

Davidson County, North Carolina

Comprehensive Annual Financial Report

Year Ended June 30, 2012

Prepared by:
Jane S. Kiker
Finance Director

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Davidson County, North Carolina

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INTRODUCTORY SECTION

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DAVIDSON COUNTY FINANCE

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



November 27, 2012

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, 2012. 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 assets, and the combining and individual fund financial statements and schedules, as well as the independent auditors' report on the financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of independent auditors.

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

County Profile

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

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

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

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

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

Factors Affecting Financial Condition

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

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

The County has continued to recruit quality companies to replace those lost to import competition. The County has offered economic development incentive grants to several companies to support industrial expansion. The County currently has a 10.6 % employment rate which is 1 % above the state rate and .7% less than the County's rate in 2011.

The County experienced an increase of 1.1% 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 is in the process of completing extensive renovations and additions to existing schools and has constructed a new middle school. The County has completed the issuance of all of the \$66.4 million in school bonds and \$5.2 million in community college bonds that were authorized during the November 2005 election. The County issued \$13 million in Qualified School Construction Bonds in 2011 for the construction of the new middle school in the northern part of the County. These bonds were established as part of the American Recovery Reinvestment Act of 2009. Local Boards of Education were allotted specific amounts proportionately on an ADM basis. The remainder of the funding for this \$24 million project will 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 Extended Day and new middle school.

The County has also taken steps to capitalize on existing industry expansion and new industrial growth by providing supplement funds for economic development through incentive grants.

The County has 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, 2012, the federal and State of North Carolina grant programs were subjected to audit by the independent auditor in accordance with the provisions of the Single Audit Act of 1984, OMB Circular A-133 and the State Single Audit Implementation Act. This report is included in this document.

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Davidson County for its comprehensive annual financial report for the fiscal year ended June 30, 2011. 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-five years (fiscal years ended 1987-2011). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgements.

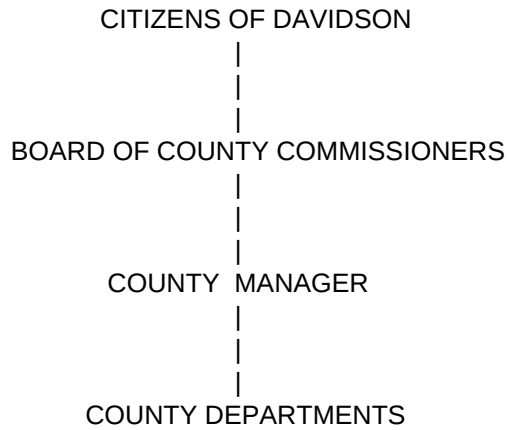
Each member of the Finance Department has my sincere appreciation for their assistance and dedication throughout the year, especially during the annual audit and the preparation of this CAFR. I would like to thank Kevin Davis of the Department for his contribution to the preparation of this report. The 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



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
 - * Day Reporting Center

HUMAN SERVICES

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

CULTURE AND RECREATION

-
- * Library
 - * Museum
 - * Recreation

ECONOMIC AND PHYSICAL DEVELOPMENT

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

ENVIRONMENTAL PROTECTION

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

DAVIDSON COUNTY, NORTH CAROLINA

Board of County Commissioners

Sam Watford, Chairman
Larry Potts, Vice Chairman
Cathy Dunn
Billy Joe Kepley
Fred McClure
Don Truell
Todd Yates

County Officials

Robert C. Hyatt
Zeb M. Hanner
Jane S. Kiker
Charles Frye
David Rickard
Joseph O. Silver
Dwayne Childress
Jim Tysinger
Guy L. Cornman, III
Ruth H. Huneycutt
David Grice
Ronald G. Triplette
Darren Cecil
Dale Moorefield
Ruth Ann Copley
Charles W. Parnell
Cindy Livengood
Charles Brushwood
Joel Hartley
Terry Bailey
Boyd Morgan
Rex Buck
Thessia Everhart-Roberts
Andy Miller
Troy Coggins

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

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Davidson

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION

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

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

INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Davidson County, North Carolina

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, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Davidson County's management. Our responsibility is to express an opinion 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, 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, 2012, 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 conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2012, on our consideration of Davidson County's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer 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 consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance

Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements of Davidson County, North Carolina as a whole. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Martin Starnes & Associates CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
November 27, 2012

Management's Discussion and Analysis

As management of Davidson County, we offer readers of Davidson County's financial statements this narrative overview and analysis of the financial activities of Davidson County for the fiscal year ended June 30, 2012. 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 of Davidson County's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$2,703,754.
- As of the close of the current fiscal year, Davidson County's governmental funds reported combined ending fund balances of \$67,929,816, after a net decrease of \$16,086,765. Approximately 28% of this total amount, or \$18,727,315, is restricted or non-spendable
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$33,955,171, or 28 % of total General Fund expenditures and transfers to other funds for the fiscal year.
- The County maintained the following bond ratings:

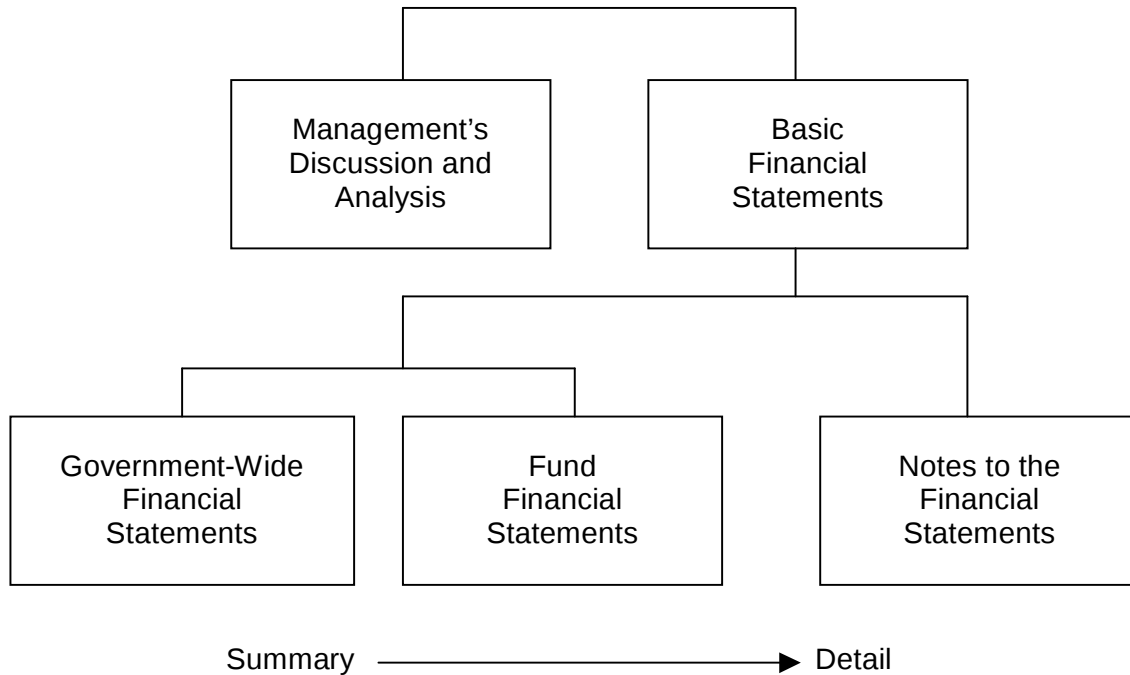
Moody's	Aa2
Standard & Poor's	AA-

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

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

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 assets presents information on all of Davidson County's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 17 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 two categories: governmental funds and proprietary funds.

Management's Discussion and Analysis (Continued)

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

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

Management's Discussion and Analysis (Continued)

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 66 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 67 through 71 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. In the case of Davidson County, net assets are 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 to fund the cost of constructing these assets. The assets of Davidson County exceeded liabilities by \$18,907,761 as of June 30, 2012. As of June 30, 2011, the net assets of Davidson County stood at \$27,669,931. The County's net assets decreased by \$8,762,170 for the fiscal year ended June 30, 2012.

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.

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 have been issued by the County to fund a large portion of the cost of these assets. The County's liabilities at June 30, 2012 include outstanding general obligation debt of \$66.9 million related 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 assets 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 assets \$16,961,009 represents resources that are subject to external restrictions on how they are used. The remaining balance of (\$37,057,828) is unrestricted.

Management's Discussion and Analysis (Continued)

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 85,698,499	\$ 100,777,845	\$ 13,644,660	\$ 13,384,473	\$ 99,343,159	\$ 114,162,318
Capital assets	33,245,559	32,242,101	20,717,021	20,630,651	53,962,580	52,872,752
Construction in progress	-	-	-	-	-	-
Total assets	118,944,058	133,019,946	34,361,681	34,015,124	153,305,739	167,035,070
Long-term liabilities outstanding	108,046,878	113,570,476	17,442,158	17,498,635	125,489,036	131,069,111
Other liabilities	8,193,426	7,865,403	715,516	430,625	8,908,942	8,296,028
Total liabilities	116,240,304	121,435,879	18,157,674	17,929,260	134,397,978	139,365,139
Net assets:						
Invested in capital assets, net of related debt	28,990,559	27,327,101	10,014,021	10,016,688	39,004,580	37,343,789
Restricted	16,961,009	32,664,663	-	-	16,961,009	32,664,663
Unrestricted	(43,247,814)	(48,407,697)	6,189,986	6,069,176	(37,057,828)	(42,338,521)
Total net assets	\$ 2,703,754	\$ 11,584,067	\$ 16,204,007	\$ 16,085,864	\$ 18,907,761	\$ 27,669,931

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 95.49%.
- Continued low cost of debt due to the County's high bond rating.
- Continued conservative spending initiatives through performance-based budgeting.

Management's Discussion and Analysis (Continued)

Davidson County's Changes in Net Assets
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$ 9,351,036	\$ 8,580,255	\$ 4,582,206	\$ 4,540,812	\$ 13,933,242	\$ 13,121,067
Operating grants and contributions	25,119,643	24,375,540	-	-	25,119,643	24,375,540
Capital grants and contributions	110,778	2,255,619	-	-	110,778	2,255,619
General revenues:						
Property taxes	78,774,693	78,319,729	-	-	78,774,693	78,319,729
Other taxes	18,385,967	17,539,383	329,205	331,070	18,715,172	17,870,453
Other	2,885,307	2,372,630	31,539	197,891	2,916,846	2,570,521
Total revenues	134,627,424	133,443,156	4,942,950	5,069,773	139,570,374	138,512,929
Expenses:						
General government	10,417,389	10,045,788	-	-	10,417,389	10,045,788
Human services	29,293,613	28,866,973	-	-	29,293,613	28,866,973
Public safety	33,269,734	31,010,651	-	-	33,269,734	31,010,651
Environmental protection	1,655,611	1,726,887	-	-	1,655,611	1,726,887
Economic and physical development	4,443,602	5,614,594	-	-	4,443,602	5,614,594
Culture and recreation	3,819,300	3,789,100	-	-	3,819,300	3,789,100
Transportation	1,259,372	999,233	-	-	1,259,372	999,233
Education	53,670,822	46,591,652	-	-	53,670,822	46,591,652
Interest on long-term debt	4,480,052	4,083,566	-	-	4,480,052	4,083,566
Landfill	-	-	4,835,957	4,823,470	4,835,957	4,823,470
Sewer	-	-	1,187,092	1,184,169	1,187,092	1,184,169
Total expenses	142,309,495	132,728,444	6,023,049	6,007,639	148,332,544	138,736,083
Increase in net assets before contributions and transfers	(7,682,071)	714,712	(1,080,099)	(937,866)	(8,762,170)	(223,154)
Contributions and transfers	(1,198,242)	(3,002,124)	1,198,242	3,002,124	-	-
Increase (decrease) in net assets	(8,880,313)	(2,287,412)	118,143	2,064,258	(8,762,170)	(223,154)
Net assets, July 1	11,584,067	13,871,479	16,085,864	14,021,606	27,669,931	27,893,085
Net assets, June 30	\$ 2,703,754	\$ 11,584,067	\$ 16,204,007	\$ 16,085,864	\$ 18,907,761	\$ 27,669,931

Governmental activities. Of total net assets, governmental activities accounted for \$2,703,754 (14 percent). Operating grants funded \$25,119,643 of Davidson County's governmental activities. Both sales tax and property taxes provided a higher source of revenue. Governmental activities decreased the County's net assets by \$8,880,313 compared to a decrease of \$2,287,412 in 2011. The key elements of the decrease in 2011 were the increases in school construction.

Business-type activities. Net assets of Davidson County's business-type activities increased to \$16,204,007. Net assets increased by \$118,143 in 2012 due to an increase in charges for services. Net assets increased \$2,064,258 in 2011.

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 \$67,929,816, a decrease of \$16,086,765 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 \$41,515,596, while total fund balance for the General Fund reached \$52,281,544. 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 33.7% of general fund expenditures and transfers to other funds, while total fund balance represents 42.4% 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 Reserve Fund which accounts for funds that have been specifically reserved for pay-as-you-go capital expenditures and debt service for capital projects.

The School Capital Outlay Fund fund balance decreased by \$16,871,123 due to an increase in school construction. Sources of income included interest earnings of \$36,007, and transfers from the General Fund of \$2,707,294. The Capital Reserve Fund decreased by \$219,090 due to a transfer to the General Fund for various capital expenditures and renovations.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues and Fund balance appropriated by \$10,074,957. Of this increase, \$3,436,474 was attributable to additional restricted intergovernmental revenues for human services and economic and physical development that became available during the year. \$4,068,965 of the increase can be attributed to the appropriation of fund balance for prior year encumbrances, for performance management expenditures earned by qualified departments in the prior year from the attainment of specific performance goals, and for one-time capital expenditures. Favorable variances were recognized in all departments through the utilization of conservative spending.

Management's Discussion and Analysis (Continued)

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

Unrestricted net assets of the Landfill at the end of the year totaled \$5,356,722. Unrestricted net assets of the Sewer operation at the end of the year totaled \$833,264.

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, 2012 amounts to \$53,962,580 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment. The total increase in Davidson County's investment in capital assets for the current fiscal year was 2 percent.

The only major capital asset events during the fiscal year were sewer projects and the purchase of property for a new Sheriff's office complex. The County has implemented a plan to build much-needed elementary 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.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and Improvements	\$ 5,384,197	\$ 4,903,140	\$ 863,794	\$ 849,888	\$ 6,247,991	\$ 5,753,028
Buildings	38,408,938	37,789,226	794,528	776,327	39,203,466	38,565,553
Furniture and equipment	10,317,616	9,843,851	6,703,129	6,637,312	17,020,745	16,481,163
Vehicles	7,980,564	7,517,017	919,735	720,863	8,900,299	8,237,880
Sewer line	-	-	13,227,209	13,227,163	13,227,209	13,227,163
Landfill cell construction	-	-	14,076,075	14,076,075	14,076,075	14,076,075
Improvements to landfill	-	-	2,272,144	2,144,040	2,272,144	2,144,040
Construction in progress	1,007,222	-	2,854,698	1,648,444	3,861,920	1,648,444
Subtotal	63,098,537	60,053,234	41,711,312	40,080,112	104,809,849	100,133,346
Less accumulated depreciation	29,852,978	27,811,133	20,994,291	19,449,461	50,847,269	47,260,594
Total	\$ 33,245,559	\$ 32,242,101	\$ 20,717,021	\$ 20,630,651	\$ 53,962,580	\$ 52,872,752

Additional information on Davidson County's capital assets can be found in Note III.A.4 on pages 43 through 46 of this report.

Long-Term Debt. At the end of the current fiscal year, Davidson County had total bonded debt outstanding of \$67,825,000, 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 \$1,047,237,263. This legal debt limit is determined by the Municipal Finance Law of North Carolina which limits the amount of net bonded debt a County may have outstanding to 8 percent of the appraised value subject to taxation. The ratio of debt service expenditures to total general governmental expenditures is 8.79%.

Management's Discussion and Analysis (Continued)

The County's general obligation debt per capita is \$416.88 as of June 30, 2012 while the County's gross debt per capita is \$687.77 due to \$44,072,892 in outstanding Certificates of Participation, Limited Obligation Bonds, Qualified Zone Academy Bonds, Qualified School Construction Bonds, and installment purchase obligations. Davidson County's total debt had a net decrease of \$6,881,796.

Additional information on Davidson County's long-term debt can be found in Note II.B.7 on pages 59 through 65 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Davidson County is currently 10.6 percent, which .7 percent less than last year's rate. This rate is 1 percent above the state's average unemployment rate of 9.6 percent.
- Inflationary trends in the region compare favorably to national indices.
- Population of 162,697 has grown 8.8 percent from 2002 to 2012.

All of these factors were considered in preparing Davidson County's budget for Fiscal Year 2011-2012.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2012-2013

Governmental activities. Minimal growth in the tax base is anticipated over FY2012. No growth in the Sales tax revenues has been projected due to the slow-down in the local economy. General Fund reserves, maintained in the current fiscal year through reduced spending initiatives and additional revenues, were appropriated in the amount of \$2.9 million.

Budgeted expenditures in the General Fund are expected to decrease by a net amount of .35 percent from FY2012. The largest decrease was due to one-time capital expenditures in FY2012.

Business-type activities. Budgeted expenditures for the Landfill Fund will increase by \$1,484,160. This is attributable to an increase in capital expenditures for landfill cell construction.

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 ASSETS
June 30, 2012

Exhibit 1

ASSETS	Primary Government			Component Unit Davidson County Airport Authority
	Governmental Activities	Business-Type Activities	Total	
Cash and cash equivalents	\$ 66,566,907	\$ 11,771,326	\$ 78,338,233	\$ 171,371
Taxes receivable, net	2,803,885	-	2,803,885	-
Accounts receivable, net	1,765,282	575,072	2,340,354	72,907
Due from other governments	9,714,698	126,061	9,840,759	-
Internal balances	-	-	-	-
Inventory, at cost	57,103	-	57,103	-
Restricted cash and cash equivalents	2,874,488	1,172,201	4,046,689	-
Long-term note receivable	475,000	-	475,000	-
Long-term advance to component unit	1,291,306	-	1,291,306	-
Deferred charges-issuance costs	149,830	-	149,830	-
Capital assets				
Land and construction in progress	6,391,419	3,718,492	10,109,911	3,517,375
Other capital assets, net of accumulated depreciation	26,854,140	16,998,529	43,852,669	9,246,029
Total capital assets	33,245,559	20,717,021	53,962,580	12,763,404
Total Assets	118,944,058	34,361,681	153,305,739	13,007,682
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable and accrued liabilities	7,860,921	715,516	8,576,437	52,814
Due to primary government	-	-	-	-
Accrued interest payable	332,505	-	332,505	-
Long-term liabilities:				
Due within one year	7,536,115	627,394	8,163,509	70,157
Due in more than one year	100,510,763	16,814,764	117,325,527	1,221,149
Total long-term liabilities	108,046,878	17,442,158	125,489,036	1,291,306
Total liabilities	116,240,304	18,157,674	134,397,978	1,344,120
Net Assets:				
Invested in capital assets, net of related debt	28,990,559	10,014,021	39,004,580	11,472,098
Restricted for:				
Register of deeds	326,853	-	326,853	-
Stabilization by State Statute	9,239,698	-	9,239,698	-
Public safety	2,430,790	-	2,430,790	-
Transportation	682,459	-	682,459	-
Education	1,171,359	-	1,171,359	-
Human Services	3,109,850	-	3,109,850	-
Unrestricted	(43,247,814)	6,189,986	(37,057,828)	191,464
Total net assets	\$ 2,703,754	\$ 16,204,007	\$ 18,907,761	\$ 11,663,562

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 10,417,389	\$ 1,267,587	\$ -	\$ 140
Human services	29,293,613	657,926	18,341,847	-
Public safety	33,269,734	6,468,111	2,520,675	-
Environmental protection	1,655,611	-	25,500	-
Economic and physical development	4,443,602	78,903	1,790,884	-
Culture and recreation	3,819,300	232,024	237,812	-
Transportation	1,259,372	646,485	553,465	110,638
Intergovernmental:				
Education	53,670,822	-	-	-
Debt service:				
Interest and fiscal charges	4,480,052	-	1,649,460	-
Total governmental activities	142,309,495	9,351,036	25,119,643	110,778
Business-type activities:				
Landfill	4,835,957	4,256,502	-	-
Sewer	1,187,092	325,704	-	-
Total business-type activities	6,023,049	4,582,206	-	-
Total primary government	148,332,544	13,933,242	25,119,643	110,778
Component units:				
Airport	1,254,056	234,946	344,569	-
Total component units	1,254,056	234,946	344,569	-
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Sales tax				
Other taxes				
Interest earnings				
Other				
Total General Revenues				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (9,149,662)	\$ -	\$ (9,149,662)	\$ -
(10,293,840)	-	(10,293,840)	-
(24,280,948)	-	(24,280,948)	-
(1,630,111)	-	(1,630,111)	-
(2,573,815)	-	(2,573,815)	-
(3,349,464)	-	(3,349,464)	-
51,216	-	51,216	-
(53,670,822)	-	(53,670,822)	-
(2,830,592)	-	(2,830,592)	-
(107,728,038)	-	(107,728,038)	-
-	(579,455)	(579,455)	-
-	(861,388)	(861,388)	-
-	(1,440,843)	(1,440,843)	-
(107,728,038)	(1,440,843)	(109,168,881)	-
-	-	-	(674,541)
-	-	-	(674,541)
78,774,693	-	78,774,693	-
16,706,730	-	16,706,730	-
1,679,237	329,205	2,008,442	-
314,058	31,539	345,597	-
2,571,249	-	2,571,249	-
100,045,967	360,744	100,406,711	-
(1,198,242)	1,198,242	-	-
98,847,725	1,558,986	100,406,711	-
(8,880,313)	118,143	(8,762,170)	(674,541)
11,584,067	16,085,864	27,669,931	12,338,103
\$ 2,703,754	\$ 16,204,007	\$ 18,907,761	\$ 11,663,562

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2012

Exhibit 3

ASSETS	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	School Capital Outlay Fund	Capital Reserve Fund		
Cash and cash equivalents	\$ 43,982,519	\$ 6,632,283	\$ 5,937,303	\$ 3,746,956	\$ 60,299,061
Taxes receivable, net	2,406,685	-	-	397,200	2,803,885
Accounts receivable, net	1,765,282	-	-	-	1,765,282
Due from other governments	9,474,642	-	-	240,056	9,714,698
Due from other funds	-	-	-	-	-
Restricted cash and cash equivalents	1,703,129	1,171,359	-	-	2,874,488
Long term note receivable	475,000	-	-	-	475,000
Long-term advance to component unit	1,291,306	-	-	-	1,291,306
Total Assets	<u>\$ 61,098,563</u>	<u>\$ 7,803,642</u>	<u>\$ 5,937,303</u>	<u>\$ 4,384,212</u>	<u>\$ 79,223,720</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 4,170,052	\$ 1,726,486	\$ -	\$ 353,199	\$ 6,249,737
Deferred revenues	4,646,967	-	-	397,200	5,044,167
Total liabilities	<u>8,817,019</u>	<u>1,726,486</u>	<u>-</u>	<u>750,399</u>	<u>11,293,904</u>
Fund balances:					
Nonspendable:					
Long term note receivable	475,000	-	-	-	475,000
Long-term advance to component unit	1,291,306	-	-	-	1,291,306
Restricted:					
Stabilization by State Statute	8,999,642	-	-	240,056	9,239,698
Register of deeds	326,853	-	-	-	326,853
Fire protection	-	-	-	442,617	442,617
Transportation	-	-	-	682,459	682,459
School capital	-	1,171,359	-	-	1,171,359
Public safety	1,106,770	-	-	881,403	1,988,173
Health	3,109,850	-	-	-	3,109,850
Committed:					
Tax revaluation	79,000	-	-	-	79,000
School capital	-	4,905,797	-	-	4,905,797
Capital projects funds	-	-	5,937,303	1,387,278	7,324,581
Assigned, designated for subsequent year's expenditures	2,937,952	-	-	-	2,937,952
Unassigned	<u>33,955,171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,955,171</u>
Total fund balances	<u>52,281,544</u>	<u>6,077,156</u>	<u>5,937,303</u>	<u>3,633,813</u>	<u>67,929,816</u>
Total Liabilities and Fund Balances	<u>\$ 61,098,563</u>	<u>\$ 7,803,642</u>	<u>\$ 5,937,303</u>	<u>\$ 4,384,212</u>	

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	32,900,015
Other long-term assets are not available to pay for current expenditures and therefore are deferred in the funds.	5,193,997
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 assets.	5,048,774
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	(100,987,167)
Compensated absences	(2,819,952)
OPEB liability	(4,229,224)
Accrued interest payable	(332,505)
	<u>\$ 2,703,754</u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2012

Exhibit 4
Page 1 of 2

	<u>General Fund</u>	<u>Major Funds</u> <u>School Capital</u> <u>Outlay Fund</u>	<u>Capital</u> <u>Reserve Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Revenues:					
Taxes	\$ 87,423,919	\$ -	\$ -	\$ 9,682,797	\$ 97,106,716
Licenses and permits	1,468,794	-	-	-	1,468,794
Intergovernmental	24,471,994	-	-	959,109	25,431,103
Charges for services	7,563,692	-	-	646,485	8,210,177
Interest on investments	272,230	36,007	-	5,821	314,058
Miscellaneous	1,086,835	-	-	62,500	1,149,335
Total revenues	<u>122,287,464</u>	<u>36,007</u>	<u>-</u>	<u>11,356,712</u>	<u>133,680,183</u>
Expenditures:					
Current:					
General government	11,403,563	-	-	-	11,403,563
Human services	29,006,001	-	-	-	29,006,001
Public safety	23,647,060	-	-	8,572,662	32,219,722
Environmental protection	1,579,284	-	-	-	1,579,284
Economic and physical development	4,118,858	-	-	-	4,118,858
Culture and recreation	3,755,084	-	-	-	3,755,084
Transportation	-	-	-	1,343,245	1,343,245
Intergovernmental:					
Education	33,000,850	19,175,977	-	1,493,995	53,670,822
Capital outlay	-	-	-	649,672	649,672
Debt service:					
Principal	6,329,065	-	-	-	6,329,065
Interest and fiscal charges	4,493,390	-	-	-	4,493,390
Total expenditures	<u>117,333,155</u>	<u>19,175,977</u>	<u>-</u>	<u>12,059,574</u>	<u>148,568,706</u>
Excess (deficiency) of revenues over expenditures	<u>4,954,309</u>	<u>(19,139,970)</u>	<u>-</u>	<u>(702,862)</u>	<u>(14,888,523)</u>
Other financing sources (uses):					
Transfers from other funds	1,490,213	2,707,294	800,000	1,139,620	6,137,127
Transfers to other funds	(5,845,156)	(438,447)	(1,019,090)	(32,676)	(7,335,369)
Total other financing sources (uses)	<u>(4,354,943)</u>	<u>2,268,847</u>	<u>(219,090)</u>	<u>1,106,944</u>	<u>(1,198,242)</u>
Net change in fund balances	599,366	(16,871,123)	(219,090)	404,082	(16,086,765)
Fund balances at beginning of year	<u>51,682,178</u>	<u>22,948,279</u>	<u>6,156,393</u>	<u>3,229,731</u>	<u>84,016,581</u>
Fund balances at end of year	<u>\$ 52,281,544</u>	<u>\$ 6,077,156</u>	<u>\$ 5,937,303</u>	<u>\$ 3,633,813</u>	<u>\$ 67,929,816</u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended June 30, 2012

Exhibit 4
Page 2 of 2

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

Total net change in fund balances - governmental funds \$ (16,086,765)

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. 1,039,878

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 assets. Also, governmental
funds report the effect of issuance costs, premiums, discounts, and similar items
when debt is first issued, whereas these amounts are deferred and amortized in the
statement of activities. This amount is the net effect of these differences in the
treatment of long-term debt and related items. 6,342,403

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. (866,099)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds. 947,241

Internal service funds are used by management to charge the costs of fleet
management and health insurance to individual funds.
The net profit of the internal service funds are
reported with governmental activities. (256,971)

Changes in net assets of governmental activities \$ (8,880,313)

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, 2012

Exhibit 5

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>With Final</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Taxes	\$ 84,872,007	\$ 85,165,748	\$ 87,423,919	\$ 2,258,171
Licenses and permits	1,551,888	1,551,888	1,468,794	(83,094)
Intergovernmental	22,720,808	26,157,282	24,471,994	(1,685,288)
Charges for services	6,075,243	7,381,869	7,563,692	181,823
Interest on investments	750,000	750,000	272,230	(477,770)
Miscellaneous	677,467	855,589	1,086,835	231,246
Total revenues	116,647,413	121,862,376	122,287,464	425,088
Expenditures:				
Current:				
General government	10,498,717	12,025,057	11,220,582	804,475
Human services	28,739,263	31,096,192	29,006,001	2,090,191
Public safety	22,861,778	25,112,578	23,647,060	1,465,518
Environmental protection	1,707,641	1,730,536	1,579,284	151,252
Economic and physical development	3,928,711	5,295,125	4,118,858	1,176,267
Culture and recreation	3,938,480	4,199,215	3,755,084	444,131
Intergovernmental:				
Education	33,059,483	33,030,433	33,000,850	29,583
Debt service:				
Principal	7,916,647	7,334,437	6,329,065	1,005,372
Interest and fiscal charges	4,649,660	4,493,390	4,493,390	-
Total expenditures	117,300,380	124,316,963	117,150,174	7,166,789
Excess of revenues over expenditures	(652,967)	(2,454,587)	5,137,290	7,591,877
Other financing sources (uses):				
Transfers from other funds	752,554	1,543,583	1,490,213	(53,370)
Transfers to other funds	(3,129,065)	(6,187,439)	(6,031,140)	156,299
Total other financing sources (uses)	(2,376,511)	(4,643,856)	(4,540,927)	102,929
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(3,029,478)	(7,098,443)	596,363	7,694,806
Fund balance appropriated	3,029,478	7,098,443	-	(7,098,443)
Net change in fund balance	\$ -	\$ -	596,363	\$ 596,363
Fund balance at beginning of year			51,606,181	
Fund balance at end of year			\$ 52,202,544	

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF NET ASSETS - PROPRIETARY FUNDS
June 30, 2012

Exhibit 6

	<u>Major Fund Landfill</u>	<u>Major Fund Sewer</u>	<u>Total</u>	<u>Governmental Activities Internal Service</u>
ASSETS				
Current assets:				
Cash and investments	\$ 10,443,638	\$ 1,327,688	\$ 11,771,326	\$ 6,267,846
Accounts receivable, net	548,656	26,416	575,072	-
Due from other governments	126,061	-	126,061	-
Restricted cash and cash equivalents	-	1,172,201	1,172,201	-
Inventory, at cost	-	-	-	57,103
Total current assets	<u>11,118,355</u>	<u>2,526,305</u>	<u>13,644,660</u>	<u>6,324,949</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress	863,794	2,854,698	3,718,492	-
Other capital assets, net of depreciation	4,886,452	12,112,077	16,998,529	345,544
Total capital assets	<u>5,750,246</u>	<u>14,966,775</u>	<u>20,717,021</u>	<u>345,544</u>
Total Assets	<u>\$ 16,868,601</u>	<u>\$ 17,493,080</u>	<u>\$ 34,361,681</u>	<u>\$ 6,670,493</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Current portion of accrued vacation benefits	\$ 49,500	\$ 4,000	\$ 53,500	\$ -
Accounts payable and accrued liabilities	202,162	513,354	715,516	1,611,184
General obligation note payable	-	50,000	50,000	-
Installment note payable	-	523,894	523,894	-
Total current liabilities	<u>251,662</u>	<u>1,091,248</u>	<u>1,342,910</u>	<u>1,611,184</u>
Noncurrent liabilities:				
Accrued landfill closure and postclosure costs	5,360,116	-	5,360,116	-
Accrued OPEB liability	137,517	-	137,517	-
Accrued vacation benefits	12,338	3,486	15,824	10,535
General obligation note payable	-	860,000	860,000	-
Installment note payable	-	10,441,307	10,441,307	-
Total noncurrent liabilities	<u>5,509,971</u>	<u>11,304,793</u>	<u>16,814,764</u>	<u>10,535</u>
Total liabilities	<u>5,761,633</u>	<u>12,396,041</u>	<u>18,157,674</u>	<u>1,621,719</u>
Net assets:				
Invested in capital assets, net of related debt	5,750,246	4,263,775	10,014,021	345,544
Unrestricted	5,356,722	833,264	6,189,986	4,703,230
Total net assets	<u>\$ 11,106,968</u>	<u>\$ 5,097,039</u>	<u>\$ 16,204,007</u>	<u>\$ 5,048,774</u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS
Year Ended June 30, 2012

Exhibit 7

	<u>Major Fund Landfill</u>	<u>Major Fund Sewer</u>	<u>Total</u>	<u>Governmental Activities Internal Service</u>
Operating revenues:				
Intergovernmental	\$ 329,205	\$ -	\$ 329,205	\$ -
Charges for sales and services	4,256,502	325,704	4,582,206	9,161,672
Miscellaneous	-	-	-	60,060
Total operating revenues	<u>4,585,707</u>	<u>325,704</u>	<u>4,911,411</u>	<u>9,221,732</u>
Operating expenses:				
Salaries and benefits	1,568,198	142,091	1,710,289	221,644
Operating	1,496,341	296,024	1,792,365	9,192,546
Depreciation	1,270,197	278,683	1,548,880	64,513
Closure and postclosure costs	501,221	-	501,221	-
Total operating expenses	<u>4,835,957</u>	<u>716,798</u>	<u>5,552,755</u>	<u>9,478,703</u>
Operating income (loss)	<u>(250,250)</u>	<u>(391,094)</u>	<u>(641,344)</u>	<u>(256,971)</u>
Nonoperating revenues(expenses):				
Interest earned	29,890	1,649	31,539	-
Interest expense	-	(470,294)	(470,294)	-
Total nonoperating revenues (expenses)	<u>29,890</u>	<u>(468,645)</u>	<u>(438,755)</u>	<u>-</u>
Income (loss) before transfers	<u>(220,360)</u>	<u>(859,739)</u>	<u>(1,080,099)</u>	<u>(256,971)</u>
Transfers:				
Transfers from other funds	-	1,198,242	1,198,242	-
Total transfers	<u>-</u>	<u>1,198,242</u>	<u>1,198,242</u>	<u>-</u>
Change in net assets	(220,360)	338,503	118,143	(256,971)
Total net assets, beginning	<u>11,327,328</u>	<u>4,758,536</u>	<u>16,085,864</u>	<u>5,305,745</u>
Total net assets, ending	<u>\$ 11,106,968</u>	<u>\$ 5,097,039</u>	<u>\$ 16,204,007</u>	<u>\$ 5,048,774</u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2012

Exhibit 8

	<u>Major Fund Landfill</u>	<u>Major Fund Sewer</u>	<u>Total</u>	<u>Governmental Activities Internal Service</u>
Cash flows from operating activities:				
Cash received from customers	\$ 4,056,411	\$ 326,728	\$ 4,383,139	\$ 9,161,672
Cash paid for goods and services	(1,583,382)	24,075	(1,559,307)	(9,021,319)
Cash paid to employees for services	(1,521,959)	(141,464)	(1,663,423)	(221,520)
Other operating revenues	363,284	-	363,284	75,272
Net cash provided (used) by operating activities	<u>1,314,354</u>	<u>209,339</u>	<u>1,523,693</u>	<u>(5,895)</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	1,198,242	1,198,242	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>1,198,242</u>	<u>1,198,242</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(428,950)	(1,206,300)	(1,635,250)	(28,093)
Principal payments on debt	-	(552,731)	(552,731)	-
Interest payments on debt	-	(470,294)	(470,294)	-
Net cash provided (used) by capital and related financing activities	<u>(428,950)</u>	<u>(2,229,325)</u>	<u>(2,658,275)</u>	<u>(28,093)</u>
Cash flows from investing activities:				
Interest on investments	29,890	1,649	31,539	-
Net cash provided by investing activities	<u>29,890</u>	<u>1,649</u>	<u>31,539</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	915,294	(820,095)	95,199	(33,988)
Cash and cash equivalents at beginning of year	<u>9,528,344</u>	<u>3,319,984</u>	<u>12,848,328</u>	<u>6,301,834</u>
Cash and cash equivalents at end of year	<u>\$ 10,443,638</u>	<u>\$ 2,499,889</u>	<u>\$ 12,943,527</u>	<u>\$ 6,267,846</u>
Reconciliation of operating income (loss) to net cash used by operating activities:				
Operating income (loss)	\$ (250,250)	\$ (391,094)	\$ (641,344)	\$ (256,971)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	1,270,197	278,683	1,548,880	64,513
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(200,091)	1,024	(199,067)	-
(Increase) decrease in due from other governments	34,079	-	34,079	15,212
(Increase) decrease in inventory	-	-	-	751
Increase (decrease) in accounts payable and accrued liabilities	(35,208)	320,099	284,891	170,476
Increase (decrease) in accrued landfill closure and postclosure costs	449,388	-	449,388	-
Increase (decrease) in accrued OPEB liability	46,739	-	46,739	-
Increase (decrease) in accrued vacation benefits	(500)	627	127	124
Net cash provided (used) by operating activities	<u>\$ 1,314,354</u>	<u>\$ 209,339</u>	<u>\$ 1,523,693</u>	<u>\$ (5,895)</u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS
June 30, 2012

Exhibit 9

ASSETS	Pension Trust Fund	Agency Funds
Cash	\$ 326,553	\$ 772,873
Due from other governments	-	54,444
Total Assets	<u>\$ 326,553</u>	<u>\$ 827,317</u>
LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ 827,317</u>
NET ASSETS		
Held in trust for pension benefits	<u>\$ 326,553</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY
NET ASSETS - FIDUCIARY FUNDS
Year Ended June 30, 2012

Exhibit 10

	<u>Pension Trust Fund</u>
Additions	<u>\$ 81,367</u>
Deductions:	
Benefits	97,226
Administrative expense	<u>381</u>
Total deductions	<u>97,607</u>
Change in net assets	(16,240)
Net Assets:	
Beginning of year	<u>342,793</u>
End of year	<u><u>\$ 326,553</u></u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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 assets and the statement of activities display information about the primary government (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 Reserve Fund. This capital projects fund accounts for monies that have been specifically reserved for pay-as-you-go capital expenditures and debt service for capital projects.

The County reports the following major enterprise funds:

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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.

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 all of the property tax collections received and disbursed for all governmental entities within Davidson County and also includes the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; 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.

Pension Trust Fund. The County has a Pension Trust Fund, the Law Enforcement Officers' Pension Trust Fund, that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

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 County Capital Projects 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.

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

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

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

Measurement Focus, Basis of Accounting (Continued)

focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

The County considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Davidson County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2011 through February 2012 apply to the fiscal year ended June 30, 2012.

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

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

Measurement Focus, Basis of Accounting (Continued)

Uncollected taxes that were billed during this period are shown as a receivable on these financial statements

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. 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 assets 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.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

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 \$3,436,474 were necessary to appropriate additional grants received during the year for human services, public safety, and job training. Additional fund balance of \$4,068,965 was appropriated for the carry over of outstanding purchase orders from FY 10-11, for capital expenditures, and for performance management expenditures earned from the attainment of specific performance goals in the previous year.

D. Assets, Liabilities and Fund Equity

1. Deposits and Investments

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

2. Cash and Cash Equivalents

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

3. Restricted Cash

Restricted cash consists of the following at June 30, 2012:

	General Fund	School Capital Outlay Fund	Sewer Fund
Sinking fund for the repayment of Qualified Zone Academy Bonds	\$ 754,129	\$ -	\$ -
Sinking fund for the repayment of Qualified School Construction Bonds	870,000	-	-
Tax Revaluation Fund	79,000	-	-
Unexpended proceeds from the issuance of bonds		612,524	-
Unexpended proceeds from the issuance of Qualified School Construction Bonds	-	558,835	-
Unexpended proceeds from the issuance of Limited Obligation Bonds	-	-	93,622
Unexpended proceeds from the issuance of Installment purchase contracts	-	-	1,078,579
	<u>\$ 1,703,129</u>	<u>\$1,171,359</u>	<u>\$ 1,172,201</u>

4. Ad Valorem Taxes Receivable

In accordance with state law [G. S. 105-347 and G. S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2011. As allowed by state law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. 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.

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

6. Inventories

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

7. Capital Assets

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

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

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

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

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

8. 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 assets. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

9. 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.

10. Net Assets/Fund Balances

Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets 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.

I. Summary of Significant Accounting Policies (Continued)

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

10. Net Assets/Fund Balances (Continued)

Fund Balances (Continued)

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.

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

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

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

10. **Net Assets/Fund Balances (Continued)**

Fund Balances (Continued)

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

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

10. Net Assets/Fund Balances (Continued)

Fund Balances (Continued)

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)	\$ 52,202,544
Property Revaluation Fund:	
Expenditures:	
General government	(182,981)
Transfers in – General Fund	185,984
Fund Balance, beginning	<u>75,997</u>
Fund balance, ending (Exhibit 4)	<u>\$ 52,281,544</u>

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 assets of governmental activities as reported in the government-wide statement of activities. The elements comprising the total adjustment of \$7,206,452 are as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 3,144,866
Depreciation expense, the allocation of those assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(2,097,853)
Loss on disposal of capital assets not recorded in the fund statements.	(7,135)

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

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

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

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. (256,971)

Principal payments on debt owed are recorded as a use of funds in the fund statements but do not affect the net assets reported in the government-wide statements. 6,329,065

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). (38,161)

Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources. (157,393)

OPEB liability is accrued in the government-wide statements but not in the fund statements because it does not use current resources. (708,706)

Amortization of bond issuance costs is included in the government-wide statements but not in the fund statements because it does not use current resources. (9,257)

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 revenues. 947,241

Total adjustment \$7,206,452

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds

A. Assets

1. Deposits

All of the County's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage level are collateralized with securities held by the County's agents in these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the County, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the County or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the County under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The County has formal written policies in place regarding custodial credit risk for deposits.

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

At June 30, 2012, the County and Airport's deposits had a carrying amount of \$57,301,757 and a bank balance of \$57,489,320. Of the bank balance, \$511,290 was covered by federal depository insurance and \$56,978,030 in interest-bearing deposits was covered by collateral held under the Pooling Method. Of the County's carrying amount, \$1,099,426 is held on behalf of others in the Pension Trust and Agency Funds. At June 30, 2012, Davidson County had \$4,251 cash on hand. During the year and as of June 30, 2012, the Airport Authority had no depository accounts other than those held by the County.

2. Investments

As of June 30, 2012, the County had the following investments and maturities:

	<u>Fair Value</u>	<u>Maturity</u> <u>Less Than</u> <u>1 Year</u>
North Carolina Capital Management Trust		
Cash Portfolio	\$ 25,595,580	\$ N/A
Government Securities	<u>754,131</u>	<u>754,131</u>
	<u>\$ 26,349,711</u>	<u>\$ 754,131</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

A. Assets (Continued)

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 investments shall mature in 90 days and the average maturity of the investments 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. 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, 2012. The County's investments in Governmental Securities (Federal Home Loan Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of Credit Risk - The County formal investment policy places no limit on the amount that the County may invest in any one issuer. The County's investment in governmental securities represents 2.9% of the County's total investments.

3. Receivables

Receivables at the government-wide level at June 30, 2012 were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental activities:				
General	\$ 10,252,170	\$ 15,714,145	\$ 9,474,642	\$ 35,440,957
Other governmental	<u>750,941</u>	<u>-</u>	<u>240,056</u>	<u>990,997</u>
Total receivables	11,003,111	15,714,145	9,714,698	36,431,954
Allowance for doubtful accounts	<u>(8,199,226)</u>	<u>(13,948,863)</u>	<u>-</u>	<u>(22,148,089)</u>
Total - governmental activities	<u>\$ 2,803,885</u>	<u>\$ 1,765,282</u>	<u>\$ 9,714,698</u>	<u>\$ 14,283,865</u>
Business-type activities:				
Landfill	\$ -	\$ 594,412	\$ 126,061	\$ 720,473
Sewer	<u>-</u>	<u>26,416</u>	<u>-</u>	<u>26,416</u>
Total receivables	-	620,828	126,061	746,889
Allowance for doubtful accounts	<u>-</u>	<u>(45,756)</u>	<u>-</u>	<u>(45,756)</u>
Total - business-type activities	<u>\$ -</u>	<u>\$ 575,072</u>	<u>\$ 126,061</u>	<u>\$ 701,133</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Assets (Continued)

3. Receivables (Continued)

Due from other governments consists of the following at June 30, 2012:

	<u>General</u>	<u>Other Governmental</u>
Local option sales tax allocation	\$ 4,276,226	\$ -
Sales tax refund	424,328	
Grant reimbursements	3,905,246	189,331
Other	<u>868,842</u>	<u>50,725</u>
	<u>\$9,474,642</u>	<u>\$ 240,056</u>

During fiscal year 2001, the County advanced \$250,000 to the Airport Authority for the construction of new hangars. Repayment is to be made over twenty years including 6% interest. In fiscal year 2003, the County advanced an additional \$297,000 to the Airport Authority for the construction of a maintenance hangar. Repayment is to be made over twenty years including 5% interest. In fiscal year 2008, the County advanced an additional \$937,333 to the Airport Authority for the construction of new hangars. Repayment is to be made over fifteen years including 4.82% interest. The balance of the long-term advances to the Airport Authority is \$1,291,306 at June 30, 2012.

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 \$475,000 at June 30, 2012.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,903,140	\$ 481,057	\$ -	\$ 5,384,197
Construction in progress	<u>-</u>	<u>1,007,222</u>	<u>-</u>	<u>1,007,222</u>
Total capital assets not being depreciated	<u>4,903,140</u>	<u>1,488,279</u>	<u>-</u>	<u>6,391,419</u>
Capital assets being depreciated:				
Buildings and improvements	37,789,226	619,712	-	38,408,938
Furniture and equipment	9,843,851	473,765	-	10,317,616
Vehicles and motor equipment	<u>7,517,017</u>	<u>591,202</u>	<u>127,655</u>	<u>7,980,564</u>
Total capital assets being depreciated	<u>55,150,094</u>	<u>1,684,679</u>	<u>127,655</u>	<u>56,707,118</u>
Less accumulated depreciation for:				
Buildings	14,745,758	865,165	-	15,610,923
Furniture and equipment	7,461,414	596,355	-	8,057,769
Vehicles and motor equipment	<u>5,603,961</u>	<u>700,846</u>	<u>120,521</u>	<u>6,184,286</u>
Total accumulated depreciation	<u>27,811,133</u>	<u>\$ 2,162,366</u>	<u>\$ 120,521</u>	<u>29,852,978</u>
Total capital assets being depreciated, net	<u>27,338,961</u>			<u>26,854,140</u>
Governmental activity capital assets, net	<u>\$ 32,242,101</u>			<u>\$ 33,245,559</u>
General government			\$ 1,153,916	
Human services			85,222	
Public safety			681,153	
Economic and physical development			72,352	
Environmental protection			1,310	
Culture and recreation			5,670	
Transportation			98,230	
Capital assets held by the County's internal service fund are charged to the various functions based on their usage of the assets			<u>64,513</u>	
Total depreciation expense			<u>\$ 2,162,366</u>	

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Landfill				
Capital assets not being depreciated:				
Land	\$ 849,888	\$ 13,906	\$ -	\$ 863,794
Total capital assets not being depreciated	<u>849,888</u>	<u>13,906</u>	<u>-</u>	<u>863,794</u>
Capital assets being depreciated:				
Buildings	776,327	18,201	-	794,528
Furniture and equipment	7,286,160	268,739	4,050	7,550,849
Landfill cell construction	14,076,075	-	-	14,076,075
Improvements	<u>2,144,040</u>	<u>128,104</u>	<u>-</u>	<u>2,272,144</u>
Total capital assets being depreciated	<u>24,282,602</u>	<u>415,044</u>	<u>4,050</u>	<u>24,693,596</u>
Less accumulated depreciation for:				
Buildings	280,990	27,850	-	308,840
Furniture and equipment	5,154,186	378,819	4,050	5,528,955
Landfill cell construction	11,500,736	721,095	-	12,221,831
Improvements	<u>1,605,085</u>	<u>142,433</u>	<u>-</u>	<u>1,747,518</u>
Total accumulated depreciation	<u>18,540,997</u>	<u>\$ 1,270,197</u>	<u>\$ 4,050</u>	<u>19,807,144</u>
Total capital assets being depreciated, net	<u>5,741,605</u>			<u>4,886,452</u>
Landfill capital assets, net	\$ <u>6,591,493,</u>			\$ <u>5,750,246</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Sewer				
Capital assets not being depreciated:				
Construction in progress	\$ <u>1,648,444</u>	\$ <u>1,206,254</u>	\$ -	\$ <u>2,854,698</u>
Capital assets being depreciated:				
Equipment	72,015	-	-	72,015
Sewer lines	<u>13,227,163</u>	<u>46</u>	-	<u>13,227,209</u>
Total capital assets being depreciated	<u>13,299,178</u>	<u>46</u>	-	<u>13,299,224</u>
Less accumulated depreciation for:				
Equipment	49,644	14,140	-	63,784
Sewer lines	<u>858,820</u>	<u>264,543</u>	-	<u>1,123,363</u>
Total accumulated depreciation	<u>908,464</u>	<u>\$ 278,683</u>	<u>\$ -</u>	<u>1,187,147</u>
 Total capital assets being depreciated, net	 <u>12,390,714</u>			 <u>12,112,077</u>
Sewer capital assets, net	<u>14,039,158</u>			<u>14,966,775</u>
 Business-type activities capital assets, net	 <u>\$20,630,651</u>			 <u>\$ 20,717,021</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

Discretely Presented Component Units

Capital asset activity for the Davidson County Airport Authority for the year ended June 30, 2012 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 3,486,528	\$ 30,847	\$ -	\$ 3,517,375
Total capital assets not being depreciated	<u>3,486,528</u>	<u>-</u>	<u>-</u>	<u>3,517,375</u>
Capital assets being depreciated:				
Buildings	3,273,580	-	-	3,273,580
Land improvements	109,172	-	-	109,172
Equipment	377,495	-	-	377,495
Paving & Grading	2,065,616	-	-	2,065,616
Runways	<u>11,168,962</u>	<u>-</u>	<u>-</u>	<u>11,168,962</u>
Total capital assets being depreciated	<u>16,994,825</u>	<u>-</u>	<u>-</u>	<u>16,994,825</u>
Less accumulated depreciation for:				
Buildings	493,102	56,908	-	550,010
Land improvements	21,830	2,183	-	24,013
Equipment	330,453	37,749	-	368,202
Paving & Grading	630,178	103,281	-	733,459
Runways	<u>5,514,664</u>	<u>558,448</u>	<u>-</u>	<u>6,073,112</u>
Total accumulated depreciation	<u>6,990,227</u>	<u>\$ 758,569</u>	<u>\$ -</u>	<u>7,748,796</u>
Total capital assets being depreciated, net	<u>10,004,598</u>			<u>9,246,029</u>
Airport Authority capital assets, net	<u>\$ 13,491,126</u>			<u>\$12,763,404</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2012, were as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General	\$ 2,137,175	\$ 1,835,608	\$ 1,808,453	\$ 5,781,236
Other governmental	<u>2,079,685</u>	<u>-</u>	<u>-</u>	<u>2,079,685</u>
Total - government activities	<u>\$ 4,216,860</u>	<u>\$ 1,835,608</u>	<u>\$ 1,808,453</u>	<u>\$ 7,860,921</u>
Business-type activities:				
Landfill	\$ 202,162	\$ -	\$ -	\$ 202,162
Sewer	<u>513,354</u>	<u>-</u>	<u>-</u>	<u>513,354</u>
Total - business-type activities	<u>\$ 715,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,516</u>
Discretely presented component unit:				
Davidson County Airport Authority	<u>\$ 52,814</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,814</u>

2. Pension Plan Obligations and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. Davidson County contributes to 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

a. Local Governmental Employees' Retirement System (continued)

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.98% and 7.05%, respectively, of annual covered payroll. The contribution requirements of members and of Davidson County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2012, 2011 and 2010 were \$2,237,086, \$2,089,980 and \$1,594,543, respectively. The contributions made by the County equaled the required contributions for each year.

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. The Separation Allowance is reported in the County's financial statements as a pension trust fund.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

1) *Plan Description (Continued)*

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2011, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>131</u>
Total	<u><u>138</u></u>

2) *Summary of Significant Accounting Policies*

Basis of Accounting. Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

Method Used to Value Investments. Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

3) *Contributions*

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. Contributions in the amount of \$80,000 were made by the County during the current year. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

3) *Contributions (Continued)*

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

Annual required contribution	\$ 185,498
Interest on net pension obligation	38,420
Adjustment to annual required contribution	<u>(45,838)</u>
Annual pension cost	178,080
Contributions made	<u>80,000</u>
Increase in net pension obligation	98,080
Net pension obligation, beginning of year	<u>768,390</u>
Net pension obligation, end of year	<u>\$ 866,470</u>

The annual required contribution for the current year was determined as part of the December 31, 2010 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 percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2010 was 20 years.

Three-Year Trend Information

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2010	162,380	61.58%	657,942
2011	210,448	47.52%	768,390
2012	178,080	44.92%	866,470

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

4) Funded Status and Funding Progress

As of December 31, 2011, the most recent actuarial valuation date, the plan was 20.94% funded. The actuarial accrued liability for benefits was \$1,809,664, and the actuarial value of assets was \$379,018, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,430,646. The covered payroll (annual payroll of active employees covered by the plan) was \$5,409,452, and the ratio of the UAAL to the covered payroll was 26.45 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, 2012 were \$336,755, which consisted of \$269,704 from the County and \$67,051 from the law enforcement officers.

d. Registers of Deeds' Supplemental Pension Fund

Plan Description. Davidson County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G. S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Register of Deeds' Supplemental Pension Fund. 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. On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G. S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2012, the County's required and actual contributions were \$10,593.

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. The cost of insurance is borne by the retirees at a pro rata share based on years of service. The County obtains health care coverage through private insurers. The County may amend the benefit provisions. A separate report was not issued for the plan.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

e. Other Postemployment Benefits (OPEB) (Continued)

Healthcare Benefits (continued)

Membership of the RHI Plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers
Retirees receiving benefits	19	5
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>624</u>	<u>115</u>
Total	<u><u>643</u></u>	<u><u>120</u></u>

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

The current ARC rate is 3.86% of annual covered payroll. For the current year, the County contributed \$283,794 or 1.00% of annual covered payroll. The County obtains healthcare coverage through private insurers. Contributions made by retirees totaled \$26,129. The County's obligation to contribute to the RHI Plan is established and may be amended by the County Board.

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

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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	\$ 1,095,596
Interest on net OPEB obligation	144,452
Adjustment to annual required contribution	<u>(200,809)</u>
Annual OPEB cost	1,039,239
Contributions made	<u>283,794</u>
Increase in net OPEB obligation	755,445
Net OPEB obligation, beginning of year	<u>3,611,296</u>
Net OPEB obligation, end of year	<u>\$ 4,366,741</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009, 2010, 2011 and 2012 were as follows:

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2009	\$ 1,190,977	9.6%	\$ 2,148,488
2010	874,554	14.4%	2,897,291
2011	854,460	16.4%	3,611,296
2012	1,039,239	27.3%	4,366,741

Funded Status and Funding Progress. As of December 31, 2011, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits for benefits and, thus, the unfunded actuarial liability (UAAL) was \$9,907,377. The covered payroll (annual payroll of active employees covered by

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

e. Other Postemployment Benefits (OPEB) (Continued)

Healthcare Benefits (continued)

the plan) was \$28,431,201, and the ratio of the UAAL to the covered payroll was 34.8 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, 2011 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 9.50 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 percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 30 years.

III. Detail Notes on All Funds (Continued)

B. Liabilities (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. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. 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. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2012, the County made contributions to the state for death benefits of \$34,197. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Of the \$5,360,116 reported as landfill closure and postclosure care liability at June 30, 2012, \$5,116,406 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 93% 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 \$5,300,000 as the remaining estimated capacity of Phase II and the C & D section are filled (estimated to be approximately 1.5 years). These amounts are based on what it would cost to perform all closure and postclosure care in 2012. 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.

4. Deferred Revenues

The balance in deferred revenues on the fund statements at year end is composed of the following elements:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Taxes receivable, net	\$ 2,406,685	\$ 397,200
EMS receivables	1,725,107	-
Other receivables	<u>515,175</u>	<u>-</u>
Total	<u>\$ 4,646,967</u>	<u>\$ 397,200</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

5. Risk Management

The County and the Airport Authority are exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport Authority carries 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 \$2,000,000 per year. The workers' compensation coverage provides up to the statutory limits with limit of employer's liability coverage up 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 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 commercial flood insurance for \$5000 per building for business personal property only. The County carries blanket coverage of \$1,000,000 in commercial flood insurance.

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 \$90,000 for all occurrences and an aggregate stop loss insurance of 125% of estimated claims are purchased to limit the County's losses for the overall program. Liabilities of the program are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount of claims that have been incurred but not reported (IBNRs). The County reasonably expects these claims to be paid within one year of occurrence.

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

	<u>2011</u>	<u>2012</u>
Balance, beginning of year	\$ 1,142,620	\$ 1,330,506
Incurred claims (including IBNRs) and changes in estimates	5,903,241	6,341,337
Less claims payments	<u>(5,715,355)</u>	<u>(6,238,310)</u>
Balance, end of year	<u>\$ 1,330,506</u>	<u>\$ 1,433,533</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

6. Contingent Liabilities

At June 30, 2012, 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, 2012 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.	\$ 36,800,000
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\$16,905,000 2003 Series B Refunding Bonds due in annual principal installments on June 1 in increasing amounts ranging from \$1,150,000 to \$1,300,000 and a final payment of \$400,000 on June 1, 2016; interest payments due December 1 and June 1 of each year at interest rates ranging from 2.00% to 4.00%. The amount is shown net of unamortized deferred loss on defeasance of debt in the amount of \$880,198 and unamortized premium, net of issuance costs, of \$125,400. There is no outstanding in-substance defeased debt.	4,445,000
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NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

a. General Obligation Indebtedness (Continued)

\$29,600,000 2009 Series School 2009B Bonds due in annual principal installments on June 1 of \$1,475,000 and a final payment of \$3,050,000 on June 1, 2028; interest payments due December 1 and June 1 each year at interest rates ranging from 3.00% to 4.00%. The amount is shown net of unamortized premium, net of issuance costs, of \$483,104. \$ 25,175,000

\$930,000 2003 School Series 2003A Bonds due in annual principal installments on June 1 of \$50,000 through 2009, and \$45,000 through 2023; interest payments due December 1 and June 1 each year at interest rates ranging from 2.50% to 4.125%. 495,000
 Sub-total \$ 66,915,000

Serviced by the Sewer Fund:

\$1,060,000 2009 Series Sewer 2009A Bonds due in annual principal installments on June 1 of \$50,000 and a final payment of \$160,000 on June 1, 2028; interest payments due December 1 and June 1 each year at interest rates ranging from 2.25% to 4.25%. The amount is shown net of unamortized premium, net of issuance costs, of \$2,792. 910,000

Total \$ 67,825,000

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

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 4,190,000	\$ 2,806,281	\$ 50,000	\$ 33,550	\$ 4,240,000	\$ 2,839,831
2014	4,155,000	2,673,306	50,000	32,300	4,205,000	2,705,606
2015	4,120,000	2,539,669	50,000	30,800	4,170,000	2,570,469
2016	4,160,000	2,398,025	50,000	29,300	4,210,000	2,427,325
2017	3,720,000	2,227,900	50,000	27,800	3,770,000	2,255,700
2018-2022	21,400,000	8,527,094	250,000	113,125	21,650,000	8,640,219
2023-2027	22,120,000	3,622,007	250,000	64,625	22,370,000	3,686,632
2028	<u>3,050,000</u>	<u>122,000</u>	<u>160,000</u>	<u>6,800</u>	<u>3,210,000</u>	<u>128,800</u>
Total	<u>\$ 66,915,000</u>	<u>\$24,916,282</u>	<u>\$ 910,000</u>	<u>\$ 338,300</u>	<u>\$ 67,825,000</u>	<u>\$25,254,582</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

c. Certificates of Participation

On May 1, 2004, the County issued Certificates of Participation in the amount of \$18,035,000 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. Principal installments are due annually on June 1 in decreasing installments ranging from \$1,090,000 to \$850,000; interest is payable on June 1 and December 1 at interest rates ranging from 2.00% to 5.25%.

\$ 10,320,000

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 890,000	\$ 512,949
2014	850,000	476,954
2015	885,000	432,329
2016	855,000	388,616
2017	855,000	344,779
2018-2022	4,275,000	1,050,580
2023-2024	<u>1,710,000</u>	<u>121,410</u>
Total	<u>10,320,000</u>	<u>\$ 3,327,617</u>

d. Qualified Zone Academy Bonds

On May 29, 2002, the County issued \$1,030,000 in Qualified Zone Academy Bonds to finance the renovation of certain qualifying school facilities. Bonds qualifying as "Qualified Zone Academy Bonds" under Section 1397E of the Internal Revenue Code are interest-free obligations to the issuer. The creditor receives federal tax credits in lieu of receiving interest payments from the issuer. The principal of \$1,030,000 is payable in full on May 29, 2015; however, beginning May 29, 2003, the County is required to make annual sinking fund deposits to a restricted escrow account in the amount of \$59,925 to fully fund the retirement of these bonds at maturity.

\$1,030,000

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

e. Installment Financing

Serviced by the General Fund:

On August 16, 2002, the County entered into an installment financing agreement in the amount of \$2,106,000 for the purpose of financing the construction of sewer lines. Principal and interest payments are due quarterly in the principal amount of \$52,650 plus interest at 4.45% beginning November 16, 2002.

\$52,650

Serviced by the Sewer Fund:

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

\$9,095,201

Total

\$9,147,851

Installment financing debt service requirements to maturity are as follows:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 52,650	\$ 591	\$ 388,894	\$ 386,102	\$441,544	\$386,693
2014	-	-	405,760	369,241	405,760	369,241
2015	-	-	423,354	351,649	423,354	351,649
2016	-	-	441,714	333,295	441,714	333,295
2017	-	-	460,868	314,144	460,868	314,144
2018-2022	-	-	2,622,035	1,253,102	2,622,035	1,253,102
2023-2027	-	-	3,242,050	633,226	3,242,050	633,226
2028-2029	-	-	<u>1,110,526</u>	<u>47,976</u>	<u>1,110,526</u>	<u>47,976</u>
Total	<u>\$ 52,650</u>	<u>\$ 8,833</u>	<u>\$9,095,201</u>	<u>\$3,688,735</u>	<u>\$9,147,851</u>	<u>\$3,689,326</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

f. 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.

\$4,400,041

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

\$ 17,450,041

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 338,465	\$ 810,591
2014	338,465	803,449
2015	338,465	796,308
2016	338,465	789,166
2017	338,465	782,024
2018-2022	1,692,322	3,802,998
2023-2026	<u>14,065,394</u>	<u>2,913,850</u>
Total	<u>\$ 17,450,041</u>	<u>\$ 10,698,386</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

f. Limited Obligation Bonds

Serviced by the General Fund:

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

\$ 4,255,000

Serviced by the Sewer Fund:

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

1,870,000

Total

\$ 6,125,000

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

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 665,000	\$ 155,839	\$ 135,000	\$ 31,636	\$800,000	\$187,475
2014	680,000	143,071	135,000	28,404	815,000	171,475
2015	695,000	129,936	135,000	25,239	830,000	155,175
2016	715,000	113,075	135,000	21,350	850,000	134,425
2017	740,000	79,768	135,000	24,757	875,000	104,525
2018-2022	760,000	75,098	675,000	151,502	1,435,000	226,600
2023-2027	-	-	520,000	58,175	520,000	58,175
Total	<u>\$ 4,255,000</u>	<u>\$ 696,787</u>	<u>\$1,870,000</u>	<u>\$ 341,063</u>	<u>\$6,125,000</u>	<u>\$1,037,850</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

f. 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, 2012:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due Within One Year
Governmental activities:					
General obligation debt	\$ 71,145,000	\$ -	\$ 4,230,000	\$ 66,915,000	\$ 4,190,000
Unamortized premium	1,025,232	-	60,756	964,476	-
Certificates of participation	11,210,000	-	890,000	10,320,000	890,000
Limited obligation bonds	4,915,000	-	660,000	4,255,000	665,000
Qualified Zone Academy Bonds	1,030,000	-	-	1,030,000	-
Qualified School Construction Bonds	17,788,506	-	338,465	17,450,041	338,465
Installment purchase	263,250	-	210,600	52,650	52,650
Law Enforcement Officers' Special Separation Allowance	768,390	178,080	80,000	866,470	-
OPEB obligation	3,520,518	992,500	283,794	4,229,224	-
Compensated absences	<u>1,904,580</u>	<u>1,459,872</u>	<u>1,400,435</u>	<u>1,964,017</u>	<u>1,400,000</u>
Total governmental activities	<u>\$113,570,476</u>	<u>\$ 2,630,452</u>	<u>\$ 8,154,050</u>	<u>\$108,046,878</u>	<u>\$7,536,115</u>
Business-type activities:					
Accrued landfill closure and postclosure costs	\$ 4,910,728	\$ 501,221	\$ 51,833	\$ 5,360,116	\$ -
General obligation debt	960,000	-	50,000	910,000	50,000
Limited obligation bonds	2,000,000	-	130,000	1,870,000	135,000
Installment purchase	9,467,932	-	372,731	9,095,201	388,894
OPEB obligation	90,778	46,739	-	137,517	-
Compensated absences	<u>69,197</u>	<u>53,557</u>	<u>53,430</u>	<u>69,324</u>	<u>53,500</u>
Total business-type activities	<u>\$ 17,498,635</u>	<u>\$ 601,517</u>	<u>\$ 657,994</u>	<u>\$ 17,442,158</u>	<u>\$ 627,394</u>
Discretely presented component units:					
Long-term advance from primary government	<u>\$ 1,316,031</u>	<u>\$ -</u>	<u>\$ 24,725</u>	<u>\$ 1,291,306</u>	<u>\$ 70,157</u>
Total discretely presented component units	<u>\$ 1,316,031</u>	<u>\$ -</u>	<u>\$ 24,725</u>	<u>\$ 1,291,306</u>	<u>\$ 70,157</u>

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, 2012, Davidson County had a legal debt margin of \$935,339,371.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2012 consist of the following:

From the General Fund to:

The Transportation Fund to supplement other funding sources	\$ 89,620
The School Capital Outlay Fund for school construction	2,707,294
The Capital Projects fund for new Sheriff's office facility	1,050,000
The Capital Reserve fund for future capital projects	800,000
The Sewer Enterprise Fund for sewer line construction, repairs, and debt service	<u>1,198,242</u>

Total transfers from the General Fund \$ 5,845,156

To the General Fund from:

The Capital Reserve Fund for capital improvements	\$ 1,019,090
The School Capital Outlay Fund for debt service	438,447
The Emergency Telephone fund for communication expenditures	<u>32,676</u>
	<u>\$ 1,490,213</u>

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 2012 fiscal year, the County made one-time transfers from the Capital Reserve Fund of \$1,019,090 to the General Fund for various capital improvement projects. A one-time transfer of \$800,000 from the General Fund to the Capital Reserve Fund was made to fund future building projects.

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

D. 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	\$ 52,281,544
Less:	
Long term note receivable	475,000
Long term advance to component unit	1,291,306
Stabilization by State Statute	8,999,642
Appropriated fund balance in 2013 budget	2,937,952
Register of Deeds	326,853
Sheriff operations	1,106,770
Health programs	3,109,850
Tax revaluation	79,000
Working capital/Fund Balance policy	<u>22,094,312</u>
Remaining fund balance	\$ <u>11,860,859</u>

IV. Joint Ventures

The County, in conjunction with the State of North Carolina and the Boards of Education, participates in a joint venture to operate the Davidson County Community College. Each of the three participants appoints four members of the board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County contributed \$2,943,210 and \$365,041 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2012. 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, 2012. 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 \$245,000 to the Commission during the fiscal year ended June 30, 2012. 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, 2012.

IV. Joint Ventures (Continued)

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, 2012, 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, 2012. Complete financial statements for the Lexington Board of Education can be obtained from the Board's administrative offices at 1010 Fair Street, Lexington, North Carolina 27292.

The County and the Cities of Lexington and Thomasville participate in the Lake Thom-A-Lex Recreation Authority. This authority, consisting of five members appointed by governmental parties, is responsible for the oversight and promotion of operations related to recreation at Lake Thom-A-Lex. Costs of operation are shared equally between both cities and the County. The County contributed \$24,897 to the Authority during the fiscal year ended June 30, 2012. 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, 2012. Complete financial statements for the Lake Thom-A-Lex Recreation Authority can be obtained from the City of Thomasville administrative offices at 10 Salem Street, Thomasville, North Carolina 27360.

V. Jointly Governed Organization

The County, in conjunction with six other counties and thirty-two municipalities, established the Piedmont Triad Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$35,833 to the Council during the fiscal year ended June 30, 2012. The County was the subrecipient of a grant for \$123,458 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

VI. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Temporary assistance to needy families	\$ 837,460	\$ -
Medicaid	111,675,926	64,671,203
Adoption assistance	481,414	847,114
Adult assistance	-	1,107,367
Special supplemental food program, WIC	<u>3,167,657</u>	<u>-</u>
Total	<u>\$116,162,457</u>	<u>\$ 66,625,684</u>

VII. Contingent Liabilities

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

Required Supplemental Financial Data

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for OPEB
- Schedule of Employer Contributions for OPEB
- Notes to the Required Schedules for OPEB

**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)
12/31/2000	\$ 423,740	\$ 669,001	\$ 245,261	63.34%	\$ 3,765,956	6.51%
12/31/2001	431,903	787,227	355,324	54.86%	4,100,526	8.67%
12/31/2002	415,341	896,231	480,890	46.34%	4,198,487	11.45%
12/31/2003	424,453	959,893	535,440	44.22%	4,536,340	11.80%
12/31/2004	374,035	1,179,739	805,704	31.70%	4,641,151	17.36%
12/31/2005	322,305	1,191,149	868,844	27.06%	4,646,019	18.70%
12/31/2006	275,782	1,095,393	819,611	25.18%	5,012,768	16.35%
12/31/2007	262,165	1,386,529	1,124,364	18.91%	5,190,876	21.66%
12/31/2008	247,282	1,390,371	1,143,089	17.79%	5,375,378	21.27%
12/31/2009	265,622	1,909,390	1,643,768	13.91%	5,416,028	30.35%
12/31/2010	382,351	1,743,490	1,361,139	21.93%	5,336,192	25.51%
12/31/2011	379,018	1,809,664	1,430,646	20.94%	5,409,452	26.45%

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

Year Ending June 30	Annual Required Contribution	Percentage Contributed
2001	\$ 19,564	0.00%
2002	25,429	0.00%
2003	73,669	0.00%
2004	86,473	35.85%
2005	95,809	0.00%
2006	105,368	33.22%
2007	125,770	27.83%
2008	126,419	59.33%
2009	152,003	65.79%
2010	156,718	63.81%
2011	212,775	47.00%
2012	185,498	43.13%

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, 2010
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, closed
Remaining amortization period	20 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	None

**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%

**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%

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, 2011
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	9.50% - 5.00%
Year of Ultimate trend rate	2018
* Includes inflation at	3.00%

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, 2012

Schedule 1

	<u>General Fund</u>	<u>Revaluation Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
Revenues:				
Taxes	\$ 87,423,919	\$ -	\$ -	\$ 87,423,919
Licenses and permits	1,468,794	-	-	1,468,794
Intergovernmental	24,471,994	-	-	24,471,994
Charges for services	7,563,692	-	-	7,563,692
Interest on investments	272,230	-	-	272,230
Miscellaneous	1,086,835	-	-	1,086,835
Total revenues	<u>122,287,464</u>	<u>-</u>	<u>-</u>	<u>122,287,464</u>
Expenditures:				
Current:				
General government	11,220,582	182,981	-	11,403,563
Human services	29,006,001	-	-	29,006,001
Public safety	23,647,060	-	-	23,647,060
Environmental protection	1,579,284	-	-	1,579,284
Economic and physical development	4,118,858	-	-	4,118,858
Culture and recreation	3,755,084	-	-	3,755,084
Intergovernmental:				
Education	33,000,850	-	-	33,000,850
Debt service:	-	-	-	-
Principal	6,329,065	-	-	6,329,065
Interest and fiscal charges	4,493,390	-	-	4,493,390
Total expenditures	<u>117,150,174</u>	<u>182,981</u>	<u>-</u>	<u>117,333,155</u>
Excess (deficiency) of revenues over expenditures	<u>5,137,290</u>	<u>(182,981)</u>	<u>-</u>	<u>4,954,309</u>
Other financing sources (uses):				
Transfers from other funds	1,490,213	185,984	(185,984)	1,490,213
Transfers to other funds	(6,031,140)	-	185,984	(5,845,156)
Total other financing sources (uses)	<u>(4,540,927)</u>	<u>185,984</u>	<u>-</u>	<u>(4,354,943)</u>
Net change in fund balance	596,363	3,003	-	599,366
Fund balance:				
Beginning of year - July 1	<u>51,606,181</u>	<u>75,997</u>		<u>51,682,178</u>
End of year - June 30	<u>\$ 52,202,544</u>	<u>\$ 79,000</u>		<u>\$ 52,281,544</u>

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2012

Schedule 2
Page 1 of 3

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property taxes	\$ 67,133,056	\$ 69,144,134	\$ 2,011,078
Tax penalty and interest	420,000	502,518	82,518
Local option sales tax	16,479,692	16,706,730	227,038
Other taxes	1,133,000	1,070,537	(62,463)
Total taxes	85,165,748	87,423,919	2,258,171
Licenses and permits	1,551,888	1,468,794	(83,094)
Intergovernmental	26,157,282	24,471,994	(1,685,288)
Charges for services	7,381,869	7,563,692	181,823
Interest on investments	750,000	272,230	(477,770)
Miscellaneous	855,589	1,086,835	231,246
Total revenues	121,862,376	122,287,464	425,088
Expenditures:			
Current:			
General government:			
County commissioners	285,683	277,874	7,809
County manager	557,975	544,414	13,561
County attorney	448,987	447,024	1,963
Human Resources	920,604	920,604	-
Finance	722,574	711,135	11,439
Purchasing	346,794	294,793	52,001
Tax Assessor and Collector	2,568,610	2,405,793	162,817
Board of Elections	515,594	515,140	454
Register of Deeds	521,483	433,375	88,108
State agencies	168,989	163,383	5,606
Public works and services	4,139,427	3,700,505	438,922
Information Technology	815,837	806,542	9,295
Contingency	12,500	-	12,500
Total general government	12,025,057	11,220,582	804,475
Human services:			
Health	7,525,341	6,644,743	880,598
Mental health	776,014	776,014	-
Social services	9,294,247	9,046,895	247,352
Public assistance	10,907,578	10,207,974	699,604
Senior services	2,057,512	1,799,510	258,002
Veterans services	109,090	104,458	4,632
Contributions	426,410	426,407	3
Total human services	31,096,192	29,006,001	2,090,191

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2012

Schedule 2
Page 2 of 3

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Sheriff	\$ 11,222,512	\$ 10,785,927	\$ 436,585
School resource officers	486,891	433,911	52,980
Jail	4,067,908	3,825,619	242,289
Emergency communications	2,240,159	1,968,177	271,982
Inspections	855,322	768,996	86,326
Medical examiner	67,200	67,665	(465)
Emergency Management	611,558	496,214	115,344
Fire Marshal	279,160	273,230	5,930
Ambulance	4,821,473	4,596,245	225,228
Day reporting center	129,690	129,690	-
Contributions	330,705	301,386	29,319
	<u>25,112,578</u>	<u>23,647,060</u>	<u>1,465,518</u>
Total public safety			
Environmental protection:			
Sanitation	1,536,797	1,391,709	145,088
Soil and water	191,739	187,575	4,164
Contributions	2,000	-	2,000
	<u>1,730,536</u>	<u>1,579,284</u>	<u>151,252</u>
Total environmental protection			
Economic and physical development:			
Planning	556,526	526,714	29,812
GIS	168,552	160,209	8,343
Cooperative extension	393,660	347,169	46,491
Economic development	1,748,174	1,429,489	318,685
Job Training	2,428,213	1,655,277	772,936
	<u>5,295,125</u>	<u>4,118,858</u>	<u>1,176,267</u>
Total economic and physical development			
Culture and recreation:			
Recreation	816,553	612,361	204,192
Library	2,969,944	2,816,953	152,991
Museum	174,020	148,667	25,353
Lake Thom-A-Lex	193,138	133,129	60,009
Tourism	45,560	43,974	1,586
	<u>4,199,215</u>	<u>3,755,084</u>	<u>444,131</u>
Total culture and recreation			
Intergovernmental:			
Public schools -current	27,983,161	27,983,161	-
Public schools - capital	1,689,021	1,689,021	-
Public schools - scholarships	50,000	20,417	29,583
Community college - current	2,943,210	2,943,210	-
Community college - capital	365,041	365,041	-
	<u>33,030,433</u>	<u>33,000,850</u>	<u>29,583</u>
Total intergovernmental			

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2012

Schedule 2
Page 3 of 3

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Debt service:			
Principal	\$ 7,334,437	\$ 6,329,065	\$ 1,005,372
Interest and fiscal charges	4,493,390	4,493,390	-
Total debt service	<u>11,827,827</u>	<u>10,822,455</u>	<u>1,005,372</u>
Total expenditures	<u>124,316,963</u>	<u>117,150,174</u>	<u>7,166,789</u>
Excess (deficiency) of revenues over expenditures	<u>(2,454,587)</u>	<u>5,137,290</u>	<u>7,591,877</u>
Other financing sources (uses):			
Transfers from other funds	1,543,583	1,490,213	(53,370)
Transfers to other funds	(6,187,439)	(6,031,140)	156,299
Total other financing sources (uses)	<u>(4,643,856)</u>	<u>(4,540,927)</u>	<u>102,929</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(7,098,443)	596,363	7,694,806
Fund balance appropriated	<u>7,098,443</u>	<u>-</u>	<u>(7,098,443)</u>
Net change in fund balance	<u>\$ -</u>	596,363	<u>\$ 596,363</u>
Fund balance at beginning of year		<u>51,606,181</u>	
Fund balance at end of year		<u>\$ 52,202,544</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - REVALUATION FUND
Year Ended June 30, 2012

Schedule 3

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Revaluation	\$ 185,984	\$ 182,981	\$ 3,003
Total expenditures	<u>185,984</u>	<u>182,981</u>	<u>3,003</u>
Excess (deficiency) of revenues over expenditures	(185,984)	(182,981)	3,003
Other financing sources:			
Transfers from other funds	<u>185,984</u>	<u>185,984</u>	<u>-</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>3,003</u>	<u><u>\$ 3,003</u></u>
Fund balance at beginning of year		<u>75,997</u>	
Fund balance at end of year		<u><u>\$ 79,000</u></u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -
SCHOOL CAPITAL OUTLAY FUND
From Inception and for the Year Ended June 30, 2012

Schedule 4

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted intergovernmental:					
Public School Building Capital Fund	\$ 12,912,981	\$ 15,274,682	\$ -	\$ 15,274,682	\$ 2,361,701
Public School Building Bond Act of 1996	29,198,056	29,198,056	-	29,198,056	-
	<u>42,111,037</u>	<u>44,472,738</u>	<u>-</u>	<u>44,472,738</u>	<u>2,361,701</u>
Interest on investments	3,754,879	5,165,129	36,007	5,201,136	1,446,257
Miscellaneous	<u>4,003,672</u>	<u>5,644,362</u>	<u>-</u>	<u>5,644,362</u>	<u>1,640,690</u>
Total revenues	<u>49,869,588</u>	<u>55,282,229</u>	<u>36,007</u>	<u>55,318,236</u>	<u>5,448,648</u>
Expenditures:					
Intergovernmental:					
Education:					
Capital outlay:					
Davidson County School System	153,893,544	138,231,648	17,464,432	155,696,080	(1,802,536)
Lexington City School System	27,500,291	25,471,109	1,278,867	26,749,976	750,315
Thomasville City School System	33,236,962	29,986,469	432,678	30,419,147	2,817,815
Davidson County Community College	5,200,000	5,199,931	-	5,199,931	69
Other	<u>371,857</u>	<u>366,599</u>	<u>-</u>	<u>366,599</u>	<u>5,258</u>
Total expenditures	<u>220,202,654</u>	<u>199,255,756</u>	<u>19,175,977</u>	<u>218,431,733</u>	<u>1,770,921</u>
Excess (deficiency) of revenues over expenditures	<u>(170,333,066)</u>	<u>(143,973,527)</u>	<u>(19,139,970)</u>	<u>(163,113,497)</u>	<u>7,219,569</u>
Other financing sources (uses):					
Debt issued	110,659,937	107,225,885	-	107,225,885	(3,434,052)
Premium on debt issued	660,727	1,215,126	-	1,215,126	554,399
Transfers from other funds	59,895,843	61,739,384	2,707,294	64,446,678	4,550,835
Transfers to other funds	<u>(883,441)</u>	<u>(3,258,589)</u>	<u>(438,447)</u>	<u>(3,697,036)</u>	<u>(2,813,595)</u>
Total other financing sources	<u>170,333,066</u>	<u>166,921,806</u>	<u>2,268,847</u>	<u>169,190,653</u>	<u>(1,142,413)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 22,948,279</u>	<u>(16,871,123)</u>	<u>\$ 6,077,156</u>	<u>\$ 6,077,156</u>
Fund balance at beginning of year			<u>22,948,279</u>		
Fund balance at end of year			<u>\$ 6,077,156</u>		

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - CAPITAL RESERVE FUND
Year Ended June 30, 2012

Schedule 5

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Transfers to other funds	\$ 1,019,090	\$ 1,019,090	\$ -
Other financing sources:			
Transfers from other funds	<u>-</u>	<u>800,000</u>	<u>800,000</u>
Excess of other financing sources over expenditures	1,019,090	(219,090)	(1,238,180)
Fund balance appropriated	<u>1,019,090</u>	<u>-</u>	<u>1,019,090</u>
Net change in fund balance	<u>\$ -</u>	<u>(219,090)</u>	<u>\$ (219,090)</u>
Fund balance at beginning of year		<u>6,156,393</u>	
Fund balance at end of year		<u>\$ 5,937,303</u>	

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DAVIDSON COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2012

	<u>Special Revenue Funds</u>	
	<u>Fire Districts</u>	<u>Transportation</u>
ASSETS		
Cash and investments	\$ 511,664	\$ 923,481
Taxes receivable, net	258,697	-
Accounts receivable, net	-	-
Due from other governments	-	189,331
	<u>-</u>	<u>189,331</u>
Total Assets	<u>\$ 770,361</u>	<u>\$ 1,112,812</u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 69,047	\$ 241,022
Deferred revenues	258,697	-
	<u>327,744</u>	<u>241,022</u>
Total liabilities	<u>327,744</u>	<u>241,022</u>
Fund balances:		
Restricted:		
Stabilization by state statute	-	189,331
Fire protection	442,617	-
Transportation	-	682,459
Public safety	-	-
Committed:		
Capital projects	-	-
Unassigned	-	-
	<u>442,617</u>	<u>871,790</u>
Total fund balances	<u>442,617</u>	<u>871,790</u>
Total Liabilities and Fund Balances	<u>\$ 770,361</u>	<u>\$ 1,112,812</u>

Schedule 6

Special Revenue Funds				Total Nonmajor Governmental Funds
Emergency Telephone	Special School Districts	Total Special Revenue	Capital Projects	
\$ 907,103	\$ 16,434	\$ 2,358,682	\$ 1,388,274	\$ 3,746,956
-	138,503	397,200	-	397,200
-	-	-	-	-
50,725	-	240,056	-	240,056
<u>\$ 957,828</u>	<u>\$ 154,937</u>	<u>\$ 2,995,938</u>	<u>\$ 1,388,274</u>	<u>\$ 4,384,212</u>
\$ 25,700	\$ 16,434	\$ 352,203	\$ 996	\$ 353,199
-	138,503	397,200	-	397,200
25,700	154,937	749,403	996	750,399
50,725	-	240,056	-	240,056
-	-	442,617	-	442,617
-	-	682,459	-	682,459
881,403	-	881,403	-	881,403
-	-	-	1,387,278	1,387,278
-	-	-	-	-
932,128	-	2,246,535	1,387,278	3,633,813
<u>\$ 957,828</u>	<u>\$ 154,937</u>	<u>\$ 2,995,938</u>	<u>\$ 1,388,274</u>	<u>\$ 4,384,212</u>

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2012

	<u>Special Revenue Funds</u>	
	<u>Fire Districts</u>	<u>Transportation</u>
Revenues:		
Taxes	\$ 7,580,434	\$ -
Intergovernmental	-	664,103
Charges for services	-	646,485
Interest on investments	2,337	-
Miscellaneous	-	-
	<u>7,582,771</u>	<u>1,310,588</u>
Total revenues		
Expenditures:		
Current:		
Public safety	7,615,280	-
Transportation	-	1,343,245
Intergovernmental:		
Education	-	-
Capital outlay	-	-
	<u>7,615,280</u>	<u>1,343,245</u>
Total expenditures		
Excess (deficiency) of revenues over expenditures	<u>(32,509)</u>	<u>(32,657)</u>
Other financing sources:		
Transfers from other funds		89,620
Transfers to other funds	-	-
	<u>-</u>	<u>89,620</u>
Total other financing sources		
Net change in fund balances	(32,509)	56,963
Fund balances at beginning of year	<u>475,126</u>	<u>814,827</u>
Fund balances at end of year	<u>\$ 442,617</u>	<u>\$ 871,790</u>

Schedule 7

Special Revenue Funds			Capital Projects	Total Nonmajor Governmental Funds
Emergency Telephone	Special School Districts	Total Special Revenue		
\$ 608,700	\$ 1,493,663	\$ 9,682,797	\$ -	\$ 9,682,797
-	-	664,103	295,006	959,109
-	-	646,485	-	646,485
3,152	332	5,821	-	5,821
-	-	-	62,500	62,500
<u>611,852</u>	<u>1,493,995</u>	<u>10,999,206</u>	<u>357,506</u>	<u>11,356,712</u>
957,382	-	8,572,662	-	8,572,662
-	-	1,343,245	-	1,343,245
-	1,493,995	1,493,995	-	1,493,995
-	-	-	649,672	649,672
<u>957,382</u>	<u>1,493,995</u>	<u>11,409,902</u>	<u>649,672</u>	<u>12,059,574</u>
<u>(345,530)</u>	<u>-</u>	<u>(410,696)</u>	<u>(292,166)</u>	<u>(702,862)</u>
-	-	89,620	1,050,000	1,139,620
<u>(32,676)</u>	<u>-</u>	<u>(32,676)</u>	<u>-</u>	<u>(32,676)</u>
<u>(32,676)</u>	<u>-</u>	<u>56,944</u>	<u>1,050,000</u>	<u>1,106,944</u>
(378,206)	-	(353,752)	757,834	404,082
<u>1,310,334</u>	<u>-</u>	<u>2,600,287</u>	<u>629,444</u>	<u>3,229,731</u>
<u>\$ 932,128</u>	<u>\$ -</u>	<u>\$ 2,246,535</u>	<u>\$ 1,387,278</u>	<u>\$ 3,633,813</u>

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - FIRE DISTRICTS FUND
Year Ended June 30, 2012

Schedule 8

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property taxes	\$ 7,642,760	\$ 7,539,807	\$ (102,953)
Tax penalty and interest	<u>-</u>	<u>40,627</u>	<u>40,627</u>
Total taxes	7,642,760	7,580,434	(62,326)
Interest on investments	<u>-</u>	<u>2,337</u>	<u>2,337</u>
Total revenues	7,642,760	7,582,771	(59,989)
Expenditures:			
Public safety	<u>7,642,760</u>	<u>7,615,280</u>	<u>27,480</u>
Net change in fund balance	<u>\$ -</u>	<u>(32,509)</u>	<u>\$ (32,509)</u>
Fund balance at beginning of year		<u>475,126</u>	
Fund balance at end of year		<u>\$ 442,617</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - TRANSPORTATION FUND
Year Ended June 30, 2012

Schedule 9

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 940,581	\$ 664,103	\$ (276,478)
Charges for services	<u>620,106</u>	<u>646,485</u>	<u>26,379</u>
Total revenues	1,560,687	1,310,588	(250,099)
Expenditures:			
Transportation	<u>1,655,307</u>	<u>1,343,245</u>	<u>312,062</u>
Excess (deficiency) of revenues over expenditures	(94,620)	(32,657)	61,963
Other financing sources:			
Transfers from other funds	<u>89,620</u>	<u>89,620</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(5,000)	(32,657)	61,963
Fund balance appropriated	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Net change in fund balance	<u>\$ -</u>	56,963	<u>\$ 56,963</u>
Fund balance at beginning of year		<u>814,827</u>	
Fund balance at end of year		<u>\$ 871,790</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - EMERGENCY TELEPHONE FUND
Year Ended June 30, 2012

Schedule 10

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Other taxes	\$ 608,700	\$ 608,700	\$ -
Interest on investments	<u>-</u>	<u>3,152</u>	<u>3,152</u>
Total revenues	608,700	611,852	3,152
Expenditures:			
Public safety:			
Emergency telephone	<u>1,097,607</u>	<u>957,382</u>	<u>140,225</u>
Excess (deficiency) of revenues over expenditures	(488,907)	(345,530)	(834,437)
Other financing uses:			
Transfer to other funds	<u>-</u>	<u>(32,676)</u>	<u>(32,676)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	(488,907)	(378,206)	(867,113)
Fund balance appropriated	<u>488,907</u>	<u>-</u>	<u>(488,907)</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>(378,206)</u>	<u><u>\$ (378,206)</u></u>
Fund balance at beginning of year		<u>1,310,334</u>	
Fund balance at end of year		<u><u>\$ 932,128</u></u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - SPECIAL SCHOOL DISTRICTS FUND
Year Ended June 30, 2012

Schedule 11

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property taxes	\$ 1,525,000	\$ 1,483,413	\$ (41,587)
Tax penalty and interest	<u>-</u>	<u>10,250</u>	<u>10,250</u>
Total taxes	1,525,000	1,493,663	(31,337)
Interest on investments	<u>-</u>	<u>332</u>	<u>332</u>
Total revenues	1,525,000	1,493,995	(31,005)
Expenditures:			
Special School Districts:			
Education	<u>1,525,000</u>	<u>1,493,995</u>	<u>31,005</u>
Net change in fund balance	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
Fund balance at beginning of year		<u>-</u>	
Fund balance at end of year		<u><u>\$ -</u></u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - CAPITAL PROJECTS FUND
From Inception and for the Year Ended June 30, 2012

Schedule 12

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive Positive (Negative)
Revenues:					
Intergovernmental	\$ 1,251,289	\$ 247,319	\$ 295,006	\$ 542,325	\$ (708,964)
Miscellaneous	797,234	555,054	62,500	617,554	(179,680)
Total revenues	2,048,523	802,373	357,506	1,159,879	(888,644)
Expenditures:					
West Davidson Library	537,116	409,339	-	409,339	127,777
Denton Library renovation	1,387,235	1,117,450	-	1,117,450	269,785
Museum renovations	58,418	-	-	-	58,418
Morton Metalcraft sewer	390,364	329,324	3,614	332,938	57,426
Human Resources software	50,000	49,654	-	49,654	346
Jail study	258,297	258,431	-	258,431	(134)
Davidson West Campus renovation	272,019	204,753	10,426	215,179	56,840
Astran Drive CDBG project	259,740	-	25,035	25,035	234,705
Sheriff's Office building	1,050,000	-	338,542	338,542	711,458
Lolly Wolly Doodle CDBG project	750,000	-	272,055	272,055	477,945
911 Center expansion	363,966	336,872	-	336,872	27,094
Total expenditures	5,377,155	2,705,823	649,672	3,355,495	2,021,660
Excess (deficiency) of revenues over expenditures	(3,328,632)	(1,903,450)	(292,166)	(2,195,616)	1,133,016
Other financing sources:					
Transfers from other funds	3,328,632	2,278,632	1,050,000	3,328,632	-
Total other financing sources	3,328,632	2,278,632	1,050,000	3,328,632	-
Net change in fund balance	\$ -	\$ 375,182	757,834	\$ 1,133,016	\$ 1,133,016
Fund balance at beginning of year			629,444		
Fund balance at end of year			\$ 1,387,278		

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN NET ASSETS - BUDGET AND
ACTUAL (NON-GAAP) - LANDFILL FUND
Year Ended June 30, 2012

Schedule 13

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 208,942	\$ 329,205	\$ 120,263
Charges for services	4,117,512	4,256,502	138,990
Interest on investments	-	29,890	29,890
	<u>4,326,454</u>	<u>4,615,597</u>	<u>289,143</u>
Total revenues			
Expenditures:			
Salaries	1,647,701	1,521,959	125,742
Operating	1,946,852	1,496,341	450,511
Capital outlay	4,634,369	428,950	4,205,419
	<u>8,228,922</u>	<u>3,447,250</u>	<u>4,781,672</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	(3,902,468)	1,168,347	5,070,815
Appropriated net assets	<u>3,902,468</u>	<u>-</u>	<u>(3,902,468)</u>
Excess of revenues and appropriated net assets over expenditures and other financing uses	<u>\$ -</u>	1,168,347	<u>\$ 1,168,347</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		428,950	
Depreciation		(1,270,197)	
Increase in accrued landfill closure and postclosure costs		(501,221)	
Increase in OPEB costs		(46,739)	
Decrease in accrued vacation pay		<u>500</u>	
Total reconciling items		<u>(1,388,707)</u>	
Change in net assets		<u>\$ (220,360)</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN NET ASSETS - BUDGET AND
ACTUAL (NON-GAAP) - SEWER FUND
Year Ended June 30, 2012

Schedule 14

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 252,500	\$ 325,704	\$ 73,204
 Total revenues	 <u>252,500</u>	 <u>325,704</u>	 <u>73,204</u>
Expenditures:			
Salaries	141,322	141,464	(142)
Sewer operations	286,395	296,024	(9,629)
Debt service	1,059,324	1,023,025	36,299
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
 Total expenditures	 <u>1,487,041</u>	 <u>1,460,513</u>	 <u>26,528</u>
 Excess (deficiency) of revenues over expenditures	 <u>(1,234,541)</u>	 <u>(1,134,809)</u>	 <u>99,732</u>
Other financing sources:			
Operating transfers in	<u>1,234,541</u>	<u>1,198,242</u>	<u>(36,299)</u>
 Total other financing sources	 <u>1,234,541</u>	 <u>1,198,242</u>	 <u>(36,299)</u>
 Excess of revenues and other financing sources over expenditures	 <u>\$ -</u>	 63,433	 <u>\$ 63,433</u>
Reconciliation from budgetary basis (modified accrual) to full accrual: Reconciling item:			
Depreciation		(278,683)	
Interest, capital project fund		1,649	
Debt principal		552,731	
Increase in accrued vacation pay		<u>(627)</u>	
 Change in net assets		 <u>\$ 338,503</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN NET ASSETS - BUDGET AND
ACTUAL (NON-GAAP) - SEWER CAPITAL PROJECTS FUND
From Inception and for the Year Ended June 30, 2012

Schedule 15

		Actual			Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
Revenues:					
Interest on investments	\$ -	\$ 45,480	\$ 1,650	\$ 47,130	\$ (47,130)
Expenditures:					
Sewer projects	17,098,959	10,217,235	1,206,300	11,423,535	5,675,424
Deficiency of revenues over expenditures	(17,098,959)	(10,171,755)	(1,204,650)	(11,376,405)	(5,722,554)
Other financing sources:					
Debt issued	14,754,244	13,060,000	-	13,060,000	(1,694,244)
Transfers from other funds	2,344,715	2,344,715	-	2,344,715	-
Total other financing sources	17,098,959	15,404,715	-	15,404,715	(1,694,244)
Excess (deficiency) of revenues and other financing sources over expenditures	\$ -	\$ 5,232,960	(1,204,650)	\$ 4,028,310	\$ 4,028,310

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
June 30, 2012

Schedule 16

ASSETS	Garage Fund	Insurance Fund	Total
Current assets:			
Cash and investments	\$ 105,616	\$ 6,162,230	\$ 6,267,846
Due from other governments	-	-	-
Inventory, at cost	57,103	-	57,103
Total current assets	162,719	6,162,230	6,324,949
Noncurrent assets:			
Capital assets:			
Other capital assets, net of depreciation	345,544	-	345,544
Total Assets	508,263	6,162,230	6,670,493
 LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued liabilities	53,827	1,557,357	1,611,184
Noncurrent liabilities:			
Accrued vacation benefits	10,535	-	10,535
Total liabilities	64,362	1,557,357	1,621,719
Net assets:			
Invested in capital assets	345,544	-	345,544
Unrestricted	98,357	4,604,873	4,703,230
Total net assets	\$ 443,901	\$ 4,604,873	\$ 5,048,774

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2012

Schedule 17

	<u>Garage Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Revenues:			
Charges for services	\$ 1,496,416	\$ 7,665,256	\$ 9,161,672
Miscellaneous	60,060	-	60,060
	<u>1,556,476</u>	<u>7,665,256</u>	<u>9,221,732</u>
Total revenues			
Expenditures:			
Salaries	221,644	-	221,644
Operating	1,483,372	7,709,174	9,192,546
Depreciation	64,513	-	64,513
	<u>1,769,529</u>	<u>7,709,174</u>	<u>9,478,703</u>
Total expenses			
Operating income	(213,053)	(43,918)	(256,971)
Total net assets, beginning	<u>656,954</u>	<u>4,648,791</u>	<u>5,305,745</u>
Total net assets, ending	<u>\$ 443,901</u>	<u>\$ 4,604,873</u>	<u>\$ 5,048,774</u>

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2012

Schedule 18

	<u>Garage Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,496,416	\$ 7,665,256	\$ 9,161,672
Cash paid for goods and services	(1,447,747)	(7,573,572)	(9,021,319)
Cash paid to employees for services	(221,520)	-	(221,520)
Other operating revenues	75,272	-	75,272
Net cash provided by operating activities	<u>(97,579)</u>	<u>91,684</u>	<u>(5,895)</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	<u>(28,093)</u>	<u>-</u>	<u>(28,093)</u>
Net cash used by capital and related financing activities	<u>(28,093)</u>	<u>-</u>	<u>(28,093)</u>
Net increase in cash and cash equivalents	(125,672)	91,684	(33,988)
Cash and cash equivalents at beginning of year	<u>231,288</u>	<u>6,070,546</u>	<u>6,301,834</u>
Cash and cash equivalents at end of year	<u><u>\$ 105,616</u></u>	<u><u>\$ 6,162,230</u></u>	<u><u>\$ 6,267,846</u></u>
Reconciliation of operating income to net cash used by operating activities:			
Operating income (loss)	\$ (213,053)	\$ (43,918)	\$ (256,971)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	64,513	-	64,513
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	15,212	-	15,212
(Increase) decrease in inventory	751	-	751
Increase (decrease) in accounts payable and accrued liabilities	34,874	135,602	170,476
Increase (decrease) in accrued vacation benefits	124	-	124
Net cash provided by operating activities	<u><u>\$ (97,579)</u></u>	<u><u>\$ 91,684</u></u>	<u><u>\$ (5,895)</u></u>

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET ASSETS - FINANCIAL PLAN AND ACTUAL
(NON-GAAP) - INTERNAL SERVICE - GARAGE FUND
Year Ended June 30, 2012

Schedule 19

	<u>Financial Plan</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 1,673,403	\$ 1,496,416	\$ (176,987)
Miscellaneous	<u>5,000</u>	<u>60,060</u>	<u>55,060</u>
Total revenues	<u>1,678,403</u>	<u>1,556,476</u>	<u>(121,927)</u>
Expenditures:			
Garage:			
Salaries	219,356	221,644	(2,288)
Operating	1,509,047	1,483,372	25,675
Capital outlay	<u>78,906</u>	<u>28,093</u>	<u>50,813</u>
Total expenditures	<u>1,807,309</u>	<u>1,733,109</u>	<u>74,200</u>
Excess (deficiency) of revenues over expenditures	(128,906)	(176,633)	(47,727)
Appropriated net assets	<u>128,906</u>	-	<u>(128,906)</u>
Excess (deficiency) of revenues and appropriated net assets over expenditures	<u>\$ -</u>	(176,633)	<u>\$ (176,633)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		28,093	
Depreciation		<u>(64,513)</u>	
Change in net assets		<u>\$ (213,053)</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET ASSETS - FINANCIAL PLAN AND ACTUAL
(NON-GAAP) - INTERNAL SERVICE - INSURANCE FUND
Year Ended June 30, 2012

Schedule 20

	<u>Financial Plan</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	<u>\$ 7,359,403</u>	<u>\$ 7,665,256</u>	<u>\$ 305,853</u>
 Total revenues	 <u>7,359,403</u>	 <u>7,665,256</u>	 <u>305,853</u>
Expenditures:			
Insurance:			
Operating	<u>7,359,403</u>	<u>7,709,174</u>	<u>(349,771)</u>
 Total expenditures	 <u>7,359,403</u>	 <u>7,709,174</u>	 <u>(349,771)</u>
 Excess (deficiency) of revenues over expenditures	 <u>\$ -</u>	 <u>(43,918)</u>	 <u>\$ (43,918)</u>
 Change in net assets		 <u>\$ (43,918)</u>	

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - AGENCY FUNDS
Year Ended June 30, 2012

Schedule 21

AGENCY FUNDS

	Balance, July 1, 2011	Additions	Deductions	Balance, June 30, 2012
<u>Property Tax Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 741,874	\$ 101,283,019	\$ 101,345,052	\$ 679,841
Due from other governments	63,784	-	9,340	54,444
	<u>\$ 805,658</u>	<u>\$ 101,283,019</u>	<u>\$ 101,354,392</u>	<u>\$ 734,285</u>
LIABILITIES				
Intergovernmental payable-State of North Carolina	\$ 13,049	\$ 77,657	\$ 81,103	\$ 9,603
Miscellaneous liabilities	792,609	101,205,362	101,273,289	724,682
	<u>\$ 805,658</u>	<u>\$ 101,283,019</u>	<u>\$ 101,354,392</u>	<u>\$ 734,285</u>
<u>P.I.C. Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 1,606	\$ -	\$ -	\$ 1,606
LIABILITIES				
Miscellaneous liabilities	\$ 1,606	\$ -	\$ -	\$ 1,606
<u>United Way Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 1,926	\$ 20,270	\$ 12,450	\$ 9,746
LIABILITIES				
Miscellaneous liabilities	\$ 1,926	\$ 20,270	\$ 12,450	\$ 9,746
<u>Sheriff-Execution Account</u>				
ASSETS				
Cash and cash equivalents	\$ 7,605	\$ 1,676	\$ -	\$ 9,281
LIABILITIES				
Miscellaneous liabilities	\$ 7,605	\$ 1,676	\$ -	\$ 9,281
<u>Sheriff-Inmate Account</u>				
ASSETS				
Cash and cash equivalents	\$ 30,345	\$ 3,453	\$ -	\$ 33,798
LIABILITIES				
Miscellaneous liabilities	\$ 30,345	\$ 3,453	\$ -	\$ 33,798
<u>Social Services Designated Payee Account Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 10,562	\$ 104,879	\$ 95,205	\$ 20,236
LIABILITIES				
Miscellaneous liabilities	\$ 10,562	\$ 104,879	\$ 95,205	\$ 20,236
<u>Bid Bond Deposit Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 16,865	\$ 1,500	\$ -	\$ 18,365
LIABILITIES				
Miscellaneous liabilities	\$ 16,865	\$ 1,500	\$ -	\$ 18,365
<u>Total All Agency Funds</u>				
ASSETS				
Cash and cash equivalents	\$ 810,783	\$ 101,414,797	\$ 101,452,707	\$ 772,873
Due from other governments	63,784	-	9,340	54,444
	<u>\$ 874,567</u>	<u>\$ 101,414,797</u>	<u>\$ 101,462,047</u>	<u>\$ 827,317</u>
LIABILITIES				
Intergovernmental payable-State of North Carolina	\$ 13,049	\$ 77,657	\$ 81,103	\$ 9,603
Miscellaneous liabilities	861,518	101,337,140	101,380,944	817,714
	<u>\$ 874,567</u>	<u>\$ 101,414,797</u>	<u>\$ 101,462,047</u>	<u>\$ 827,317</u>

**DAVIDSON COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2012**

Fiscal Year	Uncollected		Collections And Credits	Uncollected	
	Balance June 30, 2011	Additions		Balance June 30, 2012	
2011-2012	\$ -	\$ 70,186,033	\$ 67,020,098	\$ 3,165,935	
2010-2011	3,029,023	-	1,528,047	1,500,976	
2009-2010	1,452,498	-	341,242	1,111,256	
2008-2009	936,513	-	64,163	872,350	
2007-2008	682,256	-	84,040	598,216	
2006-2007	433,400	-	19,392	414,008	
2005-2006	379,164	-	14,238	364,926	
2004-2005	287,150	-	8,656	278,494	
2003-2004	319,924	-	4,955	314,969	
2002-2003	247,748	-	1,947	245,801	
2001-2002	1,160,766	-	6,062	1,154,704	
	<u>\$ 8,928,442</u>	<u>\$ 70,186,033</u>	<u>\$ 69,092,840</u>	10,021,635	
Less: allowance for uncollectible accounts:					
General Fund				<u>7,614,950</u>	
Ad valorem taxes receivable- net:					
General Fund				<u>\$ 2,406,685</u>	
Reconcilement with revenues:					
Ad valorem taxes - General fund				\$ 69,144,134	
Penalties collected on ad valorem taxes- General Fund				54,089	
Interest collected on ad valorem taxes- General Fund				502,518	
Reconciling items:					
Interest collected				(502,518)	
Discounts allowed				556,571	
Taxes written off				(661,954)	
Total reconciling items				<u>(607,901)</u>	
Total collections and credits				<u>\$ 69,092,840</u>	

**DAVIDSON COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
Year Ended June 30, 2012**

Schedule 23

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 12,669,982,963	\$ 0.54	\$ 68,417,908	\$ 62,584,618	\$ 5,833,290
Penalties	-		26,081	26,081	-
Total	<u>12,669,982,963</u>		<u>68,443,989</u>	<u>62,610,699</u>	<u>5,833,290</u>
Discoveries:					
Current year taxes	457,628,148	0.54	2,471,192	2,422,194	48,998
Penalties	-		28,008	28,008	-
Total	<u>457,628,148</u>		<u>2,499,200</u>	<u>2,450,202</u>	<u>48,998</u>
Releases and discounts	<u>(37,145,322)</u>		<u>(757,156)</u>	<u>(689,372)</u>	<u>(67,784)</u>
Total property valuation	<u>\$ 13,090,465,789</u>				
Net levy			70,186,033	64,371,529	5,814,504
Uncollected taxes at June 30, 2012			<u>3,165,935</u>	<u>2,344,572</u>	<u>821,363</u>
Current year's taxes collected			<u>\$ 67,020,098</u>	<u>\$ 62,026,957</u>	<u>\$ 4,993,141</u>
Current levy collection percentage			<u>95.49%</u>	<u>96.36%</u>	<u>85.87%</u>

DAVIDSON COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF DAVIDSON COUNTY, NORTH CAROLINA)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET ASSETS - BUDGET AND ACTUAL (NON-GAAP) -
Year Ended June 30, 2012

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 386,725	\$ 344,569	\$ (42,156)
Charges for services	167,936	233,861	65,925
Other	<u>1,312</u>	<u>1,085</u>	<u>(227)</u>
Total revenues	<u>555,973</u>	<u>579,515</u>	<u>23,542</u>
Expenditures:			
Operating	211,208	461,966	(250,758)
Debt service	58,246	58,246	
Capital outlay	<u>286,519</u>	<u>30,847</u>	<u>255,672</u>
Total expenditures	<u>555,973</u>	<u>551,059</u>	<u>4,914</u>
Excess of revenues over expenditures	<u>\$ -</u>	28,456	<u>\$ 28,456</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		30,847	
Depreciation		(758,569)	
Debt principal		<u>24,725</u>	
Total reconciling items		<u>(702,997)</u>	
Change in net assets		<u>\$ (674,541)</u>	

Statistical Section

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

Contents

Financial Trends - Tables 1, 11-13

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

Revenue Capacity – Tables 2-5, 16

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

Debt Capacity – Tables 6-9, 14

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

Demographic and Economic Information – Tables 10, 15

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

Operating Information – Tables 17-19

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year. 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

<u>Year Ended June 30,</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Taxes:					
Property	\$ 78,720,749	\$ 77,934,202	\$ 77,822,786	\$ 76,977,434	\$ 75,321,835
Sales	16,706,730	15,620,565	16,256,379	21,772,914	27,451,631
Intangibles	-	-	-	-	-
Other	<u>1,679,237</u>	<u>1,918,818</u>	<u>1,976,501</u>	<u>1,930,069</u>	<u>1,763,355</u>
Total taxes	97,106,716	95,473,585	96,055,666	100,680,417	104,536,821
Licenses and permits	1,468,794	1,412,721	1,465,327	1,533,632	2,426,939
Intergovernmental	25,431,103	24,866,041	27,667,976	27,092,154	23,776,817
Charges for services	8,210,177	7,567,247	7,109,202	7,297,063	5,478,345
Interest on investments	314,058	443,548	599,323	1,303,577	3,641,846
Miscellaneous	<u>1,149,335</u>	<u>2,686,496</u>	<u>268,436</u>	<u>430,173</u>	<u>206,610</u>
Total revenues	<u>133,680,183</u>	<u>132,449,638</u>	<u>133,165,930</u>	<u>138,337,016</u>	<u>140,067,378</u>
Current:					
General government	11,403,563	11,310,267	12,086,461	10,008,687	10,040,290
Human services	29,006,001	29,230,665	28,933,412	31,953,498	34,500,918
Public safety	32,219,722	30,740,569	30,612,510	30,254,889	29,896,785
Environmental protection	1,579,284	1,704,488	1,727,439	1,717,458	1,759,973
Economic and physical development	4,118,858	5,614,418	3,956,643	3,605,809	3,914,259
Culture and recreation	3,755,084	3,794,533	3,630,001	3,645,444	3,404,949
Transportation	1,343,245	875,222	922,092	1,080,014	1,129,074
Intergovernmental:					
Education	53,670,822	46,591,652	45,977,031	65,710,811	66,755,742
Capital outlay	649,672	51,063	716,660	1,010,590	229,819
Debt service:					
Principal	6,329,065	6,294,065	5,965,600	4,515,600	3,205,600
Interest and fiscal charges	<u>4,493,390</u>	<u>4,154,425</u>	<u>4,197,129</u>	<u>3,639,631</u>	<u>3,256,024</u>
Total expenditures	<u>148,568,706</u>	<u>140,361,367</u>	<u>138,724,978</u>	<u>157,142,431</u>	<u>158,093,433</u>
Other financing sources (uses)					
Transfers in	6,137,127	5,021,250	6,195,342	7,612,995	11,404,498
Transfers out	(7,335,369)	(8,023,374)	(7,237,355)	(7,752,789)	(11,616,909)
Debt issued	-	13,050,000	5,076,971	29,600,000	-
Premium on debt issued	-	149,543	-	554,399	-
Refunding bonds issued	-	4,915,000	-	-	-
Payments to refunded bond escrow agent	-	(4,965,000)	-	-	-
Sale of capital assets	-	-	6,400	8,150	-
Special item	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,198,242)</u>	<u>10,147,419</u>	<u>4,041,358</u>	<u>30,022,755</u>	<u>(212,411)</u>
Net change in fund balances	<u>\$ (16,086,765)</u>	<u>\$ 2,235,690</u>	<u>\$ (1,517,690)</u>	<u>\$ 11,217,340</u>	<u>\$ (18,238,466)</u>
Debt service as a percentage of noncapital expenditures	7.3%	7.4%	7.4%	5.2%	4.1%

Table 1

2007	2006	2005	2004	2003
\$ 62,562,494	\$ 60,465,501	\$ 58,035,419	\$ 57,015,392	\$ 55,696,402
27,213,934	25,913,084	24,461,171	24,782,742	20,236,661
-	-	-	-	-
1,492,826	1,712,904	1,599,346	947,118	1,388,126
91,269,254	88,091,489	84,095,936	82,745,252	77,321,189
2,924,721	2,894,975	2,624,414	2,388,508	2,270,010
22,535,309	25,116,614	22,582,430	26,483,800	26,895,812
5,140,944	4,633,123	5,025,990	7,729,558	9,064,065
2,753,327	2,055,613	1,154,224	504,164	757,535
531,485	519,764	463,595	199,599	135,839
125,155,040	123,311,578	115,946,589	120,050,881	116,444,450
10,336,334	9,796,982	9,219,554	8,243,767	7,731,295
34,984,606	33,448,308	32,628,628	37,496,472	39,382,972
27,229,969	25,771,512	23,806,952	23,275,436	22,138,716
1,855,978	1,692,729	1,743,189	1,730,874	1,484,606
3,668,101	4,161,935	3,464,160	5,175,997	2,133,062
3,345,122	3,141,564	3,127,024	3,214,329	2,861,818
911,578	1,037,636	815,195	856,842	797,576
39,916,666	39,824,925	38,208,927	38,067,130	39,563,554
313,265	21,115	140,268	103,510	816,022
3,390,600	3,415,600	3,491,443	2,707,008	2,305,973
1,573,804	1,659,321	1,866,304	1,111,717	1,550,612
127,526,023	123,971,627	118,511,644	121,983,082	120,766,206
2,666,854	3,090,754	2,313,864	2,192,096	3,710,597
(2,711,019)	(3,120,754)	(2,423,864)	(4,967,266)	(3,962,947)
42,000,000	-	-	18,672,700	2,739,000
660,727	-	-	-	-
-	-	-	16,905,000	-
-	-	-	(16,905,000)	-
37,182	5,004	3,300	7,000	-
-	2,200,000	-	-	-
42,653,744	2,175,004	(106,700)	15,904,530	2,486,650
\$ 40,282,761	\$ 1,514,955	\$ (2,671,755)	\$ 13,972,329	\$ (1,835,106)
3.9%	4.1%	4.5%	3.1%	3.2%

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

<u>Year Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Less Discounts and Releases</u>	<u>Adjusted Net Levy</u>	<u>Collections of Current Year's Taxes During Fiscal Year (1)</u>
2003	\$ 50,586,868	\$ 997,238	\$ 49,589,630	\$ 47,814,753
2004	51,107,771	607,458	50,500,313	48,513,863
2005	52,126,610	732,689	51,393,921	49,537,085
2006	54,246,270	698,220	53,548,050	51,707,602
2007	56,280,279	626,687	55,653,592	53,660,278
2008	68,050,734	1,066,954	66,983,780	64,621,474
2009	69,932,159	930,158	69,002,001	65,974,390
2010	70,141,530	800,584	69,340,946	66,247,055
2011	70,236,091	807,936	69,428,155	66,399,133
2012	70,943,189	757,156	70,186,033	67,020,098

(1) Collections do not include interest.

Table 2

<u>Percentage of Levy Collected During Fiscal Year</u>	<u>Total Collections on Prior Year's Taxes</u>	<u>Percentage of Total Tax Collections to Adjusted Net Levy</u>	<u>Total Collections</u>	<u>Accumulated Total Delinquent Taxes</u>	<u>Ratio of Total Delinquent Taxes to Current Tax Levy</u>
96.42%	\$ 1,470,945	99.39%	\$ 49,285,698	\$ 2,027,402	4.09%
96.07%	1,426,575	98.89%	49,940,438	2,318,428	4.59%
96.39%	1,626,979	99.55%	51,164,064	3,026,641	5.89%
96.56%	1,663,949	99.67%	53,371,551	3,150,207	5.88%
96.42%	1,458,430	99.04%	55,118,708	3,489,460	6.27%
96.47%	1,808,658	99.17%	66,430,132	3,712,868	5.54%
95.61%	1,813,347	98.24%	67,787,737	4,285,529	6.21%
95.54%	2,190,304	98.70%	68,437,359	5,119,416	7.38%
95.64%	2,109,308	98.68%	68,508,441	6,130,127	8.83%
95.49%	2,124,036	98.52%	69,144,134	7,086,236	10.10%

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

Year Ended June 30,	Assessed Value		
	Real Property (1)	Individual Personal (2)	Business Personal (1)
2003	\$ 7,243,229,586	\$ 78,903,965	\$ 613,981,165
2004	7,449,332,037	37,175,666	706,337,657
2005	7,535,183,851	37,761,935	717,476,769
2006	7,839,758,642	32,390,958	692,190,344
2007	8,109,938,795	52,953,086	714,352,950
2008	10,186,197,400	52,453,186	707,605,727
2009	10,539,366,996	54,220,116	736,262,071
2010	10,705,278,310	52,874,992	717,998,624
2011	10,813,916,630	49,018,736	665,644,277
2012	10,907,215,885	49,468,990	671,768,962

- 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.

Table 3

Assessed Value			Total Direct Tax Rate
Motor Vehicles (2)	Public Service Companies (3)	Total	
\$ 1,062,312,745	\$ 395,755,919	\$ 9,394,183,380	\$ 0.53
1,063,415,360	331,444,974	9,587,705,694	0.53
1,055,442,264	331,444,974	9,677,309,793	0.53
1,090,575,185	327,172,239	9,982,087,368	0.54
1,160,632,178	338,372,556	10,376,249,565	0.54
1,172,035,633	370,205,652	12,488,497,598	0.54
1,139,990,926	397,981,937	12,867,822,046	0.54
1,066,520,996	388,516,648	12,931,189,570	0.54
1,035,675,555	383,598,882	12,947,854,080	0.54
1,076,760,000	385,251,952	13,090,465,789	0.54

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

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

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

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

Table 4

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 0.540	\$ 0.540	\$ 0.530	\$ 0.530	\$ 0.530
0.545	0.545	0.515	0.515	0.515
0.130	0.130	0.130	0.130	0.130
0.200	0.200	0.200	0.200	0.200
0.570	0.570	0.550	0.550	0.550
0.180	0.180	0.180	0.180	0.180
0.550	0.550	0.550	0.550	0.520
0.608	0.608	0.540	0.622	0.622
0.050	0.050	0.050	-	-
0.050	-	-	-	-
0.070	0.070	0.060	0.060	0.060
0.085	0.085	0.085	0.085	0.060
0.060	0.060	0.060	0.060	0.060
0.100	0.100	0.100	0.100	0.100
0.080	0.080	0.080	0.080	0.080
0.080	0.080	0.080	0.080	0.070
0.110	0.110	0.090	0.090	0.090
0.080	0.080	0.080	0.080	0.080
0.040	0.040	0.040	0.040	0.040
0.080	0.080	0.080	0.080	0.080
0.045	0.045	0.030	0.030	0.030
0.080	0.080	0.090	0.090	0.100
0.080	0.080	0.080	0.080	0.080
0.070	0.070	0.070	0.070	0.070
0.085	0.085	0.070	0.070	0.070
0.055	0.055	0.050	0.050	0.050
0.110	0.110	0.110	0.120	0.120
0.110	0.110	0.110	0.110	0.110
0.100	0.100	0.090	0.090	0.090
0.080	0.080	0.080	0.080	0.080
0.050	0.050	0.050	0.035	0.030
0.100	0.100	0.100	0.100	0.100
0.100	0.100	0.100	0.100	0.100
0.080	0.080	0.080	0.080	0.080
0.050	0.050	0.050	0.045	0.000
0.060	0.060	0.060	-	-

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

Assessed Value	2012 (1)	2011 (1)	2010 (1)	2009 (1)
Davidson County	\$ 13,090,465,789	\$ 12,947,854,080	\$ 12,931,189,570	\$ 12,867,822,046
City of Lexington	1,473,679,696	1,473,672,255	1,492,980,321	1,510,345,430
Lexington Special Schools District	1,292,605,883	1,291,604,908	1,318,384,117	1,318,552,842
Lexington Main Street District	50,357,620	51,490,750	47,262,355	50,716,805
City of Thomasville	1,663,695,796	1,631,688,204	1,618,601,777	1,651,223,607
Thomasville Special Schools District	773,927,656	749,911,389	751,942,511	759,035,500
Town of Denton	117,615,820	116,439,524	117,874,584	114,632,407
City of High Point	413,762,953	409,138,859	405,298,123	405,727,368
Town of Wallburg	239,976,700	246,426,080	249,863,520	246,490,980
Town of Midway	340,756,920	341,185,220	329,544,760	327,011,120
Fire Protection Districts:				
Central	355,625,929	354,197,100	347,912,214	346,260,400
Pilot	324,510,894	324,601,176	352,563,753	356,487,859
Hasty	513,700,371	508,090,571	496,509,986	494,207,271
West Lexington	247,698,160	242,734,750	243,747,980	244,370,920
Wallburg	738,998,888	735,350,700	744,359,763	732,307,363
Holly Grove	273,026,725	274,369,675	273,476,238	276,519,900
North Lexington	198,694,291	196,519,718	192,939,864	194,155,345
Welcome	503,931,220	493,415,430	486,896,450	484,822,890
Reeds	462,550,325	470,628,225	453,950,875	493,419,325
Tyro	404,373,450	396,789,138	402,760,913	394,994,875
Linwood	319,234,533	298,656,427	303,999,253	305,953,947
Churchland	248,386,971	245,488,343	231,714,814	233,403,514
Arcadia - Reedy Creek - Hampton	921,676,300	910,201,613	931,328,850	906,152,638
Healing Springs	318,687,456	315,181,767	327,104,044	314,755,143
Southmont	773,318,059	767,148,376	780,622,706	769,648,788
Fairgrove	409,622,387	410,337,817	400,471,167	402,986,883
South Lexington	187,256,100	187,228,109	179,402,182	201,630,964
Silver Valley	358,041,082	356,209,473	356,273,891	351,100,527
Midway	850,736,980	835,903,950	825,496,830	816,695,080
Gumtree	135,596,165	130,897,882	121,944,282	124,643,459
South Emmons	121,445,840	119,643,580	120,967,140	123,567,640
South Davidson	104,516,700	103,562,980	103,329,050	101,752,810
Horneytown	121,228,920	119,410,440	119,136,710	118,345,310
Griffith	269,479,375	265,095,663	246,154,450	237,858,425
Clemmons	90,971,960	90,460,020	78,820,120	78,153,500
Badin	61,822,133	60,953,283	54,340,017	52,209,250

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 5

2008 (1)(2)	2007 (1)	2006 (1)	2005 (1)	2004 (1)	2003 (1)
\$ 12,488,497,598	\$ 10,376,249,565	\$ 9,982,087,368	\$ 9,677,309,793	\$ 9,587,705,694	\$ 9,394,183,380
1,476,846,553	1,331,336,090	1,302,774,404	1,281,862,191	1,291,242,164	1,288,239,493
1,475,984,017	1,157,741,177	1,138,641,200	1,113,490,193	1,118,398,070	1,132,848,300
49,553,550	40,618,885	40,370,250	36,908,302	36,492,035	36,010,060
1,590,725,830	1,385,704,925	1,260,410,353	1,301,828,213	1,292,194,762	1,259,460,527
755,303,484	675,324,694	713,384,544	687,908,292	692,478,823	678,711,656
113,585,395	91,583,758	88,870,453	81,622,343	81,755,919	83,919,962
40,516,058	37,414,021	30,928,770	21,673,177	20,611,933	16,079,346
239,477,600	190,545,540	183,549,740	171,507,940	-	-
318,684,420	251,338,460	-	-	-	-
342,546,200	288,955,357	239,769,929	272,416,540	271,455,534	268,288,850
351,866,894	297,546,906	291,516,235	284,871,640	276,051,436	274,401,383
479,244,615	389,782,000	378,521,950	369,736,711	364,318,867	355,595,650
241,299,190	207,789,840	200,018,670	196,174,207	194,432,610	188,020,890
673,664,713	508,356,650	461,853,338	450,034,985	442,837,588	432,721,575
271,544,000	226,652,563	218,397,150	213,549,430	209,660,900	207,110,129
196,009,618	156,802,400	142,538,891	149,861,631	151,388,400	147,551,833
474,940,238	388,497,963	376,063,500	360,979,566	360,719,338	361,409,163
447,402,275	382,860,700	374,046,700	368,128,531	362,187,000	349,075,825
379,545,063	313,647,750	301,790,113	288,162,566	278,356,800	268,301,725
295,138,350	263,570,756	176,772,267	276,275,102	274,152,634	288,738,833
226,844,457	189,392,650	202,299,075	170,633,067	169,704,412	165,013,960
883,832,775	690,970,238	648,804,975	610,904,340	590,833,675	572,812,000
298,608,871	242,880,200	235,155,243	233,043,355	227,713,443	221,298,086
754,652,800	566,898,412	454,455,129	541,698,715	532,216,415	517,876,971
407,130,545	361,339,636	327,476,436	356,461,885	354,666,980	355,156,840
188,129,018	141,716,009	139,343,136	136,432,705	132,859,975	131,181,450
347,660,791	301,888,300	289,477,091	279,348,307	276,432,610	232,379,100
808,735,050	670,247,130	647,685,460	629,246,988	603,902,456	581,013,933
119,693,400	100,777,850	95,738,150	94,581,271	95,295,175	91,456,550
119,038,240	103,712,640	100,738,860	98,381,125	97,453,000	93,669,900
99,722,040	87,208,920	82,242,140	80,602,388	80,838,180	80,423,210
108,324,730	87,486,990	85,468,080	79,194,469	78,725,700	82,264,210
207,695,988	171,017,688	164,099,338	155,285,890	151,034,800	145,612,323
73,894,780	59,636,040	46,869,220	41,349,492	39,059,689	-
50,396,050	47,635,760	37,539,367	36,145,871	-	-

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

Table 6

<u>Year Ended June 30,</u>	<u>Population (1)</u>	<u>Assessed Value (000,000's)</u>	<u>Bonded Debt (000's)</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Bonded Debt Per Capita</u>
2003	151,290	\$ 9,394	\$ 18,305	0.19%	121
2004	152,187	9,588	17,495	0.18%	115
2005	153,897	9,677	15,845	0.16%	102
2006	154,796	9,982	14,200	0.14%	92
2007	155,343	10,376	54,595	0.53%	351
2008	156,530	12,488	53,000	0.42%	339
2009	159,865	12,868	80,780	0.63%	505
2010	159,947	12,931	76,425	0.59%	478
2011	162,878	12,948	72,105	0.56%	443
2012	162,697	13,090	67,825	0.52%	417

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
2003	751,535	\$ 30,665	\$ 720,870	4.08%
2004	767,016	46,833	720,183	6.11%
2005	774,185	43,462	730,723	5.61%
2006	798,567	40,046	758,521	5.01%
2007	830,100	78,656	751,444	9.48%
2008	999,080	75,661	923,419	7.57%
2009	1,029,426	111,594	917,831	10.84%
2010	1,034,495	110,481	924,014	10.68%
2011	1,035,828	118,779	917,049	11.47%
2012	1,047,237	111,898	935,339	10.69%

Legal Debt Margin Calculation for Fiscal Year 2012

Assessed value of taxable property	<u><u>\$ 13,090,465,789</u></u>
Debt limit - eight percent (8%) of assessed value	\$ 1,047,237,263
Amount of debt applicable to debt limit:	
Bonded debt	\$ 67,825,000
Certificates of participation	10,320,000
Limited Obligation Bonds	6,125,000
Qualified Zone Academy Bonds	1,030,000
Qualified School Construction Bonds	17,450,041
Obligations under installment purchases	<u>9,147,851</u>
Total amount of debt applicable to legal debt limit	<u>111,897,892</u>
Legal debt margin	<u><u>\$ 935,339,371</u></u>

DAVIDSON COUNTY, NORTH CAROLINA
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2012

Table 8

	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to Davidson County</u>	<u>Amount Applicable to Davidson County</u>
Davidson County	\$ 67,825,000	100%	\$ 67,825,000
Town of Denton	283,899	100%	283,899
City of Lexington	<u>8,077,318</u>	100%	<u>8,077,318</u>
 Total direct and overlapping debt	 <u><u>\$ 76,186,217</u></u>		 <u><u>\$ 76,186,217</u></u>

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

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

Table 9

<u>Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>General Government Expenditures</u>	<u>Ratio (1)</u>
2003	\$ 1,400,000	\$ 1,002,450	\$ 2,402,450	\$ 120,766,206	1.99%
2004	1,715,000	578,135	2,293,135	121,947,415	1.88%
2005	1,650,000	533,750	2,183,750	118,511,644	1.84%
2006	1,645,000	461,450	2,106,450	123,971,627	1.70%
2007	1,605,000	427,550	2,032,550	127,526,023	1.59%
2008	1,595,000	363,850	1,958,850	158,093,433	1.24%
2009	2,880,000	2,256,800	5,136,800	157,142,431	3.27%
2010	5,965,600	4,197,129	10,162,729	138,724,978	7.33%
2011	6,294,065	4,154,425	10,448,490	140,361,367	7.44%
2012	6,329,065	4,493,390	10,448,490	148,568,706	7.03%

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

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

Table 10

Year Ended June 30,	Population (1)	Personal Income (thousands of dollars)(1)	Per Capita Income (1)	Public School Enrollment (1)	Unemployment Rate (2)
2003	151,290	3,841,795	25,909	24,984	8.6%
2004	152,187	3,847,529	25,914	25,253	6.2%
2005	153,897	3,951,673	28,071	25,757	6.2%
2006	154,796	4,149,212	27,029	25,857	5.8%
2007	155,343	4,460,396	28,983	25,998	6.0%
2008	156,530	4,502,585	28,765	26,239	6.7%
2009	159,865	3,593,286	22,477	26,200	12.5%
2010	159,947	3,540,907	22,138	25,953	12.1%
2011	162,878	3,590,157	22,042	25,524	11.3%
2012	162,697	3,622,937	22,268	25,519	10.6%

Sources:

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

(2) Employment Security Commission

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

Expenses	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
General government	\$ 8,228,200	\$ 7,440,710	\$ 9,878,098	\$ 9,616,856	\$ 11,139,773
Human Services	39,384,314	37,247,741	32,617,812	33,534,177	34,809,028
Public Safety	22,575,521	22,165,478	24,093,067	25,528,358	27,250,824
Environmental protection	1,533,677	1,634,391	1,694,163	1,588,845	1,699,407
Economic and physical development	2,316,411	5,214,357	3,464,643	4,164,322	3,619,829
Culture and recreation	2,898,039	3,109,987	3,135,567	3,169,876	3,313,982
Transportation	864,885	859,283	893,159	899,869	989,988
Education	39,563,554	38,297,640	38,208,927	39,824,925	39,836,117
Interest and fiscal charges	<u>1,621,183</u>	<u>1,145,847</u>	<u>2,001,051</u>	<u>1,786,878</u>	<u>1,690,851</u>
Total governmental activities expenses	<u>118,985,784</u>	<u>117,115,434</u>	<u>115,986,487</u>	<u>120,114,106</u>	<u>124,349,799</u>
Business-type activities:					
Landfill	3,755,471	3,533,698	4,484,855	3,638,608	3,095,612
Sewer	<u>60,091</u>	<u>77,173</u>	<u>92,861</u>	<u>5,358,248</u>	<u>197,095</u>
Total business-type activities	<u>3,815,562</u>	<u>3,610,871</u>	<u>4,577,716</u>	<u>8,996,856</u>	<u>3,292,707</u>
Total primary governmental expenses	<u>\$ 122,801,346</u>	<u>\$ 120,726,305</u>	<u>\$ 120,564,203</u>	<u>\$ 129,110,962</u>	<u>\$ 127,642,506</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	2,201,692	\$ 2,244,977	\$ 1,762,895	\$ 1,830,909	\$ 1,853,756
Human services	7,145,261	4,335,415	1,318,562	928,968	766,063
Public safety	3,099,711	2,706,670	4,851,566	5,220,770	5,219,349
Culture and recreation	110,917	105,417	113,124	161,448	147,250
Other activities	249,414	244,301	329,448	382,706	454,598
Operating grants and contributions	23,178,652	23,794,955	21,427,636	21,273,669	21,881,671
Capital grants and contributions	<u>2,784,790</u>	<u>1,769,371</u>	<u>592,890</u>	<u>3,096,752</u>	<u>485,542</u>
Total governmental activities program revenues	<u>38,770,437</u>	<u>35,201,106</u>	<u>30,396,121</u>	<u>32,895,222</u>	<u>30,808,229</u>
Business-type activities:					
Charges for services:					
Landfill	3,322,515	3,705,834	3,855,851	3,740,492	4,047,907
Sewer	6,204	187,717	85,528	127,329	92,009
Capital grants and contributions	<u>-</u>	<u>36,000</u>	<u>1,056,945</u>	<u>746,637</u>	<u>-</u>
Total business-type activities program revenues	<u>3,328,719</u>	<u>3,929,551</u>	<u>4,998,324</u>	<u>4,614,458</u>	<u>4,139,916</u>
Total primary governmental program revenues	<u>\$ 42,099,156</u>	<u>\$ 39,130,657</u>	<u>\$ 35,394,445</u>	<u>\$ 37,509,680</u>	<u>\$ 34,948,145</u>
Net (expense)/revenue					
Governmental activities	\$ (80,215,347)	\$ (81,914,328)	\$ (85,590,366)	\$ (87,218,884)	\$ (93,541,570)
Business-type activities	<u>(486,843)</u>	<u>318,680</u>	<u>420,608</u>	<u>(4,382,398)</u>	<u>847,209</u>
Total primary governmental net expense	<u>\$ (80,702,190)</u>	<u>\$ (81,595,648)</u>	<u>\$ (85,169,758)</u>	<u>\$ (91,601,282)</u>	<u>\$ (92,694,361)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes					
Property taxes	55,658,640	\$ 56,800,293	\$ 57,699,908	\$ 60,297,147	\$ 63,028,741
Sales taxes	20,236,661	24,782,742	24,461,171	25,913,084	27,213,934
Other taxes	670,578	724,830	896,534	927,660	721,618
Investment earnings	757,537	504,164	1,154,224	2,055,613	2,753,327
Miscellaneous	504,731	477,636	740,864	2,994,758	1,286,534
Contributions of general fixed assets	-	(795,592)	-	-	-
Transfers	<u>(252,350)</u>	<u>(2,775,170)</u>	<u>(110,000)</u>	<u>(30,000)</u>	<u>(44,165)</u>
Total governmental activities	<u>77,575,797</u>	<u>79,718,903</u>	<u>84,842,701</u>	<u>92,158,262</u>	<u>94,959,989</u>
Business-type activities:					
Other taxes	192,434	199,289	206,777	217,181	255,536
Investment earnings	151,308	110,259	236,414	411,225	584,726
Other	2,833	2,557	6,453	46,862	12,422
Contributions of general fixed assets	-	795,592	-	-	-
Transfers	<u>252,350</u>	<u>2,775,170</u>	<u>110,000</u>	<u>30,000</u>	<u>44,165</u>
Total business-type activities	<u>598,925</u>	<u>3,882,867</u>	<u>559,644</u>	<u>705,268</u>	<u>896,849</u>
Total primary government	<u>\$ 78,174,722</u>	<u>\$ 83,601,770</u>	<u>\$ 85,402,345</u>	<u>\$ 92,863,530</u>	<u>\$ 95,856,838</u>
Change in Net Assets					
Governmental activities	\$ (2,639,550)	\$ (2,195,425)	\$ (747,665)	\$ 4,939,378	\$ 1,418,419
Business-type activities	<u>112,082</u>	<u>4,201,547</u>	<u>980,252</u>	<u>(3,677,130)</u>	<u>1,744,058</u>
Total primary government	<u>\$ (2,527,468)</u>	<u>\$ 2,006,122</u>	<u>\$ 232,587</u>	<u>\$ 1,262,248</u>	<u>\$ 3,162,477</u>

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only.

Table 11

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 11,099,650	\$ 10,590,021	\$ 10,867,828	\$ 10,045,788	\$ 10,417,389
34,742,655	31,577,050	29,065,775	28,866,973	29,293,613
30,182,148	30,422,383	30,806,090	31,010,651	33,269,734
1,837,069	1,698,515	1,760,905	1,726,887	1,655,611
4,040,692	3,754,120	3,973,291	5,614,594	4,443,602
3,538,489	3,480,617	4,212,050	3,789,100	3,819,300
989,779	974,361	1,000,759	999,233	1,259,372
66,755,742	65,639,516	45,943,736	46,591,652	53,670,822
3,486,511	3,119,835	4,086,543	4,083,566	4,480,052
<u>156,672,735</u>	<u>151,256,418</u>	<u>131,716,977</u>	<u>132,728,444</u>	<u>142,309,495</u>
3,936,995	4,520,628	6,455,668	4,823,470	4,835,957
369,895	389,144	1,218,918	1,184,169	1,187,092
4,306,890	4,909,772	7,674,586	6,007,639	6,023,049
<u>\$ 160,979,625</u>	<u>\$ 156,166,190</u>	<u>\$ 139,391,563</u>	<u>\$ 138,736,083</u>	<u>\$ 148,332,544</u>
\$ 1,719,113	\$ 1,237,892	\$ 1,445,391	\$ 1,352,649	\$ 1,267,587
826,455	836,737	785,087	836,868	657,926
4,657,416	5,792,104	5,541,529	5,611,966	6,468,111
171,709	250,513	246,687	203,182	232,024
619,258	911,875	477,911	575,590	725,388
23,312,408	24,990,993	25,134,600	24,375,540	25,119,643
284,869	2,387,802	2,316,754	2,255,619	110,778
<u>31,591,228</u>	<u>36,407,916</u>	<u>35,947,959</u>	<u>35,211,414</u>	<u>34,581,457</u>
4,229,943	4,082,577	3,951,772	4,250,794	4,256,502
124,188	176,861	234,286	290,018	325,704
-	-	-	-	-
<u>4,354,131</u>	<u>4,259,438</u>	<u>4,186,058</u>	<u>4,540,812</u>	<u>4,582,206</u>
<u>\$ 35,945,359</u>	<u>\$ 40,667,354</u>	<u>\$ 40,134,017</u>	<u>\$ 39,752,226</u>	<u>\$ 39,163,663</u>
\$ (125,081,507)	\$ (114,848,502)	\$ (95,769,018)	\$ (97,517,030)	\$ (107,728,038)
47,241	(650,334)	(3,488,528)	(1,466,827)	(1,440,843)
<u>\$ (125,034,266)</u>	<u>\$ (115,498,836)</u>	<u>\$ (99,257,546)</u>	<u>\$ (98,983,857)</u>	<u>\$ (109,168,881)</u>
\$ 75,346,979	\$ 77,530,749	\$ 77,678,303	\$ 78,319,729	\$ 78,774,693
27,451,631	21,772,914	16,256,379	15,620,565	16,706,730
1,763,355	1,930,069	1,976,501	1,918,818	1,679,237
3,641,846	1,303,577	599,323	443,548	314,058
429,467	429,587	465,271	1,929,082	2,571,249
-	-	-	-	-
<u>(212,411)</u>	<u>(139,794)</u>	<u>(1,042,013)</u>	<u>(3,002,124)</u>	<u>(1,198,242)</u>
<u>108,420,867</u>	<u>102,827,102</u>	<u>95,933,764</u>	<u>95,229,618</u>	<u>98,847,725</u>
250,061	259,029	291,769	331,070	329,205
441,134	176,328	65,616	49,723	31,539
42,741	8,345	183,412	148,168	-
-	-	-	-	-
<u>212,411</u>	<u>139,794</u>	<u>1,042,013</u>	<u>3,002,124</u>	<u>1,198,242</u>
<u>946,347</u>	<u>583,496</u>	<u>1,582,810</u>	<u>3,531,085</u>	<u>1,558,986</u>
<u>\$ 109,367,214</u>	<u>\$ 103,410,598</u>	<u>\$ 97,516,574</u>	<u>\$ 98,760,703</u>	<u>\$ 100,406,711</u>
\$ (16,660,640)	\$ (12,021,400)	\$ 164,746	\$ (2,287,412)	\$ (8,880,313)
993,588	(66,838)	(1,905,718)	2,064,258	118,143
<u>\$ (15,667,052)</u>	<u>\$ (12,088,238)</u>	<u>\$ (1,740,972)</u>	<u>\$ (223,154)</u>	<u>\$ (8,762,170)</u>

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

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
General Fund										
Reserved	\$ 9,335,110	\$ 10,573,753	\$ 9,633,950	\$ 11,699,878	\$ 10,897,326	\$ 12,045,020	\$ 11,708,044	\$ 12,699,217	\$ -	\$ -
Unreserved	19,036,665	22,066,006	25,847,996	29,370,725	33,071,687	35,181,660	38,839,394	41,040,720	-	-
Nonspendable	-	-	-	-	-	-	-	-	1,816,031	1,766,306
Restricted	-	-	-	-	-	-	-	-	14,334,997	13,543,115
Committed	-	-	-	-	-	-	-	-	75,997	79,000
Assigned	-	-	-	-	-	-	-	-	3,029,478	2,937,952
Unassigned	-	-	-	-	-	-	-	-	32,425,675	33,955,171
Total General Fund	\$ 28,371,775	\$ 32,639,759	\$ 35,481,946	\$ 41,070,603	\$ 43,969,013	\$ 47,226,680	\$ 50,547,438	\$ 53,739,937	\$ 51,682,178	\$ 52,281,544
All other governmental funds										
Reserved	\$ 508,941	\$ 206,597	\$ 144,807	\$ 289,381	\$ 83,167	\$ 235,997	\$ 257,919	\$ 97,005	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	6,930,269	17,306,533	11,719,939	7,965,844	45,803,577	23,207,524	31,391,030	27,263,442	-	-
Capital projects funds	891,600	1,040,857	1,175,299	711,118	463,950	1,411,040	1,102,194	680,507	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	18,329,666	3,417,894
Committed	-	-	-	-	-	-	-	-	14,004,737	12,230,378
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 8,330,810	\$ 18,553,987	\$ 13,040,045	\$ 8,966,343	\$ 46,350,694	\$ 24,854,561	\$ 32,751,143	\$ 28,040,954	\$ 32,334,403	\$ 15,648,272

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of related debt	\$ 21,812,779	\$ 20,223,594	\$ 18,301,883	\$ 23,891,079	\$ 23,688,744	\$ 23,307,122	\$ 23,541,704	\$ 25,424,830	\$ 27,327,101	\$ 28,990,559
Restricted	-	11,818,069	5,977,202	1,437,715	41,157,266	14,989,076	192,196	254,896	32,664,663	16,961,009
Unrestricted	19,007,026	4,736,978	11,751,891	15,641,560	(22,457,237)	(12,568,065)	(10,027,167)	(11,808,247)	(48,407,697)	(43,247,814)
Total Governmental activities net assets	\$ 40,819,805	\$ 36,778,641	\$ 36,030,976	\$ 40,970,354	\$ 42,388,773	\$ 25,728,133	\$ 13,706,733	\$ 13,871,479	\$ 11,584,067	\$ 2,703,754
Business-type activities										
Invested in capital assets, net of related debt	\$ 7,157,403	\$ 8,976,973	\$ 11,095,475	\$ 6,698,522	\$ 8,292,936	\$ 19,208,365	\$ 12,118,884	\$ 10,603,866	\$ 10,016,688	\$ 10,014,021
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	4,594,444	6,976,421	5,838,171	6,557,994	6,707,638	(3,214,203)	3,808,440	3,417,740	6,069,176	6,189,986
Total business-type activities net assets	\$ 11,751,847	\$ 15,953,394	\$ 16,933,646	\$ 13,256,516	\$ 15,000,574	\$ 15,994,162	\$ 15,927,324	\$ 14,021,606	\$ 16,085,864	\$ 16,204,007
Primary government										
Invested in capital assets, net of related debt	\$ 28,970,182	\$ 29,200,567	\$ 29,397,358	\$ 30,589,601	\$ 31,981,680	\$ 42,515,487	\$ 35,660,588	\$ 36,028,696	\$ 37,343,789	\$ 39,004,580
Restricted	-	11,818,069	5,977,202	1,187,424	41,157,266	14,989,076	192,196	254,896	32,664,663	16,961,009
Unrestricted	23,601,470	11,713,399	17,590,062	22,449,744	(15,749,599)	(15,782,268)	(6,218,727)	(8,390,507)	(42,338,521)	(37,057,828)
Total primary government net assets	\$ 52,571,652	\$ 52,732,035	\$ 52,964,622	\$ 54,226,769	\$ 57,389,347	\$ 41,722,295	\$ 29,634,057	\$ 27,893,085	\$ 27,669,931	\$ 18,907,761

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

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

Fiscal Year	Governmental Activities					Business-type activities						
	General Obligation Bonds	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
2003	\$ 18,305,000	\$ 1,030,000	\$ -	\$ 2,394,745	\$ -	\$ 8,995,000	\$ -	\$ -	\$ -	\$ 30,724,745	0.80%	\$203
2004	17,495,000	1,030,000	-	1,828,292	-	26,600,000	-	-	-	46,953,292	1.22%	309
2005	15,845,000	1,030,000	-	1,526,850	-	25,060,000	-	-	-	43,461,850	1.10%	282
2006	14,200,000	1,030,000	-	1,316,250	-	23,500,000	-	-	-	40,046,250	0.97%	259
2007	54,595,000	1,030,000	-	1,105,650	-	21,925,000	-	-	-	78,655,650	1.76%	506
2008	53,000,000	1,030,000	-	895,050	-	20,525,000	-	-	-	75,450,050	1.68%	482
2009	79,720,000	1,030,000	-	684,450	-	19,100,000	1,060,000	-	10,000,000	111,594,450	2.48%	698
2010	75,415,000	1,030,000	5,076,971	473,850	-	17,650,000	1,010,000	-	9,825,172	110,480,993	3.12%	691
2011	71,145,000	1,030,000	17,788,506	263,250	4,915,000	11,210,000	960,000	2,000,000	9,467,932	118,779,688	3.31%	729
2012	66,915,000	1,030,000	17,450,041	52,650	4,255,000	10,320,000	910,000	1,870,000	9,095,201	111,897,892	3.24%	688

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	2012		2003	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Davidson County Schools	1000+	3.00%	1000+	3.00%
Atrium Windows & Doors	500-999	1.00%	250-499	1.00%
County of Davidson	500-999	1.00%	500-999	1.00%
Wal-mart Associates, Inc.	500-999	1.00%		
Lexington Memorial Hospital	500-999	1.00%	250-499	1.00%
Davidson County Community College	500-999	1.00%	100-249	1.00%
Lexington City Schools	500-999	1.00%	250-499	1.00%
Thomasville Medical Center	500-999	1.00%	250-499	1.00%
Food Lion LLC	250-499	1.00%		
Thomasville City Schools	250-499	1.00%	250-499	1.00%
PPG Industries			500-999	3.00%
Lexington Home Brands			1000+	3.00%
Thomasville Furniture Industries			1000+	3.00%
Tyco/AMP, Inc			500-999	1.00%
Parkdale Mills, Inc.			500-999	1.00%
Total County Employment	<u>69,489</u>		<u>72,901</u>	

Source: Principal employer data is from the NC Employment Security Commission, labor market information. Total County employment is from the NC Employment Security Commission civilian labor force estimates.

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

Table 16

Taxpayer	2012		2003	
	Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
Kimberly-Clark Corporation	\$ 77,958,969	0.60%	\$ 71,661,937	0.76%
Unilin Flooring NC LLC	65,413,398	0.50%	-	-
Duke Energy	82,261,604	0.63%	-	-
PPG Industries, Inc.	63,786,265	0.49%	99,199,786	1.06%
Yadkin, Inc	53,823,964	0.41%	24,940,532	0.27%
RCR Enterprises, LLC	25,621,325	0.20%	-	-
Walmart	30,866,972	0.24%	-	-
Owens-Brockway	30,489,527	0.23%	28,574,182	0.30%
TFI Industries	19,752,078	0.15%	58,925,764	0.63%
Newbridge Bank	22,726,352	0.17%	-	-
Lexington Furniture Industries	-	-	70,631,008	0.75%
Parkdale America	-	-	37,506,649	0.40%
Kraft, Incorporated DBA Duracell USA	-	-	53,057,553	0.56%
Ellison Windows	-	-	24,378,877	0.26%
Tyco/AMP	-	-	23,045,876	0.25%
	<u>\$ 472,700,454</u>		<u>\$ 491,922,164</u>	

Source - Davidson County Tax Department

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

Function	Full-time Equivalent Employees As of June 30							
	2005	2006	2007	2008	2009	2010	2011	2012
General government	110	112	112	117	115	114	115	109
Human Services	311	319	316	320	332	321	311	309
Public Safety	343	335	357	367	372	357	351	355
Environmental protection	31	31	27	27	27	26	26	25
Economic and physical development	35	38	38	41	39	41	38	38
Culture and recreation	70	70	71	71	70	73	74	74
Transportation	19	16	18	18	18	15	14	17
Landfill	32	31	33	32	32	33	34	34
Sewer	-	-	1	2	2	2	2	2
Garage	4	4	4	4	4	4	5	4
Total	955	956	977	999	1,011	986	970	967

Source: Davidson County Budget Office.

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

Function	Fiscal Year As of June 30									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Human Services (1):										
Public health occupied square footage	21,572	21,572	21,572	21,572	21,572	21,572	21,572	21,572	34,060	34,060
Social services occupied square footage	39,216	39,216	45,511	45,511	45,511	45,511	45,511	45,511	54,221	54,221
Public Safety (1):										
Number of Emergency medical stations	5	5	5	5	5	5	6	6	6	7
Number of volunteer fire stations	23	23	23	23	23	23	23	23	23	30
Culture & recreation (1):										
Number of libraries	5	5	5	5	5	5	5	5	5	5
Education (2):										
Number of schools	39	42	42	41	41	42	42	43	43	46

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

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

Function	Fiscal Year As of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government (1):										
Number of tax bills per 1000 parcels	N/A	N/A	2,740	2,620	2,640	2,722	2,696	2,640	2,651	2,651
Registered motor vehicles per 1000 population	N/A	N/A	966	952	973	969	963	923	929	929
Human services (1):										
Children in Social Services custody	N/A	N/A	196	208	199	113	219	192	182	194
Active child support cases	N/A	N/A	4,902	4,862	5,130	5,625	5,789	6,009	6,132	5,310
Public Safety (1):										
Number of EMS calls dispatched	N/A	N/A	11,353	11,718	12,273	12,486	13,317	12,433	15,848	20,436
Number of emergency medical technicians	89	92	92	92	103	104	105	104	104	99
Building permits issued	8,290	8,669	10,078	11,398	10,262	7,458	4,789	4,740	4,776	4,640
Number of firemen	819	889	907	1,027	1,050	1,600	1,100	1,071	1,071	1,071
Number of fire inspections made	N/A	N/A	972	761	879	951	1,147	1,302	1,363	1,300
Economic and physical development (1):										
Number of individuals sponsored in WIA services	N/A	N/A	503	294	663	227	348	514	537	510
Education (2):										
Number of students	24,984	25,253	25,757	25,857	25,998	26,239	26,200	25,953	25,448	25,519
Number of teachers	2,368	1,681	1,676	1,838	1,944	1,956	1,900	1,828	1,879	1,779

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