335
Operating income (loss)	1,237,682	(237,810)	999,872	(2,549,770)
Nonoperating revenues(expenses):				
Interest earned	49,921	671	50,592	-
Interest expense	-	(669,598)	(669,598)	-
Total nonoperating revenues (expenses)	49,921	(668,927)	(619,006)	-
Income (loss) before transfers	1,287,603	(906,737)	380,866	(2,549,770)
Transfers:				
Transfers from other funds	-	907,393	907,393	
Transfers to other funds	-	(419,675)	(419,675)	-
Total transfers	-	487,718	487,718	-
Change in net position	1,287,603	(419,019)	868,584	(2,549,770)
Total net position, beginning	9,923,511	6,290,213	16,213,724	5,863,497
Total net position, ending	$ 11,211,114	$ 5,871,194	$ 17,082,308	$ 3,313,727

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2016

Exhibit 8

	Major Fund Landfill	Major Fund Sewer	Total	Governmental Activities Internal Service
Cash flows from operating activities:				
Cash received from customers	$ 4,123,796	$ 538,897	$ 4,662,693	$ 10,968,276
Cash paid for goods and services	(143,745)	(425,671)	(569,416)	(13,028,588)
Cash paid to employees for services	(826,249)	(12,148)	(838,397)	(337,996)
Other operating revenues	361,343	-	361,343	52,716
Net cash provided (used) by operating activities	3,515,145	101,078	3,616,223	(2,345,592)
Cash flows (to) from noncapital financing activities:				
Transfers from other funds	-	907,393	907,393	-
Transfers to other funds	-	(419,675)	(419,675)	-
Net cash provided (used) by noncapital financing activities	-	487,718	487,718	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(2,590,877)	-	(2,590,877)	-
Refunding bonds issued	-	6,910,000	6,910,000	-
Premium on refunding bonds issued	-	1,361,942	1,361,942	-
Payment to refunded bond escrow agent	-	(8,221,023)	(8,221,023)	-
Principal payments on debt	-	(661,170)	(661,170)	-
Interest payments on debt	-	(669,598)	(669,598)	-
Net cash provided (used) by capital and related financing activities	(2,590,877)	(1,279,849)	(3,870,726)	-
Cash flows from investing activities:				
Interest on investments	49,921	671	50,592	-
Net cash provided by investing activities	49,921	671	50,592	-
Net increase (decrease) in cash and cash equivalents	974,189	(690,382)	283,807	(2,345,592)
Cash and cash equivalents at beginning of year	14,802,679	1,641,277	16,443,956	6,396,569
Cash and cash equivalents at end of year	$ 15,776,868	$ 950,895	$ 16,727,763	$ 4,050,977
Reconciliation of operating income (loss) to net cash used by operating activities:				
Operating income (loss)	$ 1,237,682	$ (237,810)	$ 999,872	$ (2,549,770)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	1,721,763	336,816	2,058,579	23,667
Pension expense	-	-	-	-
Change in assets and liabilities and deferred outflows and inflows of resources:				
(Increase) decrease in accounts receivable	(35,253)	(4,491)	(39,744)	-
(Increase) decrease in due from other governments	15,700	-	15,700	(69,573)
(Increase) decrease in inventory	-	-	-	11,022
(Increase) decrease in net pension asset	58,664	-	58,664	-
Increase (decrease) in accounts payable and accrued liabilities	851,731	6,563	858,294	240,303
Increase (decrease) in accrued landfill closure and postclosure costs	(254,991)	-	(254,991)	-
(Increase) decrease in deferred outflows of resources for pensions	(1,064)	-	(1,064)	-
Increase (decrease) in net pension liability	59,171	-	59,171	-
Increase (decrease) in deferred inflows of resources for pensions	(134,767)	-	(134,767)	-
Increase (decrease) in accrued OPEB liability	4,594	-	4,594	-
Increase (decrease) in accrued vacation benefits	(8,085)	-	(8,085)	(1,241)
Net cash provided (used) by operating activities	$ 3,515,145	$ 101,078	$ 3,616,223	$ (2,345,592)

The accompanying notes are an integral part of this statement.

Exhibit 9

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
June 30, 2016

	Agency Funds
ASSETS	
Cash	$ 311,743
Due from other governments	992,194
Total Assets	$ 1,303,937
LIABILITIES	
Accounts payable and accrued liabilities	$ 1,303,937

The accompanying notes are an integral part of this statement.

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

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

I. Summary of Significant Accounting Policies (Continued)

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

Basis of Presentation (Continued)

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

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

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

The County reports the following major governmental funds:

General Fund. This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund

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

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

The County reports the following major enterprise funds:

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

I. Summary of Significant Accounting Policies (Continued)

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

Basis of Presentation (Continued)

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

Additionally, the County reports the following fund types:

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

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

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

Measurement Focus, Basis of Accounting

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

I. Summary of Significant Accounting Policies (Continued)

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

Measurement Focus, Basis of Accounting (Continued)

Government-Wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds which have no measurement focus. The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The County considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North

I. Summary of Significant Accounting Policies (Continued)

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

Measurement Focus, Basis of Accounting (Continued)

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

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year end on behalf of the County are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

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

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

C. Budgetary Data

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

I. Summary of Significant Accounting Policies (Continued)

C. Budgetary Data (Continued)

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

Budget amendments totaling $2,259,984 were necessary to appropriate intergovernmental revenues for human services expenditures. Budget amendments totaling $5,074,465 were for additional transfers for school capital outlay. Additional fund balance of $3,975,185 was appropriated for one-time capital expenditures and for performance management expenditures earned from the attainment of specific performance goals in the previous year.

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

1. Deposits and Investments

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

State law [G. S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The County's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

2. Cash and Cash Equivalents

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

3. Restricted Cash

Restricted cash consists of the following at June 30, 2016:

	General Fund	Capital Projects Fund	School Capital Outlay Fund	Sewer Fund
Sinking fund for the repayment of Qualified School Construction Bonds	$ 4,357,806	$ -	$ -	$ -
Tax Revaluation Fund	79,000	-	-	-
Unexpended grant proceeds for Wilcox Bridge	-	2,510,000	-	-
Unexpended proceeds from the issuance of Limited Obligation Bonds	-	-	38,277,487	79,773
	$ 4,436,806	$ 2,510,000	$ 38,277,487	$ 79,773

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, 2015. 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.

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

5. Allowances for Doubtful Accounts

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

6. Inventories

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life of two years or more. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. It is the policy of the Board to capitalize all capital assets costing more than $5,000.

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

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

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

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

7. Capital Assets (Continued)

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

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion – pension related deferrals and contributions made to the pension plan in the current fiscal year. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only five items that meet the criterion for this category, property taxes receivable, other receivables, EMS receivables, advance from grantor, and other pension related deferrals.

9. Long-Term Obligations

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

10. Compensated Absences

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

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

I. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements is classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

I. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

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

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

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

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

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

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 by the amount of unspent debt proceeds from restricted assets of $38,277,487 for the new High School project and the amount of $4,357,806 restricted for QSCB debt service.

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

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

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

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

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

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

I. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

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

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

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

Davidson County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least to or greater than 18% of budgeted expenditures. Any portion of the General Fund balance in excess of 20% of budgeted expenditures may be transferred into the Capital Reserve fund for pay-as-you-go capital projects.

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

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

Fund Balance, ending (Exhibit 5)	$ 64,780,292
Property Revaluation Fund:	
Expenditures:	
General government	-
Transfers in – General Fund	-
Fund Balance, beginning	79,000
Fund balance, ending (Exhibit 4)	$ 64,859,292

I. Summary of Significant Accounting Policies (Continued)

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

12. Defined Benefit Pension Plans

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

E. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net positions of governmental activities as reported in the government-wide statement of activities. The elements comprising the total adjustment of ($42,479,696) are as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	$ 9,843,106
Depreciation expense, the allocation of those assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(2,621,917)
Loss on disposal of capital assets not recorded in the fund statements	(109,435)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	(2,549,770)

I. Summary of Significant Accounting Policies (Continued)

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

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

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,349,227
Pension related deferrals are reported in the government-wide statements but not the fund statements	(1,478,004)
New debt issued during the year and the related premium are recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position	(57,642,278)
Principal payments on debt owed are recorded as a use of funds in the fund statements but do not affect the net position reported in the government-wide statements.	10,378,465
Amortization of bond premium is included in the government-wide statements but not in the fund statements because it does not use current resources.	60,756
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual).	(119,645)
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	31,512
Law enforcement Officers' Special Separation Allowance is accrued in the government-wide statements but not in the fund statements because it does not use current resources.	(123,404)
OPEB liability is accrued in the government-wide statements but not in the fund statements because it does not use current resources.	(578,565)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Net increase in deferred inflows of resources	80,256
Total adjustment	($42,479,696)

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 undercollaterization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has a formal written policy in place regarding custodial credit risk for deposits whereby no more than 50% of the County's total moneys shall be placed with a single financial institution, with the exclusion of tax funds held by a collecting bank that have not been allocated by the County. The Airport Authority does not have a policy regarding custodial risk of deposits.

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

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

1. Deposits Continued)

At June 30, 2016, the County and Airport's deposits had a carrying amount of $50,865,861 and a bank balance of $51,517,713. Of the bank balance, $511,392 was covered by federal depository insurance and $51,006,321 in both interest-bearing and non interest-bearing deposits were covered by collateral held under the Pooling Method. Of the County's carrying amount, $311,743 is held on behalf of others in the Agency Funds. At June 30, 2016, Davidson County had $4,601 cash on hand. During the year and as of June 30, 2016, the Airport Authority had no depository accounts other than those held by the County.

2. Investments

As of June 30, 2016, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Book Value	Less Than 1 Year	1-5 Years
North Carolina Capital Management Trust - Cash Portfolio	Amortized Cost	$ 59,613,276	$ N/A	$ N/A
Commercial Paper	Fair value-Level 2	10,489,949	10,489,949	-
U.S. Government Agencies	Fair value-Level 1	12,000,249	-	12,000,249
Total		$ 82,103,474	$ 10,489,949	$ 12,000,249

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.

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

Credit Risk – The County's formal investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. North Carolina statutes limits investment in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROS). As of June 30, 2016, the County's investments in commercial paper were rate A1 or better by Moody's Investors Service and P1 by Standard and Poors and F1 or better by Fitch Ratings. The County's investments in the North Carolina Capital Management Trust Cash Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2016. The County's

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

2. Investments (Continued)

investments in US agencies (Federal Home Loan Bank and Federal Farm Credit Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The County's formal investment policy indicates that the County shall utilize a third party custodial agent for book entry transactions, all of which shall be a trust department authorized to do work in North Carolina who has an account with the Federal Reserve. Certified securities shall be in the custody of the Finance Director.

Concentration of Credit Risk - The County formal investment policy places no limit on the amount that the County may invest in any one issuer. Also, no more than 50% of the County's total portfolio, which is defined by the County's investment policy to include interest-bearing bank deposits, shall be invested in a particular investment vehicle that does not bear the full faith and credit of the United States. As of June 30, 2016, the following investment categories account for more than 5% of the County's investment portfolio (excluding interest-bearing deposits): Federal Farm Credit Bank (FFCB), 12.2%,

3. Receivables

Receivables at the government-wide level at June 30, 2016 were as follows:

	Taxes	Accounts	Due from Other Governments	Total
Governmental activities:				
General	$ 9,113,578	$ 22,740,294	$ 10,256,425	$ 42,110,297
Other governmental	591,122	-	179,363	770,485
Total receivables	9,704,700	22,740,294	10,435,788	42,880,782
Allowance for doubtful accounts	(8,420,543)	(19,772,717)	-	(28,193,260)
Total - governmental activities	$ 1,284,157	$ 2,967,577	$ 10,435,788	$ 14,687,522
Business-type activities:				
Landfill	$ -	$ 631,281	$ 106,606	$ 737,887
Sewer	-	46,024	-	46,024
Total receivables	-	677,305	106,606	783,911
Allowance for doubtful accounts	-	(51,725)	-	(51,725)
Total - business-type activities	$ -	$ 625,580	$ 106,606	$ 732,186

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

3. Receivables (Continued)

Due from other governments consists of the following at June 30, 2016:

	General	Other Governmental	Landfill
Local option sales tax allocation	$ 6,328,093	$ -	$ -
Sales tax refund	563,305	-	-
Grant reimbursements	2,285,582	137,000	-
Other	1,079,445	42,363	106,606
	$10,256,425	$ 179,363	$ 106,606

During fiscal year 2001, the County advanced $250,000 to the Airport Authority for the construction of new hangars. Repayment is to be made over twenty years including 6% interest. In fiscal year 2003, the County advanced an additional $297,000 to the Airport Authority for the construction of a maintenance hangar. Repayment is to be made over twenty years including 5% interest. In fiscal year 2008, the County advanced an additional $937,333 to the Airport Authority for the construction of new hangars. Repayment is to be made over fifteen years including 4.82% interest. The balance of the long-term advances to the Airport Authority is $988,064 at June 30, 2016.

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 $375,000 at June 30, 2016.

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 9,747,176	$ 521,711	$ -	$ 10,268,887
Construction in progress	-	-	-	-
Total capital assets not being depreciated	9,747,176	521,711	-	10,268,887
Capital assets being depreciated:				
Buildings and improvements	49,367,504	7,462,330	-	56,829,834
Furniture and equipment	11,188,278	860,120	5,811	12,042,587
Vehicles and motor equipment	9,665,884	998,945	1,503,206	9,161,623
Total capital assets being depreciated	70,221,666	9,321,395	1,509,017	78,034,044
Less accumulated depreciation for:				
Buildings	18,267,276	1,260,178	-	19,527,454
Furniture and equipment	9,869,676	627,932	1,356	10,496,252
Vehicles and motor equipment	7,416,387	757,477	1,398,226	6,775,638
Total accumulated depreciation	35,553,339	$ 2,645,587	$ 1,399,582	36,799,344
Total capital assets being depreciated, net	34,668,327			41,234,700
Governmental activity capital assets, net	$ 44,415,503			$ 51,503,587

General government	$ 1,645,024
Human services	110,008
Public safety	736,342
Environmental protection	51,658
Culture and recreation	17,570
Transportation	61,318
Capital assets held by the County's internal service fund are charged to the various functions based on their usage of the assets	23,667
Total depreciation expense	$ 2,645,587

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Landfill				
Capital assets not being depreciated:				
Land	$ 863,794	$ -	$ -	$ 863,794
Construction in progress	-	1,580,265	-	1,580,265
Total capital assets not being depreciated	863,794	1,580,265	-	2,444,059
Capital assets being depreciated:				
Buildings	794,528	-	-	794,528
Furniture and equipment	7,541,213	1,010,612	130,555	8,421,270
Landfill cell construction	16,323,063	-	-	16,323,063
Improvements	2,443,350	-	-	2,443,350
Total capital assets being depreciated	27,102,154	1,010,612	130,555	27,982,211
Less accumulated depreciation for:				
Buildings	393,844	27,025	-	420,869
Furniture and equipment	6,630,740	337,153	130,555	6,837,338
Landfill cell construction	14,682,763	1,279,434	-	15,962,197
Improvements	2,024,520	78,151	-	2,102,671
Total accumulated depreciation	23,731,867	$ 1,721,763	$ 130,555	25,323,075
Total capital assets being depreciated, net	3,370,287			2,659,136
Landfill capital assets, net	$ 4,234,081			$ 5,103,195

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Sewer				
Capital assets being depreciated:				
Equipment	$ 69,195	$ -	$ -	$ 69,195
Sewer lines	16,850,903	-	-	16,850,903
Total capital assets being depreciated	16,920,098	-	-	16,920,098
Less accumulated depreciation for:				
Equipment	69,194	-	-	69,194
Sewer lines	2,111,695	336,816	-	2,448,511
Total accumulated depreciation	2,180,889	$ 336,816	$ -	2,517,705
Total capital assets being depreciated, net	14,739,209			14,402,393
Sewer capital assets, net	14,739,209			14,402,393
Business-type activities capital assets, net	$18,973,290			$ 19,505,588

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

Discretely Presented Component Units

Capital asset activity for the Davidson County Airport Authority for the year ended June 30, 2016 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 3,517,375	$ 607,088	$ -	$ 4,124,463
Construction in progress	58,324	224,531	-	282,855
Total capital assets no, being depreciated	3,575,699	831,619	-	4,407,318
Capital assets being depreciated:				
Buildings	3,273,580	-	-	3,273,580
Land improvements	603,180	-	-	603,180
Equipment	377,495	-	-	377,495
Paving & Grading	2,065,616	-	-	2,065,616
Runways	11,168,962	-	-	11,168,962
Total capital assets being depreciated	17,488,833	-	-	17,488,833
Less accumulated depreciation for:				
Buildings	795,530	81,840	-	877,370
Land improvements	41,631	9,812	-	51,443
Equipment	377,495	-	-	377,495
Paving & Grading	1,043,302	103,281	-	1,146,583
Runways	7,748,456	558,448	-	8,306,904
Total accumulated depreciation	10,006,414	$ 753,381	$ -	10,759,795
Total capital assets being depreciated, net	7,482,419			6,729,038
Airport Authority capital assets, net	$ 11,058,118			$11,136,356

II. Detail Notes on All Funds (Continued)

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2016, were as follows:

	Vendors	Salaries and benefits	Other	Total
Governmental Activities:				
General	$ 2,113,535	$ 2,535,010	$ 1,105,616	$ 5,754,161
Other governmental	4,457,013	-	-	4,457,013
Total - government activities	$ 6,570,548	$ 2,535,010	$ 1,105,616	$ 10,211,174
Business-type activities:				
Landfill	$ 1,049,917	$ -	$ -	$ 1,049,917
Sewer	36,176	-	-	36,176
Total - business-type activities	$ 1,086,093	$ -	$ -	$ 1,086,093
Discretely presented component unit:				
Davidson County Airport Authority	$ 71,868	$ -	$ -	$ 71,868

2. Pension Plan Obligations and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

a. Local Governmental Employees' Retirement System (Continued)

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, 2016, was 7.15% of compensation for law enforcement officers and 6.77% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were $2,338,397 for the year ended June 30, 2016.

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.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

a. Local Governmental Employees' Retirement System (Continued)

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

At June 30, 2016, the County reported a liability of $2,577,379 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the County's proportion was .57429%, which was an increase of .01229% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of $1,438,627. At June 30, 2016, 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	$ -	$ 605,831
Net difference between projected and actual earnings on pension plan investments	-	733,772
Changes in proportion and differences between County contributions and proportionate share of contributions	151,424	-
County contributions subsequent to the measurement date	2,338,397	-
Total	$ 2,489,821	$ 1,339,603

$2,338,397 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a derease of the net pension liability in the year ended June 30, 2017. Other amounts

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

a. Local Governmental Employees' Retirement System (Continued)

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

Year ended June 30:		
2017	$	(812,109)
2018		(812,109)
2019		(811,330)
2020		1,247,369
2021		-
Thereafter		-

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

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

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

a. Local Governmental Employees' Retirement System (Continued)

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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

a. Local Governmental Employees' Retirement System (Continued)

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

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	$ 17,972,423	$ 2,577,379	$ (10,392,605)

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

b. Law Enforcement Officers' Special Separation Allowance

1) *Plan Description*

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

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

1) *Plan Description (Continued)*

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2015, the Separation Allowance's membership consisted of:

Retirees receiving benefits	10
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	127
Total	137

2) *Summary of Significant Accounting Policies*

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers

3) *Contributions*

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

3) *Contributions (Continued)*

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

Annual required contribution	$ 267.363
Interest on net pension obligation	55,391
Adjustment to annual required contribution	(97,350)
Annual pension cost (expense)	225,404
Benefit payments made	(102,000)
Increase in net pension obligation	123,404
Net pension obligation, beginning of year	1,107,813
Net pension obligation, end of year	$ 1,231,217

Assets reserved to pay benefits are reported as committed fund balance in the General Fund. Benefit payments reduce the net pension obligation.

The annual required contribution for the current year was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25% to 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level dollar of projected payroll on a closed basis. The remaining amortization period at December 31, 2014 was 16 years. Assets reserved to pay benefits are reported as committed fund balance in the General Fund. Benefit payments reduce the net pension obligation.

Three-Year Trend Information

Year Ended June 30	Annual Pension Cost	Percentage of APC Contributed	Net Pension Obligation
2014	175,600	71.18%	997,491
2015	212,322	48.04%	1,107,813
2016	225,404	45.25%	1,231,217

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

4) Funded Status and Funding Progress

As of December 31, 2015, the most recent actuarial valuation date, the plan was 8.37% funded. The actuarial accrued liability for benefits was $3,240,922, and the actuarial value of assets was $271,267, resulting in an unfunded actuarial accrued liability (UAAL) of $2,969,655. The covered payroll (annual payroll of active employees covered by the plan) was $6,205,042, and the ratio of the UAAL to the covered payroll was 52.23 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G. S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. The report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G. S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2016 were $373,018, which consisted of $289,545 from the County and $83,473 from the law enforcement officers.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

d. Register of Deeds' Supplemental Pension Fund

Plan Description. Davidson County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a noncontributory, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Resisters of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were $10,830 for the year ended June 30, 2016.

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

At June 30, 2016, the County reported an asset of $299,144 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

forward to the measurement date of June 30, 2015 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, 2015, the County's proportion was 1.29086%, which was a decrease of .01488% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of $21,383. At June 30, 2016, 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	$ 1,466	$ 4,951
Net difference between projected and actual earnings on pension plan investments	14,836	-
Changes in proportion and differences between County contributions and proportionate share of contributions	34,476	-
County contributions subsequent to the measurement date	10,830	-
Total	$ 61,608	$ 4,951

$10,830 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2017. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	$ 30,429
2018	8,020
2019	3,372
2020	4,006
2021	-
Thereafter	-

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

Actuarial Assumptions. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.2%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

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

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

	1% Decrease (4.75%)	Discount Rate (5.75%)	1% Increase (6.75%)
County's proportionate share of the net pension liability (asset)	$ (269,893)	$ (299,144)	$ (324,316)

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

e. Other Postemployment Benefits (OPEB)

Healthcare Benefits

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

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

e. Other Postemployment Benefits (OPEB) (Continued)

Healthcare Benefits (Continued)

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

Membership of the RHI Plan consisted of the following at December 31, 2015, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees receiving benefits	27	9
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	418	87
Total	445	96

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

The current ARC rate is 4.77% of annual covered payroll. For the current year, the County contributed $460,407 or 2.02% of annual covered payroll. The County obtains healthcare coverage through private insurers. Contributions made by retirees totaled $84,792. The County's obligation to contribute to the RHI Plan is established and may be amended by the County Board.

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

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

e. Other Postemployment Benefits (OPEB) (continued)

Healthcare benefits (continued)

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

Annual required contribution	$ 1,135,194
Interest on net OPEB obligation	234,854
Adjustment to annual required contribution	(326,482)
Annual OPEB cost	1,043,566
Contributions made	460,407
Increase in net OPEB obligation	583,159
Net OPEB obligation, beginning of year	5,871,353
Net OPEB obligation, end of year	$ 6,454,512

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 through 2016 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	917,269	63.5%	5,456,801
2015	912,048	54.5%	5,871,353
2016	1,043,566	44.1%	6,454,512

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits for benefits and, thus, the unfunded actuarial liability (UAAL) was $11,308,382. The covered payroll (annual payroll of active employees covered by the plan)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

e. Other Postemployment Benefits (OPEB) (Continued)

Healthcare Benefits (continued)

was $22,779,203, and the ratio of the UAAL to the covered payroll was 49.6 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 to 5.00 percent annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2015, was 30 years.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

f. Other Employment benefits

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

For the fiscal year ended June 30, 2016, the County made contributions to the State for death benefits of $36,373. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represent 0.10% and 0.14% of covered payroll, respectively.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Of the $9,130,233 reported as landfill closure and postclosure care liability at June 30, 2016, $8,886,523 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, 64% of the total estimated capacity of Phase II of the landfill, and 96% of the total estimated capacity of the C & D section of the landfill, and $243,710 represents additional postclosure costs for the landfill that closed October 8, 1993. The County will recognize the remaining estimated cost of closure and postclosure care of $2,830,000 as the remaining estimated capacity of Phase II and the C & D section are filled (estimated to be approximately 2.6 years). These amounts are based on what it would cost to perform all closure and postclosure care in 2016. 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.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions – difference between expected and actual experience		
LGERS	$ -	$ 605,831
Register of Deeds	1,466	4,951
Pensions – difference between projected and actual interest earnings	14,836	733,772
Pensions – change in proportion and difference between employer contributions and proportionate share of contributions	185,900	-
Contributions to pension plan in 2015-2016 fiscal year	2,349,227	-
Advance from grantor (Capital Projects)	-	2,510,000
Taxes receivable, net (General)	-	1,018,539
Taxes receivable, net (Special Revenue)	-	265,618
EMS receivables (General)	-	1,159,094
Other receivables (General)	-	70,675
Total	$ 2,551,429	$ 6,368,480

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

5. Risk Management

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

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

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

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

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

	2015	2016
Balance, beginning of year	$ 1,206,695	$ 605,000
Incurred claims (including IBNRs) and changes in estimates	5,627,284	9,917,607
Less claims payments	(6,228,979)	(9,835,607)
Balance, end of year	$ 605,000	$ 687,000

II. Detail Notes on All Funds (Continued)

6. Contingent Liabilities

At June 30, 2016, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-Term Obligations

a. General Obligation Indebtedness

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

The County's general obligation bonds payable at June 30, 2016 are comprised of the following individual issues:

Serviced by the General Fund:

$42,000,000 2007 Series School Bonds due in annual principal installments on June 1 in increasing amounts ranging from $1,300,000 to $2,900,000 and a final payment of $3,100,000 on June 1, 2027; interest payments due December 1 and June 1 of each year at interest rates ranging from 4.25% to 5.00%. The amount is shown net of unamortized premium, net of issuance costs, of $580,178.	$ 2,200,000
$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.	39,480,000

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

a. General Obligation Indebtedness (Continued)

$29,600,000 2009 Series School 2009B Bonds due in annual principal installments on June 1 of $1,475,000 and a final payment of $3,050,000 on June 1, 2028; interest payments due December 1 and June 1 each year at interest rates ranging from 3.00% to 4.00%. The amount is shown net of unamortized premium, net of issuance costs, of $483,104.	$ 4,425,000
Sub-total	$ 46,105,000
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.	$ 525,000
$1,060,000 2009 Series Sewer 2009A Bonds due in annual principal installments on June 1 of $50,000 and a final payment of $160,000 on June 1, 2028; interest payments due December 1 and June 1 each year at interest rates ranging from 2.25% to 4.25%. The amount is shown net of unamortized premium, net of issuance costs, of $2,792.	150,000
Total	$ 46,780,000

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

	Governmental Activities		Business Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 3,720,000	$ 1,949,050	$ 50,000	$ 26,225	$ 3,770,000	$ 1,975,275
2018	3,540,000	1,779,150	50,000	24,725	3,590,000	1,803,875
2019	4,230,000	1,652,300	50,000	22,725	4,280,000	1,675,025
2020	4,085,000	1,483,100	50,000	21,100	4,135,000	1,504,200
2021	4,050,000	1,319,700	50,000	19,100	4,100,000	1,338,800
2022-2026	19,490,000	4,290,050	225,000	69,150	19,715,000	4,359,200
2027-2028	6,990,000	398,000	200,000	12,550	7,190,000	410,550
Total	$ 46,105,000	$ 12,871,350	$ 675,000	$ 195,575	$ 46,780,000	$13,066,925

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

b. Certificates of Participation

On May 15, 2013, the County issued Refunding Certificates of Participation in the amount of $9,080,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for constructing and equipping elementary schools, constructing sewer improvements, and acquiring a hangar at Davidson County Airport. Deeds of trust on real property and buildings secure the certificates. The final principal installment is due on June 1; interest is payable on June 1 and December 1 at an interest rate of 1.98%.	$ 6,925,000
Total	$ 6,925,000

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

Year Ending June 30,	Principal	Interest
2017	$ 960,000	$ 137,115
2018	930,000	118,107
2019	905,000	99,693
2020	880,000	81,774
2021	850,000	64,350
2022-2024	2,400,000	94,050
Total	$ 6,925,000	$ 595,089

c. Advance Refundings

On February 4, 2016, the County issued $40,050,000 of advance refunding general obligation bonds to provide resources to purchase U.S Government securities that were placed in an irrevocable trust to be used for all future debt payments of $44,270,000 of general obligation bonds. As a result, the refunded certificates are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price was less than the carrying amount by $4,220,000. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by $5,956,383 and resulted in an economic gain of 5,330,168. The amount of defeased debt outstanding as of 6/30/2016 totaled $44,225,000.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

e. Qualified School Construction Bonds

On December 16, 2009, the County issued $5,076,971 in Qualified School Construction Bonds to finance the renovation of certain qualifying school facilities. These bonds qualify as "Qualified School Construction" under Section 54F of the Internal Revenue Code. The interest rate charged is 2.11%, but the creditor also receives federal tax credits in lieu of receiving interest payments from the issuer. The principal and interest are payable annually on December 16, beginning December 16, 2010.	$3,046,181
On June 2, 2011, the County issued $13,050,000 in Qualified School Construction Bonds to finance the construction of a new middle school facility. These bonds qualify as "Qualified School Construction" under Section 54F of the Internal Revenue Code. The interest rate charged is 5.50%. The County will receive a federal tax subsidy of 5.07% from the U.S. Treasury. The principal of $13,050,000 is payable in full on June 1 ,2026; however, beginning June 1, 2012, the County is required to make annual sinking fund deposits to a restricted escrow account in the amount of $870,000 to fully fund the retirement of these bonds at maturity. Interest is payable annually on June 1 and December 1, beginning December 1, 2011.	13,050,000
Total	$ 16,096,181

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

Year Ending June 30,	Principal	Interest
2017	$ 338,465	$ 782,024
2018	338,465	774,883
2019	338,465	767,741
2020	338,465	760,600
2021	338,465	753,458
2022-2026	14,403,856	3,660,166
Total	$ 16,096,181	$ 7,498,872

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

f. Limited Obligation Bonds

Serviced by the General Fund:

On June 2, 2011, the County issued Limited Obligation Bonds in the amount of $4,915,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for the refunding of a 2004 issue for the construction of a jail/courthouse facility, a parking facility, and renovations to the Colonial Drive building, a facility for human services in Thomasville, North Carolina. The bonds are secured by a deed of trust on the jail/courthouse facilities. Principal installments are due annually June 1 graduated installments ranging from $660,000 to $760,000 through 2018; interest is payable on June 1 and December 1 of each year rates ranging from 2.00% to 4.625%. The amount is shown net of unamortized premium, net of issuance costs, of $149,543.	$ 1,500,000
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.	$ 43,455,000

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

f. Limited Obligation Bonds

Serviced by the Sewer Fund:

On February 4, 2016, the County issued Limited Obligation Bonds in the amount of $6,385,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for refunding of a 2008 issue for the construction of sewer lines. Principal installments are due annually June 1 graduated installments ranging from $260,000 to $630,000 and a final payment of 265,000 on June 1, 2029; interest is payable on June 1 and December 1 of each year rates ranging from 3.00% to 5.00%. The amount is shown net of unamortized premium of $1,268,511.	$ 6,125,000
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%.	1,330,000
Total	$ 52,410,000

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

	Governmental Activities		Business Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 2,915,000	$ 2,013,568	$ 510,000	$ 319,257	$ 3,425,000	$ 2,332,825
2018	2,935,000	1,913,268	525,000	291,307	3,460,000	2,204,575
2019	2,175,000	1,759,800	545,000	308,575	2,720,000	2,068,375
2020	2,175,000	1,672,800	560,000	287,450	2,735,000	1,960,250
2021	2,175,000	1,564,050	580,000	260,800	2,755,000	1,824,850
2022-2026	10,860,000	6,190,750	3,240,000	861,325	14,100,000	7,052,075
2027-2031	10,860,000	3,474,750	1,495,000	132,750	12,355,000	3,607,500
2032-2036	10,860,000	1,020,450	-	-	10,860,000	1,020,450
Total	$ 44,955,000	$ 19,609,436	$7,455,000	$ 2,461,464	$52,410,000	$22,070,900

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

g. Long-Term Obligations Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2016:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Due Within One Year
Governmental activities:					
General obligation debt	$ 54,450,000	$ 39,525,000	$ 47,870,000	$ 46,105,000	$ 3,720,000
Unamortized premium	782,208	14,187,278	60,756	14,908,730	-
Certificates of participation	7,905,000	-	980,000	6,925,000	960,000
Limited obligation bonds	2,215,000	43,455,000	715,000	44,955,000	2,915,000
Qualified School Construction Bonds	16,434,646	-	338,465	16,096,181	338,465
Law Enforcement Officers' Special Separation Allowance	1,107,813	225,404	102,000	1,231,217	-
Net pension liability (LGERS)	-	2,518,208	-	2,518,208	-
OPEB obligation	5,767,705	1,038,972	460,407	6,346,270	-
Compensated absences	2,150,128	1,505,861	1,538,614	2,117,375	1,500,000
Total governmental activities	$90,812,500	$ 102,455,723	$ 52,065,242	$141,202,981	$9,433,465
Business-type activities:					
Landfill					
Accrued landfill closure and postclosure costs	$ 9,385,224	$ -	$ 254,991	$ 9,130,233	$ -
Net pension liability (LGERS)	-	59,171	-	59,171	-
OPEB obligation	103,648	4,594	-	108,242	-
Compensated absences	51,613	52,891	60,976	43,528	25,000
Total Landfill activities	9,540,485	116,656	315,967	9,341,174	25,000
Sewer					
General obligation debt	760,000	525,000	610,000	675,000	50,000
Unamortized premium	-	1,361,942	-	1,361,942	-
Limited obligation bonds	1,465,000	6,385,000	395,000	7,455,000	510,000
Installment purchase	7,877,193	-	7,877,193	-	-
Compensated absences	-	-	-	-	-
Total Sewer activities	10,102,193	8,271,942	8,882,193	9,491,942	560,000
Total business-type activities	$ 19,642,678	$ 8,388,598	$ 9,198,160	$ 18,833,116	585,000
Discretely presented component units:					
Long-term advance from primary government	$ 1,069,723	$ -	$ 81,659	$ 988,064	$ 85,901
Total discretely presented component units	$ 1,069,723	$ -	$ 81,659	$ 988,064	$ 85,901

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

Compensated absences typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned. Compensated absences for governmental activities include the Internal Service Fund compensated absences. The General Fund has been used in prior years to liquidate net pension obligations and net other postemployment obligations. At June 30, 2016, Davidson County had a legal debt margin of $964,106,166.

Debt Related to Capital Activities – Of the total Governmental Activities debt listed, only $9,471,445 relates to assets the County holds.

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2016 consist of the following:

From the General Fund to:	
The School Capital Outlay Fund for school construction	$6,484,668
The Capital Projects fund for county projects	930,408
The Transportation fund for transportation services	23,719
The Sewer Enterprise Fund for debt service	907,393
Total transfers from the General Fund	$8,346,188
To the General Fund from:	
The Capital Reserve Fund for capital improvements	$615,322
The Sewer Fund for capital projects	419,675
	$1,034,997
To the County Capital Projects Fund from:	
The Capital Reserve Fund for capital improvements	$8,258

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs.

During the 2016 fiscal year, the County made one-time transfers from the Capital Reserve Fund of $615,322 to the General Fund and $8,258 to the County Capital Projects Fund for various capital improvement projects. The County made a one-time transfer from the General Fund of $930,408 to the Capital Projects Fund for county capital projects.

II. Detail Notes on All Funds (Continued)

C. Interfund Balances and Activity (Continued)

Funds were advanced from the General Fund to the Capital Projects Fund for the construction of a new Sheriff's office building during FY2015. The County issued debt in FY2016 for this building and received reimbursement for the advance at that time.

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital asset	51,503,587	$19,505,588
Less: long-term debt for capital related purposes	(9,471,445)	(9,491,942)
Add: unexpended debt proceeds	-	79,773
Net investment in capital assets	$42,032,142	$ 10,093,419

Unexpended debt proceeds for governmental activities are for non-county owned asset debt.

E. Fund Balance

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

Total fund balance-General Fund	$ 64,859,292
Less:	
Long term note receivable	375,000
Long term advance to component unit	988,064
Stabilization by State Statute	12,476,880
Appropriated fund balance in 2016 budget	2,740,602
Register of Deeds	471,920
Sheriff operations	470,211
Health programs	3,151,563
Tax revaluation	79,000
LEO Special Separation Allowance	296,340
Debt service	4,357,806
Working capital/Fund Balance policy	24,743,283
Remaining fund balance	$ 14,708,623

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.

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 $3,160,000 and $400,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2016. 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, 2016 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, 2016. 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, 2016.

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

The County, in conjunction with the City of Lexington, participates in a joint venture to operate the Lexington Board of Education. Davidson County appoints one member of a nine-member board; the City of Lexington appoints the remaining eight members. Taxing authority falls under the Davidson County Commissioners. For the year ended June 30, 2016, 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, 2016. 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

III. Joint Ventures (Continued)

parties, is responsible for the oversight and promotion of operations related to recreation at Lake Thom-A-Lex. Costs of operation are shared equally between both cities and the County. The County contributed $28,071 to the Authority during the fiscal year ended June 30, 2016. 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, 2016. 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 of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of $34,392 to the Council during the fiscal year ended June 30, 2016. The County was the subrecipient of a grant for $120,261 from the U. S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Human Resources that was passed through the Council.

V. Benefit Payments Issued by the State

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

	Federal	State
Temporary assistance to needy families	$ 684,210	$ -
Medicaid	131,854,557	70,758,441
Children's health insurance program	3,532,914	173,627
Adoption assistance	375,097	914,623
Adult assistance	-	937,961
Special supplemental food program, WIC	2,882,085	-
Total	$139,328,863	$ 72,784,652

VI. Contingent Liabilities

The County has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

VII. Change in Accounting Principles/Restatement

In accordance with Governmental Accounting Standards Board (GASB) Statement 73, the County reclassified the Law Enforcement Officers' Special Separation Allowance trust fund to the General Fund. As a result, net position for the governmental activities increased by $335,444.

Required Supplemental Financial Data

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

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2003	$ 424,453	$ 959,893	$ 535,440	44.22%	$ 4,536,340	11.80%
12/31/2004	374,035	1,179,739	805,704	31.70%	4,641,151	17.36%
12/31/2005	322,305	1,191,149	868,844	27.06%	4,646,019	18.70%
12/31/2006	275,782	1,095,393	819,611	25.18%	5,012,768	16.35%
12/31/2007	262,165	1,386,529	1,124,364	18.91%	5,190,876	21.66%
12/31/2008	247,282	1,390,371	1,143,089	17.79%	5,375,378	21.27%
12/31/2009	265,622	1,909,390	1,643,768	13.91%	5,416,028	30.35%
12/31/2010	382,351	1,743,490	1,361,139	21.93%	5,336,192	25.51%
12/31/2011	379,018	1,809,664	1,430,646	20.94%	5,409,452	26.45%
12/31/2012	379,658	1,892,472	1,512,814	20.06%	5,445,772	27.78%
12/31/2013	396,650	2,034,442	1,637,792	19.50%	5,500,867	29.77%
12/31/2014	397,195	2,141,784	1,744,589	18.55%	5,786,315	30.15%
12/31/2015	271,267	3,240,922	2,969,655	8.37%	6,205,042	52.23%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	December 31, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85.%
* Includes inflation at	3.00%
Cost of living adjustments	N/A

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2007	$ -	$ 11,221,453	$ 11,221,453	0.00%	$ 30,748,938	36.49%
12/31/2009	-	8,838,974	8,838,974	0.00%	31,402,528	28.15%
12/31/2011	-	9,907,377	9,907,377	0.00%	28,431,201	34.85%
12/31/2013	-	9,469,954	9,469,954	0.00%	25,176,379	37.61%
12/31/2015	-	11,308,382	11,308,382	0.00%	22,779,203	49.64%

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

Year Ending June 30	Annual Required Contribution	Percentage Contributed
2008	$ 1,185,095	9.60%
2009	1,190,977	9.60%
2010	862,758	14.58%
2011	862,758	16.28%
2012	1,095,596	25.90%
2013	1,095,596	24.83%
2014	997,206	58.43%
2015	997,206	49.89%
2016	1,135,194	40.56%

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	December 31, 2015
Actuarial cost method	Projected unit credit
Amortization method	Level Dollar Amount, open
Remaining amortization period	30 years
Asset valuation method	Market value of Assets
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	7.75% - 5.00%
Year of Ultimate trend rate	2022
* Includes inflation at	3.00%

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

	2016	2015	2014
County's proportion of the net pension liability (asset) %	.5743%	.5620%	.5959%
County's proportionate share of the net pension liability (asset)	$ 2,577,379	$ (3,314,375)	$ 6,821,268
County's covered-employee payroll	$ 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	7.57%	(9.92%)	20.63%
Plan fiduciary net position as a percentage of the total pension liability **	102.64%	102.64%	94.35%

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

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

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

	2016	2015	2014
Contractually required contribution	$ 2,338,397	$ 2,377,433	$ 2,349,496
Contributions in relation to the contractually required contribution	$ 2,338,397	$ 2,377,433	$ 2,349,496
Contribution deficiency (excess)	$ -	$ -	$ -
County's covered-employee payroll	$ 34,056,401	$ 33,406,656	$ 33,064,674
Contributions as a percentage of covered-employee payroll	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 Three Fiscal Years*

	2016	2015	2014
County's proportion of the net pension liability (asset) %	1.291%	1.306%	1.707%
County's proportionate share of the net pension liability (asset) $	$ (299,144)	$ (295,954)	$ (364,637)
County's covered-employee payroll	$ 61,742	$ 60,830	$ 59,930
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(453.21%)	(479.33%)	(599.44%)
Plan fiduciary net position as a percentage of the total pension liability	193.88%	193.88%	190.50%

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

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

	2016	2015	2014
Contractually required contribution	$ 10,830	$ 10,329	10,661
Contributions in relation to the contractually required contribution	$ 10,830	$ 10,329	10,661
Contribution deficiency (excess)	$ -	$ -	$ -
County's covered-employee payroll	$ 66,006	$ 61,742	60,830
Contributions as a percentage of covered-employee payroll	16.41%	16.73%	17.53%

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ACTUAL - GENERAL FUND CONSOLIDATED
Year Ended June 30, 2016

	General Fund	Revaluation Fund	Eliminations	Total General Fund
Revenues:				
Taxes	$ 99,203,786	$ -	$ -	$ 99,203,786
Licenses and permits	1,749,285	-	-	1,749,285
Intergovernmental	26,151,127	-	-	26,151,127
Charges for services	7,603,021	-	-	7,603,021
Interest on investments	342,564	-	-	342,564
Miscellaneous	994,306	-	-	994,306
Total revenues	136,044,089	-	-	136,044,089
Expenditures:				
Current:				
General government	12,120,665	-	-	12,120,665
Human services	31,861,201	-	-	31,861,201
Public safety	25,009,889	-	-	25,009,889
Environmental protection	1,388,599	-	-	1,388,599
Economic and physical development	3,274,105	-	-	3,274,105
Culture and recreation	4,069,309	-	-	4,069,309
Intergovernmental:				
Education	35,292,599	-	-	35,292,599
Debt service:	-			
Principal	6,193,465	-	-	6,193,465
Interest and fiscal charges	7,139,113	-	-	7,139,113
Total expenditures	126,348,945	-	-	126,348,945
Excess (deficiency) of revenues over expenditures	9,695,144	-	-	9,695,144
Other financing sources (uses):				
Transfers from other funds	1,034,997	-	-	1,034,997
Transfers to other funds	(8,346,188)	-	-	(8,346,188)
Refunding bonds issued	39,525,000	-	-	39,525,000
Premium on refunding bonds issued	7,322,835	-	-	7,322,835
Payment to refunded bond agent	(43,710,000)	-	-	(43,710,000)
Total other financing sources (uses)	(4,173,356)	-	-	(4,173,356)
Net change in fund balance	5,521,788	-	$ -	5,521,788
Fund balance:				
Beginning of year - July 1	58,923,060	79,000		59,002,060
Restatement	335,444	-		335,444
End of year, - June 30	$ 64,780,292	$ 79,000		$ 64,859,292

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Taxes:			
Property taxes	$ 71,117,283	$ 73,095,042	$ 1,977,759
Tax penalty and interest	550,000	762,180	212,180
Local option sales tax	21,264,752	24,297,053	3,032,301
Other taxes	1,029,500	1,049,511	20,011
Total taxes	93,961,535	99,203,786	5,242,251
Licenses and permits	1,063,344	1,749,285	685,941
Intergovernmental	27,351,944	26,151,127	(1,200,817)
Charges for services	7,562,892	7,603,021	40,129
Interest on investments	275,000	342,564	67,564
Miscellaneous	1,080,315	994,306	(86,009)
Total revenues	131,295,030	136,044,089	4,749,059
Expenditures:			
Current:			
General government:			
County commissioners	320,005	319,364	641
County manager	647,930	639,486	8,444
Legal	579,509	560,753	18,756
Human Resources	970,214	836,429	133,785
Finance	808,176	783,239	24,937
Purchasing	356,175	301,401	54,774
Tax Assessor and Collector	2,759,469	2,525,610	233,859
Board of Elections	791,993	606,300	185,693
Register of Deeds	459,843	453,137	6,706
State agencies	185,581	161,778	23,803
Public works and services	4,207,323	3,806,302	401,021
Information Technology	1,262,646	1,126,866	135,780
Contingency	73,281	-	73,281
Total general government	13,422,145	12,120,665	1,301,480
Human services:			
Health	7,407,219	6,619,958	787,261
Mental health	809,344	809,344	-
Social services	11,325,803	11,060,671	265,132
Public assistance	11,166,419	10,800,712	365,707
Senior services	2,272,373	2,033,985	238,388
Veterans services	120,796	113,579	7,217
Contributions	423,126	422,952	174
Total human services	33,525,080	31,861,201	1,663,879

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance Positive (Negative)
Public safety:			
Sheriff	$ 10,737,756	$ 10,441,202	$ 296,554
School resource officers	821,873	802,320	19,553
Jail	4,264,655	3,756,285	508,370
Emergency communications	2,011,116	2,007,952	3,164
Inspections	1,037,119	904,281	132,838
Animal shelter	523,000	517,370	5,630
Medical examiner	115,000	115,000	-
Emergency Management	91,948	88,020	3,928
Fire Marshal	281,293	264,724	16,569
Ambulance	6,057,137	5,841,224	215,913
Contributions	273,011	271,511	1,500
Total public safety	26,213,908	25,009,889	1,204,019
Environmental protection:			
Sanitation	1,201,481	1,185,156	16,325
Soil and water	207,697	203,443	4,254
Total environmental protection	1,409,178	1,388,599	20,579
Economic and physical development:			
Planning	498,379	477,494	20,885
GIS	192,332	172,590	19,742
Cooperative extension	331,709	253,241	78,468
Economic development	1,021,149	1,010,837	10,312
Job Training	1,779,646	1,359,943	419,703
Total economic and physical development	3,823,215	3,274,105	549,110
Culture and recreation:			
Recreation	756,824	723,931	32,893
Library	3,036,230	2,974,850	61,380
Museum	153,659	147,827	5,832
Lake Thom-A-Lex	194,034	177,141	16,893
Tourism	45,560	45,560	-
Total culture and recreation	4,186,307	4,069,309	116,998
Intergovernmental:			
Public schools -current	29,905,629	29,905,629	-
Public schools - capital	1,788,220	1,788,220	-
Public schools - scholarships	50,000	38,750	11,250
Community college - current	3,160,000	3,160,000	-
Community college - capital	400,000	400,000	-
Total intergovernmental	35,303,849	35,292,599	11,250

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance Positive (Negative)
Debt service:			
Principal	$ 8,314,169	$ 7,063,465	$ 1,250,704
Interest and fiscal charges	7,139,113	7,139,113	-
Total debt service	15,453,282	14,202,578	1,250,704
Total expenditures	133,336,964	127,218,945	6,118,019
Excess (deficiency) of revenues over expenditures	(2,041,934)	8,825,144	10,867,078
Other financing sources (uses):			
Transfers from other funds	1,034,997	1,034,997	-
Transfers to other funds	(8,846,188)	(8,346,188)	500,000
Refunding bonds issued	39,525,000	39,525,000	-
Premium on refunding bonds issued	7,322,835	7,322,835	-
Payment to refunded bond agent	(43,710,000)	(43,710,000)	-
Total other financing sources (uses)	(4,673,356)	(4,173,356)	500,000
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(6,715,290)	4,651,788	11,367,078
Fund balance appropriated	6,715,290	-	(6,715,290)
Net change in fund balance	$ -	4,651,788	$ 4,651,788
Fund balance, beginning		58,923,060	
Restatement		335,444	
Reconciliation from Budgetary basis to Modified Accrual basis:			
Debt service payment to sinking fund		870,000	
Fund balance at end of year		$ 64,780,292	

Schedule 3

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - REVALUATION FUND
Year Ended June 30, 2016

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

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, 2016

Schedule 4

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Public School Building Capital Fund	$ 18,944,550	$ 18,274,682	$ 460,682	$ 18,735,364	$ (209,186)
Public School Building Bond Act of 1996	29,198,056	29,198,056	-	29,198,056	-
	48,142,606	47,472,738	460,682	47,933,420	(209,186)
Interest on investments	3,754,879	5,240,281	74,667	5,314,948	1,560,069
Miscellaneous	10,807,922	8,644,362	1,000,000	9,644,362	(1,163,560)
Total revenues	62,705,407	61,357,381	1,535,349	62,892,730	187,323
Expenditures:					
Intergovernmental:					
Education:					
Capital outlay:					
Davidson County School System	221,227,694	164,598,715	18,341,181	182,939,896	38,287,798
Lexington City School System	29,436,802	28,809,295	494,825	29,304,120	132,682
Thomasville City School System	35,035,683	31,811,165	383,569	32,194,734	2,840,949
Davidson County Community College	5,200,000	5,199,931	-	5,199,931	69
Other	811,810	426,926	361,735	788,661	23,149
Total expenditures	291,711,989	230,846,032	19,581,310	250,427,342	41,284,647
Excess (deficiency) of revenues over expenditures	(229,006,582)	(169,488,651)	(18,045,961)	(187,534,612)	41,471,970
Other financing sources (uses):					
Debt issued	147,229,937	107,225,885	36,570,000	143,795,885	(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	6,438,725	1,215,126	5,777,998	6,993,124	554,399
Transfers from other funds	77,416,899	75,496,574	6,484,668	81,981,242	4,564,343
Transfers to other funds	(2,155,934)	(4,969,529)	-	(4,969,529)	(2,813,595)
Total other financing sources	229,006,582	178,828,847	48,832,666	227,661,513	(1,345,069)
Net change in fund balance	$ -	$ 9,340,196	30,786,705	$ 40,126,901	$ 40,126,901
Fund balance at beginning of year			9,340,196		
Fund balance at end of year			$ 40,126,901		

Schedule 5

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
From Inception and for the Year Ended June 30, 2016

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Intergovernmental	$ 3,627,789	$ 1,523,642	$ 201,349	$ 1,724,991	$ (1,902,798)
Miscellaneous	973,747	732,977	-	732,977	(240,770)
Total revenues	4,601,536	2,256,619	201,349	2,457,968	(2,143,568)
Expenditures:					
West Davidson Library	537,116	410,654	-	410,654	126,462
Denton Library renovation	1,387,235	1,124,562	-	1,124,562	262,673
Museum renovations	944,439	941,288	-	941,288	3,151
I-85 Business Park	4,941,315	3,410,738	521,711	3,932,449	1,008,866
Old Salisbury Road sewer	322,359	36,789	251,775	288,564	33,795
Parking deck renovation	319,120	319,120	-	319,120	-
Boones Cave Park renovation	60,884	-	-	-	60,884
Parking lot renovation	537,002	533,002	-	533,002	4,000
Courtroom renovation	122,643	-	136,125	136,125	(13,482)
Governmental building renovation	139,100	67,380	40,815	108,195	30,905
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	9,325,394	222,162	9,547,556	1,030,539
Surface Source CDBG project	400,000	293,372	106,628	400,000	-
Elite Tube & Fab	750,000	-	-	-	750,000
Thomson Plastics CDBG project	750,000	-	94,721	94,721	655,279
Lolly Wolly Doodle CDBG project	750,000	750,000	-	750,000	-
Wilcox Bridge improvements	100,000	-	581	581	99,419
911 Center expansion	363,966	336,872	-	336,872	27,094
Total expenditures	24,397,690	18,668,723	1,374,518	20,043,241	4,354,449
Excess (deficiency) of revenues over expenditures	(19,796,154)	(16,412,104)	(1,173,169)	(17,585,273)	2,210,881
Other financing (uses) sources:					
Debt issued	9,000,000	-	6,885,000	6,885,000	(2,115,000)
Premium on debt issued	-	-	1,086,445	1,086,445	1,086,445
Transfers to other funds	(13,000)	(13,000)	-	(13,000)	-
Transfers from other funds	10,809,154	10,121,787	938,666	11,060,453	251,299
Total other financing sources	19,796,154	10,108,787	8,910,111	19,018,898	(777,256)
Net change in fund balance	$ -	$ (6,303,317)	7,736,942	$ 1,433,625	$ 1,433,625
Fund balance at beginning of year			(6,303,317)		
Fund balance at end of year			$ 1,433,625		

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

Schedule 6

	Special Revenue Funds		Special Revenue Funds				
ASSETS	**Fire Districts**	**Transportation**	**Emergency Telephone**	**Special School Districts**	**Total Special Revenue**	**Capital Reserve**	**Total Nonmajor Governmental Funds**
Cash and investments	$ 928,764	$ 673,280	$ 744,809	$ 30,357	$ 2,377,210	$ 5,466,305	$ 7,843,515
Taxes receivable, net	180,813	-	-	84,805	265,618	-	265,618
Due from other governments	-	60,923	42,363	-	103,286	-	103,286
Total Assets	$ 1,109,577	$ 734,203	$ 787,172	$ 115,162	$ 2,746,114	$ 5,466,305	$ 8,212,419
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	$ 73,356	$ 46,189	$ 1,534	$ 30,357	$ 151,436	$ -	$ 151,436
Total liabilities	73,356	46,189	1,534	30,357	151,436	-	151,436
Deferred Inflows of Resources	180,813	-	-	84,805	265,618	-	265,618
Fund balances:							
Restricted:							
Stabilization by state statute	-	60,923	42,363	-	103,286	-	103,286
Fire protection	855,408	-	-	-	855,408	-	855,408
Transportation	-	627,091	-	-	627,091	-	627,091
Public safety	-	-	743,275	-	743,275	-	743,275
Committed:							
Capital projects	-	-	-	-	-	5,466,305	5,466,305
Unassigned	-	-	-	-	-	-	-
Total fund balances	855,408	688,014	785,638	-	2,329,060	5,466,305	7,795,365
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 1,109,577	$ 734,203	$ 787,172	$ 115,162	$ 2,746,114	$ 5,466,305	$ 8,212,419

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2016

Schedule 7

	Special Revenue Funds		Special Revenue Funds				Total
	Fire Districts	Transportation	Emergency Telephone	Special School Districts	Total Special Revenue	Capital Reserve	Total Nonmajor Governmental Funds
Revenues:							
Taxes	$ 8,455,472	$ -	$ 508,355	$ 1,494,515	$ 10,458,342	$ -	$ 10,458,342
Intergovernmental	-	505,258	-	-	505,258	-	505,258
Charges for services	-	268,844	-	-	268,844	-	268,844
Interest on investments	-	-	2,607	-	2,607	-	2,607
Miscellaneous	-	-	-	-	-	-	-
Total revenues	8,455,472	774,102	510,962	1,494,515	11,235,051	-	11,235,051
Expenditures:							
Current:							
Public safety	8,365,105	-	741,675	-	9,106,780	-	9,106,780
Transportation	-	756,840	-	-	756,840	-	756,840
Intergovernmental:							
Education	-	-	-	1,494,515	1,494,515	-	1,494,515
Capital outlay	-	-	-	-	-	-	-
Total expenditures	8,365,105	756,840	741,675	1,494,515	11,358,135	-	11,358,135
Excess (deficiency) of revenues over expenditures	90,367	17,262	(230,713)	-	(123,084)	-	(123,084)
Other financing sources:							
Transfers from other funds	-	23,719	-	-	23,719	-	23,719
Transfers to other funds	-	-	-	-	-	(623,580)	(623,580)
Total other financing sources	-	23,719	-	-	23,719	(623,580)	(599,861)
Net change in fund balances	90,367	40,981	(230,713)	-	(99,365)	(623,580)	(722,945)
Fund balances at beginning of year	765,041	647,033	1,016,351	-	2,428,425	6,089,885	8,518,310
Fund balances at end of year	$ 855,408	$ 688,014	$ 785,638	$ -	$ 2,329,060	$ 5,466,305	$ 7,795,365

Schedule 8

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - FIRE DISTRICTS FUND
Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Taxes:			
Property taxes	$ 8,365,802	$ 8,416,415	$ 50,613
Tax penalty and interest	-	39,057	39,057
Total taxes	8,365,802	8,455,472	89,670
Interest on investments	-	-	-
Total revenues	8,365,802	8,455,472	89,670
Expenditures:			
Public safety	8,365,802	8,365,105	697
Net change in fund balance	$ -	90,367	$ 90,367
Fund balance at beginning of year		765,041	
Fund balance at end of year		$ 855,408	

Schedule 9

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TRANSPORTATION FUND
Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Intergovernmental	$ 525,262	$ 505,258	$ (20,004)
Charges for services	220,925	268,844	47,919
Total revenues	746,187	774,102	27,915
Expenditures:			
Transportation	859,906	756,840	103,066
Excess (deficiency) of revenues over expenditures	(113,719)	17,262	130,981
Other financing sources:			
Transfers from other funds	23,719	23,719	-
Excess (deficiency) of revenues and other financing sources over expenditures	(90,000)	40,981	130,981
Fund balance appropriated	90,000	-	(90,000)
Net change in fund balance	$ -	40,981	$ 40,981
Fund balance at beginning of year		647,033	
Fund balance at end of year		$ 688,014	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - EMERGENCY TELEPHONE FUND
Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Taxes:			
Other taxes	$ 508,355	$ 508,355	$ -
Interest on investments	-	2,607	2,607
Total revenues	508,355	510,962	2,607
Expenditures:			
Public safety:			
Emergency telephone	1,203,484	741,675	461,809
Excess (deficiency) of revenues over expenditures	(695,129)	(230,713)	(459,202)
Fund balance appropriated	695,129	-	695,129
Net change in fund balance	$ -	(230,713)	$ (230,713)
Fund balance at beginning of year		1,016,351	
Fund balance at end of year		$ 785,638	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SCHOOL DISTRICTS FUND
Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Taxes:			
Property taxes	$ 1,491,805	$ 1,485,857	$ (5,948)
Tax penalty and interest	-	8,658	8,658
Total taxes	1,491,805	1,494,515	2,710
Interest on investments		-	-
Total revenues	1,491,805	1,494,515	2,710
Expenditures:			
Special School Districts:			
Education	1,491,805	1,494,515	(2,710)
Net change in fund balance	$ -	-	$ -
Fund balance at beginning of year		-	
Fund balance at end of year		$ -	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL RESERVE FUND
Year Ended June 30, 2016

Schedule 12

	Final Budget	Actual Amounts	Variance Positive (Negative)
Expenditures:			
Transfers to other funds	$ (623,580)	$ (623,580)	$ -
Fund balance appropriated	623,580	-	623,580
Net change in fund balance	$ -	(623,580)	$ (623,580)
Fund balance at beginning of year		6,089,885	
Fund balance at end of year		$ 5,466,305	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP) - LANDFILL FUND
Year Ended June 30, 2016

Schedule 13

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Intergovernmental	$ 328,271	$ 345,643	$ 17,372
Charges for services	2,488,607	4,159,049	1,670,442
Interest on investments	-	49,921	49,921
Total revenues	2,816,878	4,554,613	1,737,735
Expenditures:			
Salaries	824,293	816,737	7,556
Operating	1,003,763	982,400	21,363
Capital outlay	3,645,637	2,603,952	1,041,685
Total expenditures	5,473,693	4,403,089	1,070,604
Excess (deficiency) of revenues over expenditures	(2,656,815)	151,524	2,808,339
Appropriated net position	2,656,815	-	(2,656,815)
Excess of revenues and appropriated net position over expenditures and other financing uses	$ -	151,524	$ 151,524
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		2,590,877	
Depreciation		(1,721,763)	
Increase in deferred outflows of resources-pensions		1,064	
Increase in net pension liability		(117,835)	
Decrease in deferred inflows of resources-pensions		134,767	
Decrease in accrued landfill closure and postclosure costs		254,990	
Increase in OPEB costs		(4,594)	
Increase in accrued vacation pay		(1,427)	
Total reconciling items		1,136,079	
Change in net position		$ 1,287,603	

Schedule 14

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP) - SEWER FUND
Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Charges for services	$ 408,494	$ 543,388	$ 134,894
Total revenues	408,494	543,388	134,894
Expenditures:			
Salaries	16,896	12,148	4,748
Sewer operations	391,598	432,234	(40,636)
Debt service	1,266,411	1,330,768	(64,357)
Total expenditures	1,674,905	1,775,150	(100,245)
Excess (deficiency) of revenues over expenditures	(1,266,411)	(1,231,762)	34,649
Other financing sources:			
Operating transfers in	907,393	907,393	-
Refunding bonds issued	6,910,000	6,910,000	-
Payment to refunded bond escrow agent	(8,221,023)	(8,221,023)	-
Premium on refunding bonds issued	1,361,942	1,361,942	-
Total other financing sources	958,312	958,312	-
Excess (deficiency) of revenues and other financing sources over expenditures	(308,099)	(273,450)	34,649
Appropriated net position	308,099	-	(308,099)
Excess (deficiency) of revenues and other financing sources over expenditures and appropriated net position	$ -	(273,450)	$ (273,450)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling item:			
Depreciation		(336,816)	
Interest, capital project fund		671	
Transfers to other funds, capital project fund		(419,675)	
Debt principal		661,170	
Refunding bonds issued		(6,910,000)	
Premium on refunding bonds issued		(1,361,942)	
Payment to refunded bond escrow agent		8,221,023	
Change in net position		$ (419,019)	

Schedule 15

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, 2016

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Interest on investments	$ -	$ 51,203	$ 671	$ 51,874	$ (51,874)
Expenditures:					
Sewer projects	16,938,347	12,197,303	-	12,197,303	4,741,044
Excess (deficiency) of revenues over expenditures	(16,938,347)	(12,146,100)	671	(12,145,429)	(4,792,918)
Other financing sources (uses):					
Debt issued	14,754,244	13,060,000	-	13,060,000	(1,694,244)
Transfers from other funds	2,603,778	2,603,778	-	2,603,778	-
Transfers to other funds	(419,675)	-	(419,675)	(419,675)	-
Total other financing sources	16,938,347	15,663,778	(419,675)	15,244,103	(1,694,244)
Excess (deficiency) of revenues and other financing sources over expenditures	$ -	$ 3,517,678	(419,004)	$ 3,098,674	$ 3,098,674

Schedule 16

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2016

ASSETS	Garage Fund	Insurance Fund	Total
Current assets:			
Cash and investments	$ 555,580	$ 3,495,397	$ 4,050,977
Due from other governments	10,430	59,453	69,883
Inventory, at cost	41,381	-	41,381
Total current assets	607,391	3,554,850	4,162,241
Noncurrent assets:			
Capital assets:			
Other capital assets, net of depreciation	195,700	-	195,700
Total Assets	803,091	3,554,850	4,357,941
LIABILTIES AND NET POSITION			
Current liabilities:			
Accounts payable and accrued liabilities	112,630	920,967	1,033,597
Noncurrent liabilities:			
Accrued vacation benefits	10,617	-	10,617
Total liabilities	123,247	920,967	1,044,214
Net position:			
Net investment in capital assets	195,700	-	195,700
Unrestricted	484,144	2,633,883	3,118,027
Total net position	$ 679,844	$ 2,633,883	$ 3,313,727

DAVIDSON COUNTY, NORTH CAROLINA

Schedule 17

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2016

	Garage Fund	Insurance Fund	Total
Revenues:			
Charges for services	$ 1,644,709	$ 9,393,140	$ 11,037,849
Miscellaneous	52,716	-	52,716
Total revenues	1,697,425	9,393,140	11,090,565
Expenditures:			
Salaries	336,755	-	336,755
Operating	1,082,941	12,196,972	13,279,913
Depreciation	23,667	-	23,667
Total expenses	1,443,363	12,196,972	13,640,335
Operating income (loss)	254,062	(2,803,832)	(2,549,770)
Total net position, beginning	425,782	5,437,715	5,863,497
Total net position, ending	$ 679,844	$ 2,633,883	$ 3,313,727

Schedule 18

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2016

	Garage Fund	Insurance Fund	Total
Cash flows from operating activities:			
Cash received from customers	$ 1,644,709	$ 9,333,687	$ 10,978,396
Cash paid for goods and services	(1,005,966)	(12,022,622)	(13,028,588)
Cash paid to employees for services	(337,996)	-	(337,996)
Other operating revenues	42,596	-	42,596
Net cash provided (used) by operating activities	343,343	(2,688,935)	(2,345,592)
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	-	-
Net cash used by capital and related financing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	343,343	(2,688,935)	(2,345,592)
Cash and cash equivalents at beginning of year	212,237	6,184,332	6,396,569
Cash and cash equivalents at end of year	$ 555,580	$ 3,495,397	$ 4,050,977
Reconciliation of operating income to net cash used by operating activities:			
Operating income (loss)	$ 254,062	$ (2,803,832)	$ (2,549,770)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	23,667	-	23,667
Change in assets and liabilities:			
(Increase) decrease in due from other governments	(10,120)	(59,453)	(69,573)
(Increase) decrease in inventory	11,022	-	11,022
Increase (decrease) in accounts payable and accrued liabilities	- 65,953	174,350	240,303
Increase (decrease) in accrued vacation benefits	(1,241)	-	(1,241)
Net cash provided (used) by operating activities	$ 343,343	$ (2,688,935)	$ (2,345,592)

Schedule 19

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, 2016

	Financial Plan	Actual Amounts	Variance Positive (Negative)
Revenues:			
Charges for services	$ 1,787,373	$ 1,644,709	$ (142,664)
Miscellaneous	-	52,716	52,716
Total revenues	1,787,373	1,697,425	(89,948)
Expenditures:			
Garage:			
Salaries	338,223	336,755	1,468
Operating	1,449,150	1,082,941	366,209
Capital outlay	-	-	-
Total expenditures	1,787,373	1,419,696	367,677
Excess (deficiency) of revenues over expenditures	$ -	277,729	$ 277,729
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(23,667)	
Change in net position		$ 254,062	

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, 2016

	Financial Plan	Actual Amounts	Variance Positive (Negative)
Revenues:			
Charges for services	$ 7,841,565	$ 9,393,140	$ 1,551,575
Total revenues	7,841,565	9,393,140	1,551,575
Expenditures:			
Insurance:			
Operating	7,841,565	12,196,972	(4,355,407)
Total expenditures	7,841,565	12,196,972	(4,355,407)
Excess (deficiency) of revenues over expenditures	$ -	(2,803,832)	$ (2,803,832)
Change in net position		$ (2,803,832)	

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - AGENCY FUNDS
Year Ended June 30, 2016

Schedule 21

AGENCY FUNDS

	Balance, July 1, 2015	Additions	Deductions	Balance, June 30, 2016
Property Tax Fund				
ASSETS				
Cash and cash equivalents	$ 325,589	$ 109,199,120	$ 109,279,790	$ 244,919
Due from other governments	918,732	73,462	-	992,194
	$ 1,244,321	$ 109,272,582	$ 109,279,790	$ 1,237,113
LIABILITIES				
Miscellaneous liabilities	$ 1,244,321	$ 109,272,582	$ 109,279,790	$ 1,237,113
	$ 1,244,321	$ 109,272,582	$ 109,279,790	$ 1,237,113
Fines and Forfeitures Fund				
ASSETS				
Cash and cash equivalents	$ -	$ 644,706	$ 644,706	$ -
LIABILITIES				
Miscelleneous liabilities	$ -	$ 644,706	$ 644,706	$ -
P.I.C. Fund				
ASSETS				
Cash and cash equivalents	$ 1,606	$ -	$ -	$ 1,606
LIABILITIES				
Miscelleneous liabilities	$ 1,606	$ -	$ -	$ 1,606
United Way Fund				
ASSETS				
Cash and cash equivalents	$ 3,617	$ 15,852	$ 18,969	$ 500
LIABILITIES				
Miscelleneous liabilities	$ 3,617	$ 15,852	$ 18,969	$ 500
Sheriff-Execution Account				
ASSETS				
Cash and cash equivalents	$ 8,090	$ 55	$ -	$ 8,145
LIABILITIES				
Miscelleneous liabilities	$ 8,090	$ 55	$ -	$ 8,145
Sheriff-Inmate Account				
ASSETS				
Cash and cash equivalents	$ 21,644	$ 1,857	$ -	$ 23,501
LIABILITIES				
Miscelleneous liabilities	$ 21,644	$ 1,857	$ -	$ 23,501
Social Services Designated Payee Account Fund				
ASSETS				
Cash and cash equivalents	$ 14,770	$ 117,452	$ 116,015	$ 16,207
LIABILITIES				
Miscellaneous liabilities	$ 14,770	$ 117,452	$ 116,015	$ 16,207
Bid Bond Deposit Fund				
ASSETS				
Cash and cash equivalents	$ 16,865	$ 126,163	$ 126,163	$ 16,865
LIABILITIES				
Miscellaneous liabilities	$ 16,865	$ 126,163	$ 126,163	$ 16,865
Total All Agency Funds				
ASSETS				
Cash and cash equivalents	$ 392,181	$ 110,105,205	$ 110,185,643	$ 311,743
Due from other governments	918,732	73,462	-	992,194
	$ 1,310,913	$ 110,178,667	$ 110,185,643	$ 1,303,937
LIABILITIES				
Miscellaneous liabilities	$ 1,310,913	$ 110,178,667	$ 110,185,643	$ 1,303,937
	$ 1,310,913	$ 110,178,667	$ 110,185,643	$ 1,303,937

DAVIDSON COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2016

Fiscal Year	Uncollected Balance June 30, 2015	Additions	Collections And Credits	Uncollected Balance June 30, 2016
2015-2016	$ -	$ 73,326,421	$ 71,166,409	$ 2,160,012
2014-2015	2,046,752	-	878,610	1,168,142
2013-2014	1,509,873	-	492,909	1,016,964
2012-2013	1,153,172	-	197,195	955,977
2011-2012	1,066,434	-	274,487	791,947
2010-2011	826,006	-	179,442	646,564
2009-2010	772,421	-	138,192	634,229
2008-2009	559,662	-	69,413	490,249
2007-2008	430,708	-	42,935	387,773
2006-2007	353,845	-	14,505	339,340
2005-2006	562,533	-	270,687	291,846
	$ 9,281,406	$ 73,326,421	$ 73,724,784	8,883,043

Less: allowance for uncollectible accounts:	
General Fund	7,864,504
Ad valorem taxes receivable- net:	
General Fund	$ 1,018,539

Reconcilement with revenues:

Ad valorem taxes - General fund	$ 73,095,042
Penalties collected on ad valorem taxes- General Fund	68,145
Interest collected on ad valorem taxes- General Fund	694,035
Reconciling items:	
Interest collected	(694,035)
Discounts allowed	603,892
Taxes written off	(42,295)
Total reconciling items	(132,438)
Total collections and credits	$ 73,724,784

DAVIDSON COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
Year Ended June 30, 2016

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	$ 13,250,898,333	$ 0.54	$ 71,554,851	$ 64,433,085	$ 7,121,766
Penalties	-		65,436	65,436	-
Total	13,250,898,333		71,620,287	64,498,521	7,121,766
Discoveries:					
Current year taxes	459,861,481	0.54	2,483,252	2,481,008	2,244
Penalties	-		13,778	13,778	-
Total	459,861,481		2,497,030	2,494,786	2,244
Releases and discounts	(131,792,962)		(790,896)	(790,896)	-
Total property valuation	$ 13,578,966,852				
Net levy			73,326,421	66,202,411	7,124,010
Uncollected taxes at June 30, 2016			2,160,012	2,160,007	5
Current year's taxes collected			$ 71,166,409	$ 64,042,404	$ 7,124,005
Current levy collection percentage			97.05%	96.74%	100.00%

DAVIDSON COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF DAVIDSON COUNTY, NORTH CAROLINA)
BALANCE SHEET
June 30, 2016

ASSETS	
Current assets:	
Due from other governments	$ 461,571
Total current assets	461,571
Noncurrent assets:	
Capital assets:	
Land and contruction in progress	4,407,318
Other capital assets, net of depreciation	6,729,038
Total capital assets	11,136,356
Total Assets	11,597,927
LIABILITIES AND NET POSITION	
Current liabilities:	
Accounts payable and accrued liabilities	71,868
Due to primary government	552,530
Installment note payable	85,901
Total current liabilities	710,299
Noncurrent liabilities:	
Installment note payable	902,163
Total liabilities	1,612,462
Net position:	
Net investment in capital assets	10,148,292
Unrestricted	(162,827)
Total net position	$ 9,985,465

DAVIDSON COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF DAVIDSON COUNTY, NORTH CAROLINA)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP) -
Year Ended June 30, 2016

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Intergovernmental	$ 2,402,494	$ 688,079	$ (1,714,415)
Charges for services	276,700	331,099	54,399
Other	-	-	-
Total revenues	2,679,194	1,019,178	(1,660,016)
Expenditures:			
Operating	281,129	278,758	2,371
Debt service	132,888	132,888	-
Capital outlay	2,265,177	1,044,942	1,220,235
Total expenditures	2,679,194	1,456,588	1,222,606
Excess (deficiency) of revenues over expenditures	-	(437,410)	(437,410)
Appropriated net position	-	-	-
Excess (deficiency) of revenues and appropriated net position over expenditures	$ -	(437,410)	$ (437,410)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		831,619	
Depreciation		(753,381)	
Debt principal		81,659	
Total reconciling items		159,897	
Change in net position		$ (277,513)	

DAVIDSON COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF DAVIDSON COUNTY, NORTH CAROLINA)
STATEMENT OF CASH FLOWS
Year Ended June 30, 2016

Cash flows from operating activities:	
Cash received from customers	$ 331,099
Cash paid for goods and services	(264,055)
Other operating revenues	571,033
Net cash provided (used) by operating activities	638,077
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(831,619)
Principal payments on debt	(81,659)
Interest payments on debt	(51,229)
Net cash used by capital and related financing activities	(964,507)
Net increase (decrease) in cash and cash equivalents	(326,430)
Cash and cash equivalents at beginning of year	326,430
Cash and cash equivalents at end of year	$ -
Reconciliation of operating income to net cash used by operating activities:	
Operating income (loss)	$ (226,284)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	753,381
Change in assets and liabilities:	
(Increase) decrease in due from other governments	(456,253)
Increase (decrease) in due to primary government	552,530
Increase (decrease) in accounts payable and accrued liabilities	14,703
Net cash provided (used) by operating activities	$ 638,077

Statistical Section

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

Contents

Financial Trends - Tables 1, 11-13

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

Revenue Capacity – Tables 2-5, 16

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

Debt Capacity – Tables 6-9, 14

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

Demographic and Economic Information – Tables 10, 15

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

Operating Information – Tables 17-19

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

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

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

Year Ended June 30,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Taxes:										
Property	$ 83,807,209	$ 83,326,408	$ 83,425,629	$ 80,039,685	$ 78,720,749	$ 77,934,202	$ 77,822,786	$ 76,977,434	$ 75,321,835	$ 62,562,494
Sales	24,297,053	22,084,870	18,402,633	17,655,035	16,706,730	15,620,565	16,256,379	21,772,914	27,451,631	27,213,934
Intangibles	-	-	-	-	-	-	-	-	-	-
Other	1,557,866	1,561,609	1,586,357	1,640,728	1,679,237	1,918,818	1,976,501	1,930,069	1,763,355	1,492,826
Total taxes	109,662,128	106,972,887	103,414,619	99,335,448	97,106,716	95,473,585	96,055,666	100,680,417	104,536,821	91,269,254
Licenses and permits	1,749,285	1,782,533	1,616,029	1,278,851	1,468,794	1,412,721	1,465,327	1,533,632	2,426,939	2,924,721
Intergovernmental	27,318,416	27,154,545	28,421,008	25,432,342	25,431,103	24,866,041	27,667,976	27,092,154	23,776,817	22,535,309
Charges for services	7,871,865	7,026,361	7,779,388	7,553,279	8,210,177	7,567,247	7,109,202	7,297,063	5,478,345	5,140,944
Interest on investments	419,838	307,954	316,229	270,151	314,058	443,548	599,323	1,303,577	3,641,846	2,753,327
Miscellaneous	1,994,306	1,311,808	4,078,647	1,777,522	1,149,335	2,686,496	268,436	430,173	206,610	531,485
Total revenues	149,015,838	144,556,088	145,625,920	135,647,593	133,680,183	132,449,638	133,165,930	138,337,016	140,067,378	125,155,040
Current:										
General government	12,120,665	11,786,828	11,420,647	11,023,150	11,403,563	11,310,267	12,086,461	10,008,687	10,040,290	10,336,334
Human services	31,861,201	31,231,497	30,332,397	29,861,622	29,006,001	29,230,665	28,933,412	31,953,498	34,500,918	34,984,606
Public safety	34,116,669	32,928,019	32,808,556	31,760,065	32,219,722	30,740,569	30,612,510	30,254,889	29,896,785	27,229,969
Environmental protection	1,388,599	1,275,458	1,372,998	1,417,664	1,579,284	1,704,488	1,727,439	1,717,458	1,759,973	1,855,978
Economic and physical development	3,274,105	3,085,366	3,499,050	3,518,568	4,118,858	5,614,418	3,956,643	3,605,809	3,914,259	3,668,101
Culture and recreation	4,069,309	3,919,950	3,848,852	4,098,986	3,755,084	3,794,533	3,630,001	3,645,444	3,404,949	3,345,122
Transportation	756,840	882,718	1,490,487	1,581,662	1,343,245	875,222	922,092	1,080,014	1,129,074	911,578
Intergovernmental:										
Education	56,368,424	40,468,138	38,622,558	40,901,214	53,670,822	46,591,652	45,977,031	65,710,811	66,755,742	39,916,666
Capital outlay	1,374,518	13,011,128	1,992,053	310,047	649,672	51,063	716,660	1,010,590	229,819	313,265
Debt service:										
Principal	6,193,465	7,218,465	6,163,465	6,136,115	6,329,065	6,294,065	5,965,600	4,515,600	3,205,600	3,390,600
Interest and fiscal charges	7,139,113	3,642,924	3,852,226	4,070,085	4,493,390	4,154,425	4,197,129	3,639,631	3,256,024	1,573,804
Total expenditures	158,662,908	149,450,491	135,403,289	134,679,178	148,568,706	140,361,367	138,724,978	157,142,431	158,093,433	127,526,023
Other financing sources (uses)										
Transfers in	8,482,050	11,080,659	9,652,509	6,000,873	6,137,127	5,021,250	6,195,342	7,612,995	11,404,498	2,666,854
Transfers out	(8,969,768)	(12,096,702)	(10,754,131)	(7,413,209)	(7,335,369)	(8,023,374)	(7,237,355)	(7,752,789)	(11,616,909)	(2,711,019)
Debt issued	43,455,000	-	-	-	-	13,050,000	5,076,971	29,600,000	-	42,000,000
Premium on debt issued	14,187,278	-	-	-	-	149,543	-	554,399	-	660,727
Refunding bonds issued	39,525,000	-	-	9,080,000	-	4,915,000	-	-	-	-
Payments to refunded bond escrow agent	(43,710,000)	-	-	(9,219,209)	-	(4,965,000)	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	6,400	8,150	-	37,182
Special item	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	52,969,560	(1,016,043)	(1,101,622)	(1,551,545)	(1,198,242)	10,147,419	4,041,358	30,022,755	(212,411)	42,653,744
Net change in fund balances	$ 43,322,490	$ (5,910,446)	$ 9,121,009	$ (583,130)	$ (16,086,765)	$ 2,235,690	$ (1,517,690)	$ 11,217,340	$ (18,238,466)	$ 40,282,761
Debt service as a percentage of noncapital expenditures	8.5%	8.0%	7.5%	7.6%	7.3%	7.4%	7.4%	5.2%	4.1%	3.9%

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
2007	$ 56,280,279	$ 626,687	$ 55,653,592	$ 53,660,278	96.42%	$ 1,458,430	99.04%	$ 55,118,708	$ 3,489,460	6.27%
2008	68,050,734	1,066,954	66,983,780	64,621,474	96.47%	1,808,658	99.17%	66,430,132	3,712,868	5.54%
2009	69,932,159	930,158	69,002,001	65,974,390	95.61%	1,813,347	98.24%	67,787,737	4,285,529	6.21%
2010	70,141,530	800,584	69,340,946	66,247,055	95.54%	2,190,304	98.70%	68,437,359	5,119,416	7.38%
2011	70,236,091	807,936	69,428,155	66,399,133	95.64%	2,109,308	98.68%	68,508,441	6,130,127	8.83%
2012	70,943,189	757,156	70,186,033	67,020,098	95.49%	2,124,036	98.52%	69,144,134	7,086,236	10.10%
2013	71,699,938	783,871	70,916,067	67,863,493	95.70%	2,387,797	99.06%	70,251,290	7,864,374	11.09%
2014	74,395,585	781,957	73,613,628	70,861,962	96.26%	2,171,076	99.21%	73,033,038	7,297,922	9.91%
2015	73,166,179	718,881	72,447,298	70,400,546	97.17%	2,402,737	100.49%	72,803,283	7,465,189	10.30%
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%

(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: Real Property (1)	Assessed Value: Individual Personal (2)	Assessed Value: Business Personal (1)	Assessed Value: Motor Vehicles (2)	Public Service Companies (3)	Total	Total Direct Tax Rate
2007	$ 8,109,938,795	$ 52,953,086	$ 714,352,950	$ 1,160,632,178	$ 338,372,556	$ 10,376,249,565	0.54
2008	10,186,197,400	52,453,186	707,605,727	1,172,035,633	370,205,652	12,488,497,598	0.54
2009	10,539,366,996	54,220,116	736,262,071	1,139,990,926	397,981,937	12,867,822,046	0.54
2010	10,705,278,310	52,874,992	717,998,624	1,066,520,996	388,516,648	12,931,189,570	0.54
2011	10,813,916,630	49,018,736	665,644,277	1,035,675,555	383,598,882	12,947,854,080	0.54
2012	10,907,215,885	49,468,990	671,768,962	1,076,760,000	385,251,952	13,090,465,789	0.54
2013	10,937,949,307	52,243,732	709,448,845	1,140,013,889	388,764,960	13,228,420,733	0.54
2014	11,010,529,658	53,991,982	733,189,369	1,548,177,407	382,637,062	13,728,525,478	0.54
2015	11,075,289,751	56,349,740	748,646,544	1,262,548,519	375,103,408	13,517,937,962	0.54
2016	10,985,234,859	59,984,166	796,932,495	1,319,261,111	417,554,221	13,578,966,852	0.54

Notes:

(1) Assessed value of taxable property approximates market value except for real property assessed values after the year ended June 30, 2002 which is based on market value as of January 1, 2001 (the County's last reappraisal). The assessed value of taxable property for business personal on manufacturers', retailers', and wholesalers' inventories is excluded.

(2) Assessed value of taxable property on registered motor vehicles is shown due to a state law change, as of January 1, 1993, which altered the procedures for the assessment of property taxes on registered motor vehicles in North Carolina and excluded the assessed value on registered motor vehicles from individual personal.

(3) Public service companies' property includes real and personal property of utilities, railroads, telephone and pipeline, etc. These assessments are made by the North Carolina Department of Revenue with no distinction between real and personal property.

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

Table 4

June 30,	2016	2015 (2)	2014	2013	2012	2011	2010	2009	2008 (1)	2007
County direct rate:										
General-operating	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540
City of Lexington	0.600	0.600	0.600	0.600	0.560	0.560	0.560	0.560	0.535	0.545
Lexington Special Schools District	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.130
Lexington Main Street District	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
City of Thomasville	0.560	0.560	0.560	0.560	0.560	0.560	0.560	0.560	0.560	0.570
Thomasville Special Schools District	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.1725	0.180
Town of Denton	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550
City of High Point	0.650	0.664	0.675	0.675	0.662	0.633	0.633	0.633	0.633	0.608
Town of Wallburg	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Town of Midway	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Fire Protection Districts:										
Central	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Pilot	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
Hasty	0.080	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.065	0.060
West Lexington	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Wallburg	0.100	0.100	0.100	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Holly Grove	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
North Lexington	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Welcome	0.110	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.080	0.080
Reeds	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Tyro	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Linwood	0.085	0.085	0.075	0.075	0.075	0.075	0.075	0.075	0.060	0.045
Churchland	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.080
Arcadia - Reedy Creek - Hampton	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Healing Springs	0.090	0.090	0.090	0.090	0.090	0.090	0.090	0.070	0.070	0.070
Southmont	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
Fairgrove	0.080	0.080	0.080	0.075	0.075	0.060	0.060	0.060	0.055	0.055
South Lexington	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Silver Valley	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Midway	0.108	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Gumtree	0.100	0.100	0.100	0.085	0.085	0.085	0.085	0.085	0.085	0.080
South Emmons	0.060	0.060	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
South Davidson	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Horneytown	0.110	0.110	0.110	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Griffith	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Clemmons	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Badin	0.055	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060

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

(2) 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	2016 (1)	2015 (1)	2014 (1)	2013 (1)	2012 (1)	2011 (1)	2010 (1)	2009 (1)	2008 (1)(2)	2007 (1)
Davidson County	$ 13,578,966,852	$ 13,517,937,962	$ 13,728,525,478	$ 13,228,420,733	$ 13,090,465,789	$ 12,947,854,080	$ 12,931,189,570	$ 12,867,822,046	$ 12,488,497,598	$ 10,376,249,565
City of Lexington	1,519,628,108	1,546,064,567	1,585,300,795	1,496,604,452	1,473,679,696	1,473,672,255	1,492,980,321	1,510,345,430	1,476,846,553	1,331,336,090
Lexington Special Schools District	1,272,862,258	1,309,372,675	1,334,494,099	1,295,118,808	1,292,605,883	1,291,604,908	1,318,384,117	1,318,552,842	1,475,984,017	1,157,741,177
Lexington Main Street District	50,675,125	47,392,525	48,882,615	48,113,685	50,357,620	51,490,750	47,262,355	50,716,805	49,553,550	40,618,885
City of Thomasville	1,719,559,093	1,684,071,925	1,711,250,293	1,671,545,270	1,663,695,796	1,631,688,204	1,618,601,777	1,651,223,607	1,590,725,830	1,385,704,925
Thomasville Special Schools District	798,274,172	778,390,528	814,743,859	773,230,611	773,927,656	749,911,389	751,942,511	759,035,500	755,303,484	675,324,694
Town of Denton	125,563,340	119,736,702	123,396,626	117,688,245	117,615,820	116,439,524	117,874,584	114,632,407	113,585,395	91,583,758
City of High Point	428,524,528	447,912,474	449,696,165	425,268,619	413,762,953	409,138,859	405,298,123	405,727,368	40,516,058	37,414,021
Town of Wallburg	266,496,780	267,107,600	257,510,607	245,439,840	239,976,700	246,426,080	249,863,520	246,490,980	239,477,600	190,545,540
Town of Midway	363,781,840	351,873,300	361,575,547	344,521,320	340,756,920	341,185,220	329,544,760	327,011,120	318,684,420	251,338,460
Fire Protection Districts:										
Central	364,670,600	364,672,943	373,291,425	356,960,371	355,625,929	354,197,100	347,912,214	346,260,400	342,546,200	288,955,357
Pilot	347,315,882	329,829,776	338,024,345	326,796,306	324,510,894	324,601,176	352,563,753	356,487,859	351,866,894	297,546,906
Hasty	529,555,425	525,507,229	536,477,107	519,756,357	513,700,371	508,090,571	496,509,986	494,207,271	479,244,615	389,782,000
West Lexington	257,654,900	258,540,720	264,217,938	250,462,040	247,698,160	242,734,750	243,747,980	244,370,920	241,299,190	207,789,840
Wallburg	784,766,230	768,312,280	775,697,517	749,852,763	738,998,888	735,350,700	744,359,763	732,307,363	673,664,713	508,356,650
Holly Grove	287,223,400	280,665,588	286,271,486	273,833,650	273,026,725	274,369,675	273,476,238	276,519,900	271,544,000	226,652,563
North Lexington	203,238,373	204,070,927	209,259,497	201,437,591	198,694,291	196,519,718	192,939,864	194,155,345	196,009,618	156,802,400
Welcome	544,187,900	521,800,530	534,173,466	510,816,790	503,931,220	493,415,430	486,896,450	484,822,890	474,940,238	388,497,963
Reeds	483,730,350	483,364,150	496,052,283	471,817,575	462,550,325	470,628,225	453,950,875	493,419,325	447,402,275	382,860,700
Tyro	419,757,738	416,728,938	423,107,162	391,710,500	404,373,450	396,789,138	402,760,913	394,994,875	379,545,063	313,647,750
Linwood	333,268,412	327,640,059	326,167,791	318,905,680	319,234,533	298,656,427	303,999,253	305,953,947	295,138,350	263,570,756
Churchland	264,907,900	264,800,214	269,204,478	253,605,586	248,386,971	245,488,343	231,714,814	233,403,514	226,844,457	189,392,650
Arcadia - Reedy Creek - Hampton	970,328,175	955,146,963	970,257,096	934,399,200	921,676,300	910,201,613	931,328,850	906,152,638	883,832,775	690,970,238
Healing Springs	318,304,589	321,200,378	326,283,414	320,755,956	318,687,456	315,181,767	327,104,044	314,755,143	298,608,871	242,880,200
Southmont	818,630,541	790,498,106	801,462,631	781,667,729	773,318,059	767,148,376	780,622,706	769,648,788	754,652,800	566,898,412
Fairgrove	427,165,013	422,249,450	430,049,187	415,204,800	409,622,387	410,337,817	400,471,167	402,986,883	407,130,545	361,339,636
South Lexington	241,924,355	190,946,091	205,347,722	188,468,600	187,256,100	187,228,109	179,402,182	201,630,964	188,129,018	141,716,009
Silver Valley	382,596,300	372,798,818	379,019,868	358,643,282	358,041,082	356,209,473	356,273,891	351,100,527	347,660,791	301,888,300
Midway	865,985,283	875,267,840	887,087,782	851,930,200	850,736,980	835,903,950	825,496,830	816,695,080	808,735,050	670,247,130
Gumtree	137,034,740	137,403,470	139,229,328	134,404,871	135,596,165	130,897,882	121,944,282	124,643,459	119,693,400	100,777,850
South Emmons	125,520,800	122,565,233	124,455,412	120,678,440	121,445,840	119,643,580	120,967,140	123,567,640	119,038,240	103,712,640
South Davidson	117,298,360	107,769,840	110,438,096	105,120,620	104,516,700	103,562,980	103,329,050	101,752,810	99,722,040	87,208,920
Horneytown	128,269,509	126,878,155	125,937,244	122,327,410	121,228,920	119,410,440	119,136,710	118,345,310	108,324,730	87,486,990
Griffith	293,384,575	286,821,388	290,192,158	276,750,450	269,479,375	265,095,663	246,154,450	237,858,425	207,695,988	171,017,688
Clemmons	109,352,300	100,312,860	98,636,360	92,097,600	90,971,960	90,460,020	78,820,120	78,153,500	73,894,780	59,636,040
Badin	77,366,855	63,234,217	64,326,069	63,280,767	61,822,133	60,953,283	54,340,017	52,209,250	50,396,050	47,635,760

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

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

Table 6

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

Year Ended June 30,	Population (1)	Assessed Value (000,000's)	Bonded Debt (000's)	Ratio of Bonded Debt to Assessed Value	Bonded Debt Per Capita
2007	155,343	$ 10,376	$ 54,595	0.53%	351
2008	156,530	12,488	53,000	0.42%	339
2009	159,865	12,868	80,780	0.63%	505
2010	159,947	12,931	76,425	0.59%	478
2011	162,878	12,948	72,105	0.56%	443
2012	162,697	13,090	67,825	0.52%	417
2013	163,683	13,228	63,585	0.48%	388
2014	163,770	13,729	59,380	0.43%	363
2015	164,454	13,519	55,210	0.41%	363
2016	164,622	13,579	46,780	0.35%	284

Sources:

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

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

Table 7

Year Ended June 30,	Debt Limit	Total net debt applicable to limit	Legal Debt Margin	Ratio of total net debt applicable to limit to the debt limit
2007	830,100	78,656	751,444	9.48%
2008	999,080	75,661	923,419	7.57%
2009	1,029,426	111,594	917,831	10.84%
2010	1,034,495	110,481	924,014	10.68%
2011	1,035,828	118,779	917,049	11.47%
2012	1,047,237	111,898	935,339	10.69%
2013	1,058,274	105,688	952,586	9.99%
2014	1,098,282	98,934	999,348	9.01%
2015	1,081,435	91,107	990,328	8.42%
2016	1,086,317	122,211	964,106	11.25%

Legal Debt Margin Calculation for Fiscal Year 2016

Assessed value of taxable property		$ 13,578,966,852
Debt limit - eight percent (8%) of assessed value		$ 1,086,317,347
Amount of debt applicable to debt limit:		
Bonded debt	$ 46,780,000	
Certificates of participation	6,925,000	
Limited Obligation Bonds	52,410,000	
Qualified School Construction Bonds	16,096,181	
Total amount of debt applicable to legal debt limit		122,211,181
Legal debt margin		$ 964,106,166

DAVIDSON COUNTY, NORTH CAROLINA

Table 8

COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2016

	Net Debt Outstanding	Percentage Applicable to Davidson County	Amount Applicable to Davidson County
Davidson County	$ 122,211,181	100%	$ 122,211,181
Total direct debt	122,211,181		122,211,181
Town of Midway	190,801	100%	190,801
City of Thomasville	160,000	100%	160,000
City of Lexington	10,335,557	100%	10,335,557
Total overlapping debt	10,526,358		10,526,358
Total direct and overlapping debt	$ 132,737,539		$ 132,737,539

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

DAVIDSON COUNTY, NORTH CAROLINA

Table 9

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

Last Ten Fiscal Years

Year	Principal	Interest and Fiscal Charges	Total Debt Service	General Government Expenditures	Ratio (1)
2007	$ 1,605,000	$ 427,550	$ 2,032,550	$ 127,526,023	1.59%
2008	1,595,000	363,850	1,958,850	158,093,433	1.24%
2009	2,880,000	2,256,800	5,136,800	157,142,431	3.27%
2010	5,965,600	4,197,129	10,162,729	138,724,978	7.33%
2011	6,294,065	4,154,425	10,448,490	140,361,367	7.44%
2012	6,329,065	4,493,390	10,822,455	148,568,706	7.28%
2013	6,136,115	4,070,085	10,206,200	134,679,178	7.58%
2014	6,163,465	3,852,226	10,015,691	135,403,289	7.40%
2015	7,218,465	3,642,924	10,861,389	149,450,491	7.27%
2016	6,193,465	4,041,731	10,235,196	155,565,526	6.58%

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

Table 10

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

Year Ended June 30,	Population (1)	Personal Income (thousands of dollars)(1)	Per Capita Income (1)	Public School Enrollment (1)	Unemployment Rate (2)
2007	155,343	4,460,396	28,983	25,998	6.0%
2008	156,530	4,502,585	28,765	26,239	6.7%
2009	159,865	3,593,286	22,477	26,200	12.5%
2010	159,947	3,540,907	22,138	25,953	12.1%
2011	162,878	3,590,157	22,042	25,524	11.3%
2012	162,697	3,622,937	22,268	25,519	10.6%
2013	163,683	3,502,653	21,399	25,555	9.8%
2014	163,770	3,567,402	21,783	25,231	6.7%
2015	164,454	3,582,301	21,783	25,141	5.9%
2016	164,622	3,585,961	21,783	24,549	4.9%

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

	Fiscal Year									
Expenses	2007	2008	2009	2010	2011	2012	2013	2013	2015	2016
Governmental activities:										
General government	$ 11,139,773	$ 11,099,650	$ 10,590,021	$ 10,867,828	$ 10,045,788	$ 10,417,389	$ 11,601,662	$ 11,601,662	$ 12,562,051	$ 12,723,736
Human Services	34,809,028	34,742,655	31,577,050	29,065,775	28,866,973	29,293,613	29,811,107	29,811,107	30,715,679	32,549,001
Public Safety	27,250,824	30,182,148	30,422,383	30,806,090	31,010,651	33,269,734	32,297,095	32,297,095	32,104,612	34,748,009
Environmental protection	1,699,407	1,837,069	1,698,515	1,760,905	1,726,887	1,655,611	1,468,508	1,468,508	1,289,409	1,455,850
Economic and physical development	3,619,829	4,040,692	3,754,120	3,973,291	5,614,594	4,443,602	3,560,619	3,560,619	3,331,921	4,311,784
Culture and recreation	3,313,982	3,538,489	3,480,617	4,212,050	3,789,100	3,819,300	4,040,662	4,040,662	3,814,191	4,197,177
Transportation	989,988	989,779	974,361	1,000,759	999,233	1,259,372	1,547,832	1,547,832	933,502	846,392
Education	39,836,117	66,755,742	65,639,516	45,943,736	46,591,652	53,670,822	40,842,201	40,842,201	40,468,138	56,368,424
Interest and fiscal charges	1,690,851	3,486,511	3,119,835	4,086,543	4,083,566	4,480,052	4,674,120	4,674,120	3,567,558	7,198,002
Total governmental activities expense	124,349,799	156,672,735	151,256,418	131,716,977	132,728,444	142,309,495	129,843,806	129,843,806	128,787,061	154,398,375
Business-type activities:										
Landfill	3,095,612	3,936,995	4,520,628	6,455,668	4,823,470	4,835,957	4,344,483	4,344,483	6,827,440	3,267,010
Sewer	197,095	369,895	389,144	1,218,918	1,184,169	1,187,092	1,290,728	1,290,728	1,126,483	1,450,796
Total business-type activities	3,292,707	4,306,890	4,909,772	7,674,586	6,007,639	6,023,049	5,635,211	5,635,211	7,953,923	4,717,806
Total primary governmental expenses	$ 127,642,506	$ 160,979,625	$ 156,166,190	$ 139,391,563	$ 138,736,083	$ 148,332,544	$ 135,479,017	$ 135,479,017	$ 136,740,984	$ 159,116,181
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 1,853,756	$ 1,719,113	$ 1,237,892	$ 1,445,391	$ 1,352,649	$ 1,267,587	$ 1,243,862	$ 1,243,862	$ 1,453,612	$ 1,547,032
Human services	766,063	826,455	836,737	785,087	836,868	657,926	571,525	571,525	543,002	624,828
Public safety	5,219,349	4,657,416	5,792,104	5,541,529	5,611,966	6,468,111	5,282,995	5,282,995	5,417,271	6,410,928
Culture and recreation	147,250	171,709	250,513	246,687	203,182	232,024	273,406	273,406	191,837	184,527
Other activities	454,598	619,258	911,875	477,911	575,590	725,388	1,697,266	1,697,266	640,920	1,232,263
Operating grants and contributions	21,881,671	23,312,408	24,990,993	25,134,600	24,375,540	25,119,643	25,235,796	25,235,796	26,955,897	26,376,734
Capital grants and contributions	485,542	284,869	2,387,802	2,316,754	2,255,619	110,778	-	-	-	1,460,682
Total governmental activities program revenue	30,808,229	31,591,228	36,407,916	35,947,959	35,211,414	34,581,457	34,304,850	34,304,850	35,202,539	37,836,994
Business-type activities										
Charges for services:										
Landfill	4,047,907	4,229,943	4,082,577	3,951,772	4,250,794	4,256,502	3,754,832	3,754,832	4,120,887	4,159,049
Sewer	92,009	124,188	176,861	234,286	290,018	325,704	355,319	355,319	477,487	543,388
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	4,139,916	4,354,131	4,259,438	4,186,058	4,540,812	4,582,206	4,110,151	4,110,151	4,598,374	4,702,437
Total primary governmental program revenues	$ 34,948,145	$ 35,945,359	$ 40,667,354	$ 40,134,017	$ 39,752,226	$ 39,163,663	$ 38,415,001	$ 38,415,001	$ 39,800,913	$ 42,539,431
Net (expense)/revenue										
Governmental activities	$ (93,541,570)	$(125,081,507)	$ (114,848,502)	$ (95,769,018)	$ (97,517,030)	$ (107,728,038)	$ (95,538,956)	$ (95,538,956)	$ (93,584,522)	$ (116,561,381)
Business-type activities	847,209	47,241	(650,334)	(3,488,528)	(1,466,827)	(1,440,843)	(1,525,060)	(1,525,060)	(3,355,549)	(15,369)
Total primary governmental net expense	$ (92,694,361)	$(125,034,266)	$ (115,498,836)	$ (99,257,546)	$ (98,983,857)	$ (109,168,881)	$ (97,064,016)	$ (97,064,016)	$ (96,940,071)	$ (116,576,750)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 63,028,741	$ 75,346,979	$ 77,530,749	$ 77,678,303	$ 78,319,729	$ 78,774,693	$ 80,193,327	$ 80,193,327	$ 82,927,734	$ 83,986,076
Sales taxes	27,213,934	27,451,631	21,772,914	16,256,379	15,620,565	16,706,730	17,655,035	17,655,035	22,084,870	24,297,053
Other taxes	721,618	1,763,355	1,930,069	1,976,501	1,918,818	1,679,237	1,640,728	1,640,728	1,561,609	1,557,866
Investment earnings	2,753,327	3,641,846	1,303,577	599,323	443,548	314,058	270,151	270,151	307,954	419,838
Miscellaneous	1,286,534	429,467	429,587	465,271	1,929,082	2,571,249	1,359,476	1,359,476	1,282,400	998,267
Contributions of general capital assets	-	-	-	-	-	-	-	-	-	6,632,793
Transfers	(44,165)	(212,411)	(139,794)	(1,042,013)	(3,002,124)	(1,198,242)	(1,412,336)	(1,412,336)	(1,016,043)	(487,718)
Total governmental activities	94,959,989	108,420,867	102,827,102	95,933,764	95,229,618	98,847,725	99,706,381	99,706,381	107,148,524	117,404,175
Business-type activities:										
Other taxes	255,536	250,061	259,029	291,769	331,070	329,205	329,416	329,416	353,211	345,643
Investment earnings	584,726	441,134	176,328	65,616	49,723	31,539	26,870	26,870	44,091	50,592
Other	12,422	42,741	8,345	183,412	148,168	-	-	-	-	-
Contributions of general capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	44,165	212,411	139,794	1,042,013	3,002,124	1,198,242	1,412,336	1,412,336	1,016,043	487,718
Total business-type activities	896,849	946,347	583,496	1,582,810	3,531,085	1,558,986	1,768,622	1,768,622	1,413,345	883,953
Total primary government	$ 95,856,838	$ 109,367,214	$ 103,410,598	$ 97,516,574	$ 98,760,703	$ 100,406,711	$ 101,475,003	$ 101,475,003	$ 108,561,869	$ 118,288,128
Change in Net Position										
Governmental activities	$ 1,418,419	$ (16,660,640)	$ (12,021,400)	$ 164,746	$ (2,287,412)	$ (8,880,313)	$ 4,167,425	$ 4,167,425	$ 13,564,002	$ 842,794
Business-type activities	1,744,058	993,588	(66,838)	(1,905,718)	2,064,258	118,143	243,562	243,562	(1,942,204)	868,584
Total primary government	$ 3,162,477	$ (15,667,052)	$ (12,088,238)	$ (1,740,972)	$ (223,154)	$ (8,762,170)	$ 4,410,987	$ 4,410,987	$ 11,621,798	$ 1,711,378

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

Table 12

	Fiscal Year									
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
General Fund										
Reserved	$ 10,897,326	$ 12,045,020	$ 11,708,044	$ 12,699,217	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	33,071,687	35,181,660	38,839,394	41,040,720	-	-	-	-	-	-
Nonspendable	-	-	-	-	1,816,031	1,766,306	1,671,149	1,572,352	1,469,723	1,363,064
Restricted	-	-	-	-	14,334,997	13,543,115	13,613,571	16,864,563	27,611,649	20,928,380
Committed	-	-	-	-	75,997	79,000	79,000	79,000	79,000	375,340
Assigned	-	-	-	-	3,029,478	2,937,952	2,938,423	3,090,362	2,700,105	2,740,602
Unassigned	-	-	-	-	32,425,675	33,955,171	35,638,723	34,131,198	27,141,583	39,451,906
Total General Fund	$ 43,969,013	$ 47,226,680	$ 50,547,438	$ 53,739,937	$ 51,682,178	$ 52,281,544	$ 53,940,866	$ 55,737,475	$ 59,002,060	$ 64,859,292
All other governmental funds										
Reserved	$ 83,167	$ 235,997	$ 257,919	$ 97,005	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	45,803,577	23,207,524	31,391,030	27,263,442	-	-	-	-	-	-
Capital projects funds	463,950	1,411,040	1,102,194	680,507	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	18,329,666	3,417,894	3,033,902	2,621,157	2,515,444	40,682,624
Committed	-	-	-	-	14,004,737	12,230,378	10,371,918	18,109,063	15,430,081	8,673,267
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	(6,390,336)	-
Total all other governmental funds	$ 46,350,694	$ 24,854,561	$ 32,751,143	$ 28,040,954	$ 32,334,403	$ 15,648,272	$ 13,405,820	$ 20,730,220	$ 11,555,189	$ 49,355,891

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									
	2007	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Governmental activities										
Net investment in capital assets	$ 23,688,744	$ 23,307,122	$ 23,541,704	$ 25,424,830	$ 27,327,101	$ 28,990,559	$ 28,831,557	$ 29,836,571	$ 42,200,503	$ 42,032,142
Restricted	41,157,266	14,989,076	192,196	254,896	32,664,663	16,961,009	16,647,473	15,603,971	26,646,082	18,975,711
Unrestricted	(22,457,237)	(12,568,065)	(10,027,167)	(11,808,247)	(48,407,697)	(43,247,814)	(38,757,681)	(24,919,168)	(38,788,323)	(29,771,353)
Total Governmental activities net position	$ 42,388,773	$ 25,728,133	$ 13,706,733	$ 13,871,479	$ 11,584,067	$ 2,703,754	$ 6,721,349	$ 20,521,374	$ 30,058,262	$ 31,236,500
Business-type activities										
Net investment in capital assets	$ 8,292,936	$ 19,208,365	$ 12,118,884	$ 10,603,866	$ 10,016,688	$ 10,014,021	$ 9,829,830	$ 11,072,741	$ 9,643,520	$ 10,093,419
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	6,707,638	(3,214,203)	3,808,440	3,417,740	6,069,176	6,189,986	6,617,739	7,162,514	6,570,204	6,988,889
Total business-type activities net position	$ 15,000,574	$ 15,994,162	$ 15,927,324	$ 14,021,606	$ 16,085,864	$ 16,204,007	$ 16,447,569	$ 18,235,255	$ 16,213,724	$ 17,082,308
Primary government										
Net investment in capital assets	$ 31,981,680	$ 42,515,487	$ 35,660,588	$ 36,028,696	$ 37,343,789	$ 39,004,580	$ 38,661,387	$ 40,909,312	$ 51,844,023	$ 52,125,561
Restricted	41,157,266	14,989,076	192,196	254,896	32,664,663	16,961,009	16,647,473	15,603,971	26,646,082	18,975,711
Unrestricted	(15,749,599)	(15,782,268)	(6,218,727)	(8,390,507)	(42,338,521)	(37,057,828)	(32,139,942)	(17,756,654)	(32,218,119)	(22,782,464)
Total primary government net position	$ 57,389,347	$ 41,722,295	$ 29,634,057	$ 27,893,085	$ 27,669,931	$ 18,907,761	$ 23,168,918	$ 38,756,629	$ 46,271,986	$ 48,318,808

Table 14

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

	Governmental Activities						Business-type activities					
Fiscal Year	General Obligation Bonds	Qualified Zone Academy Bonds	Qualified School Construction Bonds	Installment Purchases	Limited Obligation Bonds	Certificates of Participation	General Obligation Bonds	Limited Obligation Bonds	Installment Purchases	Total Primary Government	Percentage of Personal Income	Per Capita
2007	$ 54,595,000	$ 1,030,000	$ -	$ 1,105,650	$ -	$ 21,925,000	$ -	$ -	$ -	78,655,650	1.76%	506
2008	53,000,000	1,030,000	-	895,050	-	20,525,000	-	-	-	75,450,050	1.68%	482
2009	79,720,000	1,030,000	-	684,450	-	19,100,000	1,060,000	-	10,000,000	111,594,450	2.48%	698
2010	75,415,000	1,030,000	5,076,971	473,850	-	17,650,000	1,010,000	-	9,825,172	110,480,993	3.12%	691
2011	71,145,000	1,030,000	17,788,506	263,250	4,915,000	11,210,000	960,000	2,000,000	9,467,932	118,779,688	3.31%	729
2012	66,915,000	1,030,000	17,450,041	52,650	4,255,000	10,320,000	910,000	1,870,000	9,095,201	111,897,892	3.24%	688
2013	62,725,000	1,030,000	17,111,576	-	3,590,000	9,930,000	860,000	1,735,000	8,706,307	105,687,883	3.02%	646
2014	58,570,000	1,030,000	16,773,112	-	2,910,000	8,940,000	810,000	1,600,000	8,300,547	98,933,659	2.77%	604
2015	54,450,000	-	16,434,646	-	2,215,000	7,905,000	760,000	1,465,000	7,877,193	91,106,839	2.54%	554
2016	46,105,000	-	16,096,181	-	44,955,000	6,925,000	675,000	7,455,000	-	122,211,181	3.41%	742

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

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

Employer	2016 Employees	2016 Percentage of Total County Employment	2007 Employees	2007 Percentage of Total County Employment
Davidson County Schools	1000+	3.00%	1000+	3.00%
Atrium Windows and Doors	1000+	2.00%	500-999	1.00%
County of Davidson	500-999	1.00%	500-999	1.00%
Old Dominion Freight Line	500-999	1.00%	500-999	1.00%
Wal-mart Associates, Inc.	500-999	1.00%	500-999	1.00%
Bradley Personnel Inc.	500-999	1.00%		
Wake Forest Bapitist Medical	500-999	1.00%	500-999	1.00%
Food Lion	500-999	1.00%		
Davidson County Community College	500-999	1.00%	500-999	1.00%
PPG Industries			500-999	1.00%
Jeld-Wen			500-999	1.00%
Thomasville City Schools			500-999	1.00%
Thomasville Medical Center			500-999	1.00%
Total County Employment	80,073		79,877	

Source: Principal employer data is from the NC Departent 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	2016 Assessed Valuation	2016 Percentage of Total Assessed Valuation	2007 Assessed Valuation	2007 Percentage of Total Assessed Valuation
Duke Energy	$ 99,305,200	0.73%	$ 65,289,469	0.63%
Halyard North Carolina	92,771,356	0.68%	92,842,162	0.89%
PPG Industries, Inc.	80,303,067	0.59%	76,945,108	0.74%
Unilin Flooring NC LLC	69,596,143	0.51%	-	-
Energy United	68,476,674	0.50%	-	-
Alcoa Power Generating	54,982,178	0.40%	24,444,123	0.24%
Norfolk Southern	43,790,117	0.32%	-	-
Windstream	41,496,668	0.31%	-	-
Old Dominion Freight Lines	40,255,856	0.30%	-	-
Walmart Stores East LP	35,768,012	0.26%	-	-
Owens-Brockway	-	-	26,990,904	0.26%
RCR Enterprises, LLC	-	-	26,713,181	0.26%
Lexington Furniture Industries	-	-	37,792,676	0.36%
North State Telephone	-	-	22,325,756	2.20%
Proctor & Gamble DBA Duracell USA	-	-	50,727,771	0.49%
TFI Industries	-	-	52,292,520	0.50%
	$ 626,745,271		$ 476,363,670	

Source - Davidson County Tax Department

Table 17

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

	Full-time Equivalent Employees As of June 30									
	2007	2008	2010	2010	2011	2012	2013	2014	2015	2016
Function										
General government	112	117	114	114	115	109	110	110	111	111
Human Services	316	320	321	321	311	309	311	315	315	324
Public Safety	357	367	357	357	351	355	356	359	371	381
Environmental protection	27	27	26	26	26	25	21	21	20	21
Economic and physical development	38	41	41	41	38	38	39	38	37	36
Culture and recreation	71	71	73	73	74	74	74	75	73	73
Transportation	18	18	15	15	14	17	17	16	16	10
Landfill	33	32	33	33	34	34	28	17	15	15
Sewer	1	2	2	2	2	2	2	1	-	-
Garage	4	4	4	4	5	4	5	7	7	6
Total	977	999	986	986	970	967	963	959	965	977

Source: Davidson County Budget Office.

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

	Fiscal Year As of June 30									
Function	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Human Services (1):										
Public health occupied square footage	21,572	21,572	21,572	21,572	34,060	34,060	34,060	34,060	34,060	34,060
Social services occupied square footage	45,511	45,511	45,511	45,511	54,221	54,221	55,869	57,615	57,615	54,221
Public Safety (1):										
Number of Emergency medical stations	5	5	6	6	6	7	7	8	8	8
Number of volunteer fire stations	23	23	23	23	23	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	41	42	42	43	43	46	46	46	46	46

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

Table 19

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

	Fiscal Year As of June 30									
Function	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
General government (1):										
Number of tax bills per 1000 parcels	2,640	2,722	2,696	2,640	2,651	2,651	3,134	2,900	1,077	1,082
Registered motor vehicles per 1000 population	973	969	963	923	929	929	897	1,023	1,049	1,060
Human services (1):										
Children in Social Services custody	199	113	219	192	182	194	192	191	209	218
Active child support cases	5,130	5,625	5,789	6,009	6,132	5,310	6,361	6,229	6,026	6,260
Public Safety (1):										
Number of EMS calls dispatched	12,273	12,486	13,317	12,433	15,848	20,436	23,778	23,634	23,373	23,056
Number of emergency medical technicians	103	104	105	104	104	99	111	117	117	126
Building permits issued	10,262	7,458	4,789	4,740	4,776	4,640	4,391	4,883	6,173	7,041
Number of firemen	1,050	1,600	1,100	1,071	1,071	1,071	1,070	1,070	1,070	1,070
Number of fire inspections made	879	951	1,147	1,302	1,363	1,300	1,300	1,577	1,816	1,738
Economic and physical development (1):										
Number of individuals sponsored in WIA services	663	227	348	514	537	510	457	347	737	596
Education (2):										
Number of students	25,998	26,239	26,200	25,953	25,448	25,519	25,555	25,231	25,141	25,131
Number of teachers	1,944	1,956	1,900	1,828	1,879	1,779	1,755	2,385	2,385	2,332

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