

Davidson County, North Carolina

Comprehensive Annual Financial Report

Year Ended June 30, 2013

Prepared by:
Jane S. Kiker
Finance Director

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Davidson County, North Carolina

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INTRODUCTORY SECTION

DAVIDSON COUNTY FINANCE

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



November 26, 2013

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, 2013. 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 9.8 % employment rate which is 1 % above the state rate and .8% less than the County's rate in 2012.

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

One significant goal of Davidson County is to provide adequate sewer in areas where poor soils have been a prohibitive factor in the quality of life or a detriment to growth. Furthermore, the Davidson County School system has been faced with the requirement to upgrade sewer facilities at various schools to meet the requirements of the North Carolina Department of Environment and Natural Resources. The County has completed the construction of the sewer lines for the 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, 2013, 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

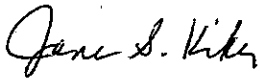
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Davidson County for its comprehensive annual financial report for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious 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-six years (fiscal years ended 1987-2012). 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.

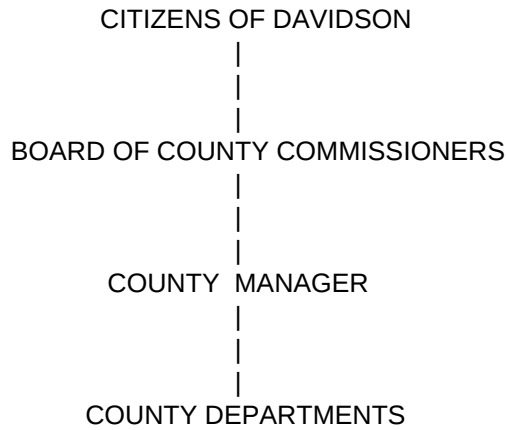
Respectfully submitted,

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

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

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

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

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
Monecia Thomas
Dale Moorefield
Ruth Ann Copley
Charles W. Parnell
Pam Walton
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
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



Government Finance Officers Association

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

Presented to

**Davidson County
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012



Executive Director/CEO

FINANCIAL SECTION

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

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

INDEPENDENT AUDITOR'S REPORT

To the Board of County Commissioners
Davidson County, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of June 30, 2013, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Davidson County, North Carolina's basic financial statements. The introductory section, combining and individual fund financial statements, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2013 on our consideration of Davidson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Davidson County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 26, 2013

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, 2013. 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 \$6,721,349.
- As of the close of the current fiscal year, Davidson County's governmental funds reported combined ending fund balances of \$67,346,686, after a net decrease of \$583,130. Approximately 27.2% of this total amount, or \$18,318,622, is restricted or non-spendable
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$35,638,723, or 28.9 % of total General Fund expenditures and transfers to other funds for the fiscal year.
- The assets of Davidson County exceeded its liabilities at the close of the fiscal year by \$23,168,918. This is an increase of \$4,410,987 over the prior year. The increase in net position is primarily due to the increase in net position of the General Fund.
- The County maintained the following bond ratings:

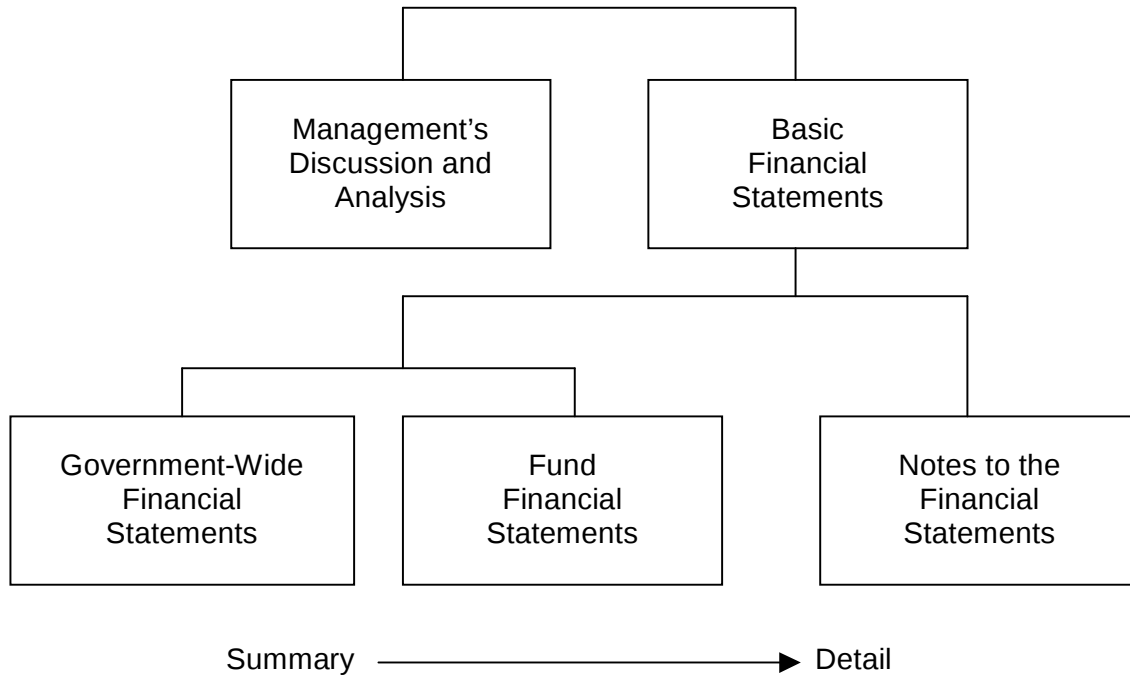
Moody's	Aa2
Standard & Poor's	AA-

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

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

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

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

The government-wide financial statements can be found on pages 15 through 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

Management's Discussion and Analysis (Continued)

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

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

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

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

Management's Discussion and Analysis (Continued)

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27 through 71 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 72 through 76 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. In the case of Davidson County, net position is negatively impacted by the fact that the County issues debt to fund the construction of capital assets that become the assets of other governmental entities upon completion. The County issues general obligation debt and limited obligation bonds to fund the cost of constructing these assets. The assets of Davidson County exceeded liabilities by \$23,168,918 as of June 30, 2013. As of June 30, 2012, the net position of Davidson County stood at \$18,907,761. The County's net position increased by \$4,410,987 for the fiscal year ended June 30, 2013.

Davidson County, along with many other counties in North Carolina, funds school facilities that become assets of the school district and community college facilities that become property of the community college, through the issuance of debt. General obligation bonds and qualified school construction bonds have been issued by the County to fund a large portion of the cost of these assets. The County's liabilities at June 30, 2013 include outstanding general obligation debt of \$62.7 million and outstanding qualified school construction bond debt of \$17 million that both relate to funding these non-county assets. This represents 99% of the County's outstanding general obligation debt. Because the County does not retain the related assets, this debt liability (less any unspent proceeds) reduces the County's total net position and presents a less favorable picture as compared to governments that do not extensively fund the capital assets of other government entities. An additional portion of Davidson County's net position \$16,647,473 represents resources that are subject to external restrictions on how they are used. The remaining balance of (\$32,139,942) is unrestricted.

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

Management's Discussion and Analysis (Continued)

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

Davidson County's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 83,938,000	\$ 85,698,499	\$ 14,084,251	\$ 13,644,660	\$ 98,022,251	\$ 99,343,159
Capital assets	32,421,557	33,245,559	19,358,759	20,717,021	51,780,316	53,962,580
Construction in progress	-	-	612,856	-	612,856	-
Total assets	116,359,557	118,944,058	34,055,866	34,361,681	150,415,423	153,305,739
Long-term liabilities outstanding	103,241,554	108,046,878	17,403,934	17,442,158	120,645,488	125,489,036
Other liabilities	6,396,654	8,193,426	204,363	715,516	6,601,017	8,908,942
Total liabilities	109,638,208	116,240,304	17,608,297	18,157,674	127,246,505	134,397,978
Net position:						
Net investment in capital						
assets	28,831,557	28,990,559	9,829,830	10,014,021	38,661,387	39,004,580
Restricted	16,647,473	16,961,009	-	-	16,647,473	16,961,009
Unrestricted	(38,757,681)	(43,247,814)	6,617,739	6,189,986	(32,139,942)	(37,057,828)
Total net position	\$ 6,721,349	\$ 2,703,754	\$ 16,447,569	\$ 16,204,007	\$ 23,168,918	\$ 18,907,761

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 95.70%.
- Continued low cost of debt due to the County's high bond rating.
- Continued conservative spending initiatives through performance-based budgeting.

Management's Discussion and Analysis (Continued)

Davidson County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 9,069,054	\$ 9,351,036	\$ 4,110,151	\$ 4,582,206	\$ 13,179,205	\$ 13,933,242
Operating grants and contributions	25,235,796	25,119,643	-	-	25,235,796	25,119,643
Capital grants and contributions	-	110,778	-	-	-	110,778
General revenues:						
Property taxes	80,193,327	78,774,693	-	-	80,193,327	78,774,693
Other taxes	19,295,763	18,385,967	329,416	329,205	19,625,179	18,715,172
Other	1,629,627	2,885,307	26,870	31,539	1,656,497	2,916,846
Total revenues	135,423,567	134,627,424	4,466,437	4,942,950	139,890,004	139,570,374
Expenses:						
General government	11,601,662	10,417,389	-	-	11,601,662	10,417,389
Human services	29,811,107	29,293,613	-	-	29,811,107	29,293,613
Public safety	32,297,095	33,269,734	-	-	32,297,095	33,269,734
Environmental protection	1,468,508	1,655,611	-	-	1,468,508	1,655,611
Economic and physical development	3,560,619	4,443,602	-	-	3,560,619	4,443,602
Culture and recreation	4,040,662	3,819,300	-	-	4,040,662	3,819,300
Transportation	1,547,832	1,259,372	-	-	1,547,832	1,259,372
Education	40,842,201	53,670,822	-	-	40,842,201	53,670,822
Interest on long-term debt	4,674,120	4,480,052	-	-	4,674,120	4,480,052
Landfill	-	-	4,344,483	4,835,957	4,344,483	4,835,957
Sewer	-	-	1,290,728	1,187,092	1,290,728	1,187,092
Total expenses	129,843,806	142,309,495	5,635,211	6,023,049	135,479,017	148,332,544
Increase in net position before contributions and transfers	5,579,761	(7,682,071)	(1,168,774)	(1,080,099)	4,410,987	(8,762,170)
Contributions and transfers	(1,412,336)	(1,198,242)	1,412,336	1,198,242	-	-
Increase (decrease) in net position	4,167,425	(8,880,313)	243,562	118,143	4,410,987	(8,762,170)
Net position, beginning, previously reported	2,703,754	11,584,067	16,204,007	16,085,864	18,907,761	27,669,931
Restatement	(149,830)	-	-	-	(149,830)	-
Net position, beginning, restated	2,553,924	11,584,067	16,204,007	16,085,864	18,757,931	27,669,931
Net position, ending	\$ 6,721,349	\$ 2,703,754	\$ 16,447,569	\$ 16,204,007	\$ 23,168,918	\$ 18,907,761

Governmental activities. Of total net position, governmental activities accounted for \$6,721,349 (29 percent). Operating grants funded \$25,235,796 of Davidson County's governmental activities. Both sales tax and property taxes provided a higher source of revenue. Governmental activities increased the County's net position by \$4,167,425 compared to a decrease of \$8,880,313 in 2012. The key elements of the increase in 2013 were the decreases in school construction.

Business-type activities. Net position of Davidson County's business-type activities increased to \$16,447,569. Net position increased by \$243,562 in 2013 due to conservative spending. Net position increased \$118,143 in 2012.

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 \$67,346,686, a decrease of \$583,130 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 \$42,678,178, while total fund balance for the General Fund reached \$53,940,866. 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 34.6% of general fund expenditures and transfers to other funds, while total fund balance represents 43.7% 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 \$3,826,019 due to school construction. Sources of income included interest earnings of \$6,690, and transfers from the General Fund of \$2,545,517. The Capital Reserve Fund increased by \$1,723,723 due to a transfer from the General Fund for future 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 \$7,851,269. Of this increase, \$2,152,594 was attributable to additional restricted intergovernmental revenues for human services and economic and physical development that became available during the year. \$1,874,216 of the increase can be attributed to the appropriation of fund balance for prior year encumbrances and for performance management expenditures earned by qualified departments in the prior year from the attainment of specific performance goals. \$2,500,000 of the increase can be attributed to the appropriation of fund balance for a one-time transfer to capital reserve for future 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 position of the Landfill at the end of the year totaled \$6,313,375. Unrestricted net position of the Sewer operation at the end of the year totaled \$304,364.

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, 2013 amounts to \$52,393,172 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment. The total decrease in Davidson County's investment in capital assets for the current fiscal year was 2.9 percent.

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

Davidson County's Capital Assets
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and Improvements	\$ 6,342,588	\$ 5,384,197	\$ 863,794	\$ 863,794	\$ 7,206,382	\$ 6,247,991
Buildings	38,600,820	38,408,938	794,528	794,528	39,395,348	39,203,466
Furniture and equipment	10,813,197	10,317,616	6,705,209	6,703,129	17,518,406	17,020,745
Vehicles	8,193,273	7,980,564	919,735	919,735	9,113,008	8,900,299
Sewer line	-	-	16,236,680	13,227,209	16,236,680	13,227,209
Landfill cell construction	-	-	14,076,075	14,076,075	14,076,075	14,076,075
Improvements to landfill	-	-	2,378,584	2,272,144	2,378,584	2,272,144
Construction in progress	-	1,007,222	612,856	2,854,698	612,856	3,861,920
Subtotal	63,949,878	63,098,537	42,587,461	41,711,312	106,537,339	104,809,849
Less accumulated depreciation	31,528,321	29,852,978	22,615,846	20,994,291	54,144,167	50,847,269
Total	\$ 32,421,557	\$ 33,245,559	\$ 19,971,615	\$ 20,717,021	\$ 52,393,172	\$ 53,962,580

Additional information on Davidson County's capital assets can be found in Note II.A.4 on pages 44 through 47 of this report.

Long-Term Debt. At the end of the current fiscal year, Davidson County had total bonded debt outstanding of \$63,585,000, 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 \$1,058,274,000. 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 8.26%.

Management's Discussion and Analysis (Continued)

The County's general obligation debt per capita is \$388.46 as of June 30, 2013 while the County's gross debt per capita is \$645.69 due to \$42,102,883 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 \$6,210,009.

Additional information on Davidson County's long-term debt can be found in Note III.B.7 on pages 60 through 67 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Davidson County is currently 9.8 percent, which .8 percent less than last year's rate. This rate is 1 percent above the state's average unemployment rate of 8.8 percent.
- Inflationary trends in the region compare favorably to national indices.
- Population of 163,683 has grown 8.2 percent from 2003 to 2013.

All of these factors were considered in preparing Davidson County's budget for Fiscal Year 2013-2014.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2013-2014

Governmental activities. Minimal growth in the tax base is anticipated over FY2013. 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 3.4 percent from FY2013. The largest decrease was due to a one-time capital reserve transfer in FY2013.

Business-type activities. Budgeted expenditures for the Landfill Fund will decrease by \$2,346,763. This is attributable to one-time capital expenditures budgeted for landfill cell construction in FY2013.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

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DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2013

Exhibit 1

	Primary Government			Component Unit Davidson County Airport Authority
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 64,252,815	\$ 12,382,906	\$ 76,635,721	\$ 194,432
Taxes receivable, net	2,938,353	-	2,938,353	-
Accounts receivable, net	1,628,589	430,679	2,059,268	239,664
Due from other governments	10,059,637	111,144	10,170,781	-
Inventory, at cost	48,436	-	48,436	-
Restricted cash and cash equivalents	3,339,021	1,159,522	4,498,543	-
Long-term note receivable	450,000	-	450,000	-
Long-term advance to component unit	1,221,149	-	1,221,149	-
Capital assets				
Land and construction in progress	6,342,588	1,476,650	7,819,238	3,851,801
Other capital assets, net of accumulated depreciation	26,078,969	18,494,965	44,573,934	8,504,609
Total capital assets	32,421,557	19,971,615	52,393,172	12,356,410
Total Assets	116,359,557	34,055,866	150,415,423	12,790,506
LIABILITIES AND NET POSITION				
Liabilities:				
Accounts payable and accrued liabilities	6,097,581	204,363	6,301,944	327,617
Accrued interest payable	299,073	-	299,073	-
Long-term liabilities:				
Due within one year	7,633,465	628,760	8,262,225	73,797
Due in more than one year	95,608,089	16,775,174	112,383,263	1,147,352
Total long-term liabilities	103,241,554	17,403,934	120,645,488	1,221,149
Total liabilities	109,638,208	17,608,297	127,246,505	1,548,766
Net Position:				
Net investment in capital assets	28,831,557	9,829,830	38,661,387	11,135,261
Restricted for:				
Register of deeds	383,643	-	383,643	-
Stablization by State Statute	9,784,929	-	9,784,929	-
Public safety	2,448,921	-	2,448,921	-
Transportation	797,408	-	797,408	-
Education	669,969	-	669,969	-
Human Services	2,562,603	-	2,562,603	-
Unrestricted	(38,757,681)	6,617,739	(32,139,942)	106,479
Total net position	\$ 6,721,349	\$ 16,447,569	\$ 23,168,918	\$ 11,241,740

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 11,601,662	\$ 1,243,862	\$ -	\$ -
Human services	29,811,107	571,525	19,186,452	-
Public safety	32,297,095	5,282,995	1,775,157	-
Environmental protection	1,468,508	131,400	25,500	-
Economic and physical development	3,560,619	689,387	1,696,864	-
Culture and recreation	4,040,662	273,406	179,596	-
Transportation	1,547,832	876,479	722,767	-
Intergovernmental:				
Education	40,842,201	-	-	-
Debt service:				
Interest and fiscal charges	4,674,120	-	1,649,460	-
Total governmental activities	129,843,806	9,069,054	25,235,796	-
Business-type activities:				
Landfill	4,344,483	3,754,832	-	-
Sewer	1,290,728	355,319	-	-
Total business-type activities	5,635,211	4,110,151	-	-
Total primary government	135,479,017	13,179,205	25,235,796	-
Component units:				
Airport	1,151,489	240,057	155,184	334,426
Total component units	1,151,489	240,057	155,184	334,426
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Sales tax				
Other taxes				
Interest earnings				
Other				
Total General Revenues excluding transfers				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, previously reported				
Restatement				
Net position, beginning, restated				
Net position, ending				

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (10,357,800)	\$ -	\$ (10,357,800)	\$ -
(10,053,130)	-	(10,053,130)	-
(25,238,943)	-	(25,238,943)	-
(1,311,608)	-	(1,311,608)	-
(1,174,368)	-	(1,174,368)	-
(3,587,660)	-	(3,587,660)	-
51,414	-	51,414	-
(40,842,201)	-	(40,842,201)	-
(3,024,660)	-	(3,024,660)	-
(95,538,956)	-	(95,538,956)	-
-	(589,651)	(589,651)	-
-	(935,409)	(935,409)	-
-	(1,525,060)	(1,525,060)	-
(95,538,956)	(1,525,060)	(97,064,016)	-
-	-	-	(421,822)
-	-	-	(421,822)
80,193,327	-	80,193,327	-
17,655,035	-	17,655,035	-
1,640,728	329,416	1,970,144	-
270,151	26,870	297,021	-
1,359,476	-	1,359,476	-
101,118,717	356,286	101,475,003	-
(1,412,336)	1,412,336	-	-
99,706,381	1,768,622	101,475,003	-
4,167,425	243,562	4,410,987	(421,822)
2,703,754	16,204,007	18,907,761	11,663,562
(149,830)	-	(149,830)	-
2,553,924	16,204,007	18,757,931	11,663,562
\$ 6,721,349	\$ 16,447,569	\$ 23,168,918	\$ 11,241,740

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2013**

Exhibit 3

ASSETS	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	School Capital Outlay Fund	Capital Reserve Fund		
Cash and cash equivalents	\$ 44,121,198	\$ 1,727,348	\$ 7,661,026	\$ 3,468,199	\$ 56,977,771
Taxes receivable, net	2,547,599	-	-	390,754	2,938,353
Accounts receivable, net	1,628,589	-	-	-	1,628,589
Due from other governments	9,844,738	-	-	214,899	10,059,637
Due from other funds	-	-	-	-	-
Restricted cash and cash equivalents	2,669,052	669,969	-	-	3,339,021
Long term note receivable	450,000	-	-	-	450,000
Long-term advance to component unit	1,221,149	-	-	-	1,221,149
Total Assets	<u>\$ 62,482,325</u>	<u>\$ 2,397,317</u>	<u>\$ 7,661,026</u>	<u>\$ 4,073,852</u>	<u>\$ 76,614,520</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

Liabilities:					
Accounts payable and accrued liabilities	\$ 4,112,072	\$ 146,180	\$ -	\$ 189,441	\$ 4,447,693
Total liabilities	<u>4,112,072</u>	<u>146,180</u>	<u>-</u>	<u>189,441</u>	<u>4,447,693</u>
DEFERRED INFLOWS OF RESOURCES	<u>4,429,387</u>	<u>-</u>	<u>-</u>	<u>390,754</u>	<u>4,820,141</u>
Fund balances:					
Nonspendable:					
Long term note receivable	450,000	-	-	-	450,000
Long-term advance to component unit	1,221,149	-	-	-	1,221,149
Restricted:					
Stabilization by State Statute	9,591,539	-	-	193,390	9,784,929
Register of deeds	383,643	-	-	-	383,643
Fire protection	-	-	-	450,742	450,742
Transportation	-	-	-	797,408	797,408
School capital	-	669,969	-	-	669,969
Public safety	1,075,786	-	-	922,393	1,998,179
Health	2,562,603	-	-	-	2,562,603
Committed:					
Tax revaluation	79,000	-	-	-	79,000
School capital	-	1,581,168	-	-	1,581,168
Capital projects funds	-	-	7,661,026	1,129,724	8,790,750
Assigned, designated for subsequent year's expenditures	2,938,423	-	-	-	2,938,423
Unassigned	<u>35,638,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,638,723</u>
Total fund balances	<u>53,940,866</u>	<u>2,251,137</u>	<u>7,661,026</u>	<u>3,493,657</u>	<u>67,346,686</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 62,482,325</u>	<u>\$ 2,397,317</u>	<u>\$ 7,661,026</u>	<u>\$ 4,073,852</u>	

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

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	32,098,861
Deferred inflows of resources for taxes and other receivables	4,820,141
An internal service fund is used by management to charge the costs of fleet management and health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	5,986,036
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	(95,290,296)
Compensated absences	(2,033,236)
Law Enforcement Officers' Special Separation Allowance	(946,891)
OPEB liability	(4,960,879)
Accrued interest payable	(299,073)
Net position of governmental activities	<u>\$ 6,721,349</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, 2013

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	\$ 89,551,130	\$ -	\$ -	\$ 9,784,318	\$ 99,335,448
Licenses and permits	1,278,851	-	-	-	1,278,851
Intergovernmental	24,663,918	-	-	768,424	25,432,342
Charges for services	6,676,800	-	-	876,479	7,553,279
Interest on investments	259,141	6,690	-	4,320	270,151
Miscellaneous	1,777,522	-	-	-	1,777,522
Total revenues	<u>124,207,362</u>	<u>6,690</u>	<u>-</u>	<u>11,433,541</u>	<u>135,647,593</u>
Expenditures:					
Current:					
General government	11,023,150	-	-	-	11,023,150
Human services	29,861,622	-	-	-	29,861,622
Public safety	23,572,820	-	-	8,187,245	31,760,065
Environmental protection	1,417,664	-	-	-	1,417,664
Economic and physical development	3,518,568	-	-	-	3,518,568
Culture and recreation	4,098,986	-	-	-	4,098,986
Transportation	-	-	-	1,581,662	1,581,662
Intergovernmental:					
Education	33,591,924	5,807,711	-	1,501,579	40,901,214
Capital outlay	-	-	-	310,047	310,047
Debt service:					
Principal	6,136,115	-	-	-	6,136,115
Interest and fiscal charges	4,070,085	-	-	-	4,070,085
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>117,290,934</u>	<u>5,807,711</u>	<u>-</u>	<u>11,580,533</u>	<u>134,679,178</u>
Excess (deficiency) of revenues over expenditures	<u>6,916,428</u>	<u>(5,801,021)</u>	<u>-</u>	<u>(146,992)</u>	<u>968,415</u>
Other financing sources (uses):					
Transfers from other funds	948,520	2,545,517	2,500,000	6,836	6,000,873
Transfers to other funds	(6,205,626)	(431,306)	(776,277)	-	(7,413,209)
Refunding bonds issued	-	9,080,000	-	-	9,080,000
Payment to refunded bond escrow agent	-	(9,219,209)	-	-	(9,219,209)
Total other financing sources (uses)	<u>(5,257,106)</u>	<u>1,975,002</u>	<u>1,723,723</u>	<u>6,836</u>	<u>(1,551,545)</u>
Net change in fund balances	1,659,322	(3,826,019)	1,723,723	(140,156)	(583,130)
Fund balances at beginning 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>
Fund balances at end of year	<u>\$ 53,940,866</u>	<u>\$ 2,251,137</u>	<u>\$ 7,661,026</u>	<u>\$ 3,493,657</u>	<u>\$ 67,346,686</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, 2013

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 \$ (583,130)

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 more than capital outlays and loss on disposal
in the current period. (801,153)

The issuance of long-term debt (e.g. bonds, leases) provides current financial
resources to governmental funds, while repayment of principal of long-term
debt consumes the current financial resources of governmental funds.
Neither transaction, however, has any effect on net position. Also, governmental
funds report the effect of premiums, discounts, and similar items when debt
is first issued, whereas these amounts are deferred and amortized in the
statement of activities. This amount is the net effect of these differences in the
treatment of long-term debt and related items. 5,730,303

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. (891,830)

Revenues in the statement of activities that do not provide current financial
resources are not reported as revenues in the funds. (224,027)

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. 937,262

Changes in net position of governmental activities \$ 4,167,425

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, 2013

Exhibit 5

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	With Final Positive (Negative)
Revenues:				
Taxes	\$ 86,021,957	\$ 86,108,459	\$ 89,551,130	\$ 3,442,671
Licenses and permits	1,452,471	1,452,778	1,278,851	(173,927)
Intergovernmental	23,111,053	25,263,647	24,663,918	(599,729)
Charges for services	6,033,098	6,569,668	6,676,800	107,132
Interest on investments	750,000	750,000	259,141	(490,859)
Miscellaneous	898,420	1,005,331	1,777,522	772,191
Total revenues	118,266,999	121,149,883	124,207,362	3,057,479
Expenditures:				
Current:				
General government	10,818,875	11,935,034	11,023,150	911,884
Human services	29,558,399	31,814,082	29,861,622	1,952,460
Public safety	23,255,803	24,267,636	23,572,820	694,816
Environmental protection	1,543,697	1,524,238	1,417,664	106,574
Economic and physical development	3,889,877	4,346,190	3,518,568	827,622
Culture and recreation	4,032,610	4,479,559	4,098,986	380,573
Intergovernmental:				
Education	33,571,091	33,616,091	33,591,924	24,167
Debt service:				
Principal	7,580,008	7,006,114	6,136,115	869,999
Interest and fiscal charges	4,737,538	4,363,205	4,070,085	293,120
		-	-	-
Total expenditures	118,987,898	123,352,149	117,290,934	6,061,215
Excess (deficiency) of revenues over expenditures	(720,899)	(2,202,266)	6,916,428	9,118,694
Other financing sources (uses):				
Transfers from other funds	561,481	1,078,695	948,520	(130,175)
Transfers to other funds	(2,778,534)	(6,265,552)	(6,205,626)	59,926
Refunding bonds issued	-	76,955	-	(76,955)
Total other financing sources (uses)	(2,217,053)	(5,109,902)	(5,257,106)	(147,204)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,937,952)	(7,312,168)	1,659,322	8,971,490
Fund balance appropriated	2,937,952	7,312,168	-	(7,312,168)
Net change in fund balance	\$ -	\$ -	1,659,322	\$ 1,659,322
Fund balance at beginning of year			52,202,544	
Fund balance at end of year			\$ 53,861,866	

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2013

Exhibit 6

	Major Fund <u>Landfill</u>	Major Fund <u>Sewer</u>	Total	Governmental Activities <u>Internal Service</u>
ASSETS				
Current assets:				
Cash and investments	\$ 12,016,027	\$ 366,879	\$ 12,382,906	\$ 7,275,044
Accounts receivable, net	402,076	28,603	430,679	-
Due from other governments	111,144	-	111,144	-
Restricted cash and cash equivalents	-	1,159,522	1,159,522	-
Inventory, at cost	-	-	-	48,436
Total current assets	<u>12,529,247</u>	<u>1,555,004</u>	<u>14,084,251</u>	<u>7,323,480</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress	863,794	612,856	1,476,650	-
Other capital assets, net of depreciation	<u>3,695,033</u>	<u>14,799,932</u>	<u>18,494,965</u>	<u>322,696</u>
Total capital assets	<u>4,558,827</u>	<u>15,412,788</u>	<u>19,971,615</u>	<u>322,696</u>
Total Assets	<u>\$ 17,088,074</u>	<u>\$ 16,967,792</u>	<u>\$ 34,055,866</u>	<u>\$ 7,646,176</u>
LIABILITIES AND NET POSITION				
Current liabilities:				
Current portion of accrued vacation benefits	\$ 32,500	\$ 5,500	\$ 38,000	\$ -
Accounts payable and accrued liabilities	122,126	82,237	204,363	1,649,888
General obligation note payable	-	50,000	50,000	-
Installment note payable	<u>-</u>	<u>540,760</u>	<u>540,760</u>	<u>-</u>
Total current liabilities	<u>154,626</u>	<u>678,497</u>	<u>833,123</u>	<u>1,649,888</u>
Noncurrent liabilities:				
Accrued landfill closure and postclosure costs	5,876,196	-	5,876,196	-
Accrued OPEB liability	161,307	-	161,307	-
Accrued vacation benefits	23,743	3,381	27,124	10,252
General obligation note payable	-	810,000	810,000	-
Installment note payable	<u>-</u>	<u>9,900,547</u>	<u>9,900,547</u>	<u>-</u>
Total noncurrent liabilities	<u>6,061,246</u>	<u>10,713,928</u>	<u>16,775,174</u>	<u>10,252</u>
Total liabilities	<u>6,215,872</u>	<u>11,392,425</u>	<u>17,608,297</u>	<u>1,660,140</u>
Net position:				
Net investment in capital assets	4,558,827	5,271,003	9,829,830	322,696
Unrestricted	<u>6,313,375</u>	<u>304,364</u>	<u>6,617,739</u>	<u>5,663,340</u>
Total net position	<u>\$ 10,872,202</u>	<u>\$ 5,575,367</u>	<u>\$ 16,447,569</u>	<u>\$ 5,986,036</u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
Year Ended June 30, 2013

Exhibit 7

	<u>Major Fund Landfill</u>	<u>Major Fund Sewer</u>	<u>Total</u>	<u>Governmental Activities Internal Service</u>
Operating revenues:				
Intergovernmental	\$ 329,416	\$ -	\$ 329,416	\$ -
Charges for sales and services	3,754,832	355,319	4,110,151	9,746,130
Miscellaneous	-	-	-	68,275
Total operating revenues	<u>4,084,248</u>	<u>355,319</u>	<u>4,439,567</u>	<u>9,814,405</u>
Operating expenses:				
Salaries and benefits	1,306,480	143,807	1,450,287	247,158
Operating	1,219,164	374,017	1,593,181	8,577,142
Depreciation	1,302,759	321,616	1,624,375	52,843
Closure and postclosure costs	516,080	-	516,080	-
Total operating expenses	<u>4,344,483</u>	<u>839,440</u>	<u>5,183,923</u>	<u>8,877,143</u>
Operating income (loss)	<u>(260,235)</u>	<u>(484,121)</u>	<u>(744,356)</u>	<u>937,262</u>
Nonoperating revenues(expenses):				
Interest earned	25,469	1,401	26,870	-
Interest expense	-	(451,288)	(451,288)	-
Total nonoperating revenues (expenses)	<u>25,469</u>	<u>(449,887)</u>	<u>(424,418)</u>	<u>-</u>
Income (loss) before transfers	<u>(234,766)</u>	<u>(934,008)</u>	<u>(1,168,774)</u>	<u>937,262</u>
Transfers:				
Transfers from other funds	-	1,412,336	1,412,336	-
Total transfers	<u>-</u>	<u>1,412,336</u>	<u>1,412,336</u>	<u>-</u>
Change in net position	(234,766)	478,328	243,562	937,262
Total net position, beginning	<u>11,106,968</u>	<u>5,097,039</u>	<u>16,204,007</u>	<u>5,048,774</u>
Total net position, ending	<u>\$ 10,872,202</u>	<u>\$ 5,575,367</u>	<u>\$ 16,447,569</u>	<u>\$ 5,986,036</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, 2013

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	\$ 3,901,412	\$ 353,132	\$ 4,254,544	\$ 9,746,130
Cash paid for goods and services	(1,299,200)	(805,134)	(2,104,334)	(8,529,771)
Cash paid to employees for services	(1,288,285)	(142,412)	(1,430,697)	(247,441)
Other operating revenues	344,333	-	344,333	68,275
Net cash provided (used) by operating activities	<u>1,658,260</u>	<u>(594,414)</u>	<u>1,063,846</u>	<u>1,037,193</u>
Cash flows from noncapital financing activities:				
Transfers from other funds	-	1,412,336	1,412,336	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>1,412,336</u>	<u>1,412,336</u>	<u>-</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(111,340)	(767,629)	(878,969)	(29,995)
Principal payments on debt	-	(573,894)	(573,894)	-
Interest payments on debt	-	(451,288)	(451,288)	-
Net cash provided (used) by capital and related financing activities	<u>(111,340)</u>	<u>(1,792,811)</u>	<u>(1,904,151)</u>	<u>(29,995)</u>
Cash flows from investing activities:				
Interest on investments	25,469	1,401	26,870	-
Net cash provided by investing activities	<u>25,469</u>	<u>1,401</u>	<u>26,870</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	1,572,389	(973,488)	598,901	1,007,198
Cash and cash equivalents at beginning of year	<u>10,443,638</u>	<u>2,499,889</u>	<u>12,943,527</u>	<u>6,267,846</u>
Cash and cash equivalents at end of year	<u><u>\$ 12,016,027</u></u>	<u><u>\$ 1,526,401</u></u>	<u><u>\$ 13,542,428</u></u>	<u><u>\$ 7,275,044</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:				
Operating income (loss)	\$ (260,235)	\$ (484,121)	\$ (744,356)	\$ 937,262
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	1,302,759	321,616	1,624,375	52,843
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	146,580	(2,187)	144,393	-
(Increase) decrease in due from other governments	14,917	-	14,917	-
(Increase) decrease in inventory	-	-	-	8,667
Increase (decrease) in accounts payable and accrued liabilities	(80,036)	(431,117)	(511,153)	38,704
Increase (decrease) in accrued landfill closure and postclosure costs	516,080	-	516,080	-
Increase (decrease) in accrued OPEB liability	23,790	-	23,790	-
Increase (decrease) in accrued vacation benefits	(5,595)	1,395	(4,200)	(283)
Net cash provided (used) by operating activities	<u><u>\$ 1,658,260</u></u>	<u><u>\$ (594,414)</u></u>	<u><u>\$ 1,063,846</u></u>	<u><u>\$ 1,037,193</u></u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
June 30, 2013

Exhibit 9

ASSETS	Pension Trust Fund	Agency Funds
Cash	\$ 318,715	\$ 805,794
Due from other governments	-	63,183
Total Assets	<u>\$ 318,715</u>	<u>\$ 868,977</u>
LIABILITIES		
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ 868,977</u>
NET POSITION		
Held in trust for pension benefits	<u>\$ 318,715</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY
NET POSITION - FIDUCIARY FUNDS
Year Ended June 30, 2013

Exhibit 10

	<u>Pension Trust Fund</u>
Additions	<u>\$ 103,171</u>
Deductions:	
Benefits	110,618
Administrative expense	<u>391</u>
Total deductions	<u>111,009</u>
Change in net position	(7,838)
Net Position:	
Beginning of year	<u>326,553</u>
End of year	<u><u>\$ 318,715</u></u>

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
June 30, 2013

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

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

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

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

Basis of Presentation (Continued)

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

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

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

The County reports the following major governmental funds:

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

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

Capital 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 and workers compensation.

Agency Funds. Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Property Tax Fund, which accounts for 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 2012 through February 2013 apply to the fiscal year ended June 30, 2013.

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 and are offset by deferred inflows of resources.

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

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

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

C. Budgetary Data

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

I. Summary of Significant Accounting Policies (Continued)

C. Budgetary Data (Continued)

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

Budget amendments totaling \$2,152,594 were necessary to appropriate additional grants received during the year for human services, public safety, and job training. Additional fund balance of \$4,374,216 was appropriated for the carry over of outstanding purchase orders from FY 11-12, for capital expenditures, for capital reserves, and for performance management expenditures earned from the attainment of specific performance goals in the previous year.

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

1. Deposits and Investments

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

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, 2013:

	General Fund	School Capital Outlay Fund	Sewer Fund
Sinking fund for the repayment of Qualified Zone Academy Bonds	\$ 849,628	\$ -	\$ -
Sinking fund for the repayment of Qualified School Construction Bonds	1,740,424	-	-
Tax Revaluation Fund	79,000	-	-
Unexpended proceeds from the issuance of bonds	-	593,013	-
Unexpended proceeds from the issuance of Refunding Certificates of Participation	-	76,956	-
Unexpended proceeds from the issuance of Limited Obligation Bonds	-	-	79,596
Unexpended proceeds from the issuance of Installment purchase contracts	-	-	<u>1,079,926</u>
	<u>\$ 2,669,052</u>	<u>\$ 669,969</u>	<u>\$ 1,159,522</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, 2012. As allowed by state law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

5. Allowances for Doubtful Accounts

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

6. Inventories

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

7. Capital Assets

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

7. Capital Assets (Continued)

Component unit:

Buildings	40 years
Land improvements	50 years
Equipment	10 years
Runways	20 years

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has no items that meet this criterion. In addition to liabilities, the statement of financial position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has only two items that meet the criterion for this category, property taxes receivable and EMS receivables.

9. Long-Term Obligations

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

10. Compensated Absences

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

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

I. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

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

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

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

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

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

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

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

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

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

Fund Balance, ending (Exhibit 5)	\$ 53,861,866
Property Revaluation Fund:	
Expenditures:	
General government	-
Transfers in – General Fund	-
Fund Balance, beginning	<u>79,000</u>
Fund balance, ending (Exhibit 4)	<u>\$ 53,940,866</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

I. Summary of Significant Accounting Policies (Continued)

E. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net positions of governmental activities as reported in the government-wide statement of activities. The elements comprising the total adjustment of \$4,750,555 are as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 1,275,586
Depreciation expense, the allocation of those assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(2,069,722)
Loss on disposal of capital assets not recorded in the fund statements.	(7,017)
New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities - it affects only the government-wide statement of net position.	(9,080,000)
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.	937,262
Principal payments on debt owed are recorded as a use of funds in the fund statements but do not affect the net position reported in the government-wide statements.	14,716,115
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

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)

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).	33,432
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Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(79,754)
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Law enforcement Officers' Special Separation Allowance is accrued in the government-wide statements but not in the fund statements because it does not use current resources.	(80,421)
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OPEB liability is accrued in the government-wide statements but not in the fund statements because it does not use current resources.	(731,655)
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Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.

Net decrease in deferred inflows of resources.	<u>(224,027)</u>
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Total adjustment	<u>\$4,750,555</u>
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II. Detail Notes on All Funds

A. Assets

1. Deposits

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

The 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, 2013, the County and Airport's deposits had a carrying amount of \$62,987,920 and a bank balance of \$63,459,235. Of the bank balance, \$518,685 was covered by federal depository insurance and \$62,940,550 in both interest-bearing and non interest-bearing deposits were covered by collateral held under the Pooling Method. Of the County's carrying amount, \$1,124,509 is held on behalf of others in the Pension Trust and Agency Funds. At June 30, 2013, Davidson County had \$4,251 cash on hand. During the year and as of June 30, 2013, the Airport Authority had no depository accounts other than those held by the County.

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds

A. Assets (Continued)

2. Investments

As of June 30, 2013, the County had the following investments and maturities:

	<u>Fair Value</u>	<u>Maturity Less Than 1 Year</u>
North Carolina Capital Management Trust		
Cash Portfolio	\$ 18,611,406	\$ N/A
Government Securities	<u>849,628</u>	<u>849,628</u>
	<u>\$ 19,461,034</u>	<u>\$ 849,628</u>

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from interest rates, the County's formal investment policy limitations are that no less than half of the 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, 2013. The County's investments in Governmental Securities (FNMA Discount Note) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

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

Concentration of Credit Risk - The County formal investment policy places no limit on the amount that the County may invest in any one issuer. The County's investment in governmental securities represents 4.4% of the County's total investments.

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds

A. Assets (Continued)

3. Receivables

Receivables at the government-wide level at June 30, 2013 were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental activities:				
General	\$ 10,916,947	\$ 16,890,417	\$ 9,844,738	\$ 37,652,102
Other governmental	<u>758,282</u>	<u>-</u>	<u>214,899</u>	<u>973,181</u>
Total receivables	11,675,229	16,890,417	10,059,637	38,625,283
Allowance for doubtful accounts	<u>(8,736,876)</u>	<u>(15,261,828)</u>	<u>-</u>	<u>(23,998,704)</u>
Total - governmental activities	<u>\$ 2,938,353</u>	<u>\$ 1,628,589</u>	<u>\$ 10,059,637</u>	<u>\$ 14,626,579</u>
Business-type activities:				
Landfill	\$ -	\$ 450,732	\$ 111,144	\$ 561,876
Sewer	<u>-</u>	<u>28,603</u>	<u>-</u>	<u>28,603</u>
Total receivables	-	479,335	111,144	590,479
Allowance for doubtful accounts	<u>-</u>	<u>(48,656)</u>	<u>-</u>	<u>(48,656)</u>
Total - business-type activities	<u>\$ -</u>	<u>\$ 430,679</u>	<u>\$ 111,144</u>	<u>\$ 541,823</u>

Due from other governments consists of the following at June 30, 2013:

	<u>General</u>	<u>Other Governmental</u>
Local option sales tax allocation	\$ 4,440,154	\$ -
Sales tax refund	844,924	-
Grant reimbursements	3,475,480	91,246
Other	<u>1,084,180</u>	<u>123,653</u>
	<u>\$9,844,738</u>	<u>\$ 214,899</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 \$1,221,149 at June 30, 2013.

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

3. Receivables (Continued)

During fiscal year 2011, the County advanced \$500,000 to the Town of Wallburg for the purchase of property for economic development. Annual payments of \$25,000 are to be made over twenty years. Interest will not be charged for the first ten years of the repayment term; however, beginning January 1, 2021 and continuing for the remainder of the term of the loan, interest will be charged on the outstanding balance at a rate of prime plus one percent. The balance of the long-term note receivable is \$450,000 at June 30, 2013.

4. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,384,197	\$ 958,391	\$ -	\$ 6,342,588
Construction in progress	<u>1,007,222</u>	<u>-</u>	<u>1,007,222</u>	<u>-</u>
Total capital assets not being depreciated	<u>6,391,419</u>	<u>958,391</u>	<u>1,007,222</u>	<u>6,342,588</u>
Capital assets being depreciated:				
Buildings and improvements	38,408,938	191,882	-	38,600,820
Furniture and equipment	10,317,616	508,874	13,293	10,813,197
Vehicles and motor equipment	<u>7,980,564</u>	<u>656,476</u>	<u>443,767</u>	<u>8,193,273</u>
Total capital assets being depreciated	<u>56,707,118</u>	<u>1,357,232</u>	<u>457,060</u>	<u>57,607,290</u>
Less accumulated depreciation for:				
Buildings	15,610,923	876,347	-	16,487,270
Furniture and equipment	8,057,769	559,477	7,692	8,609,554
Vehicles and motor equipment	<u>6,184,286</u>	<u>686,742</u>	<u>439,531</u>	<u>6,431,497</u>
Total accumulated depreciation	<u>29,852,978</u>	<u>\$ 2,122,566</u>	<u>\$ 447,223</u>	<u>31,528,321</u>
Total capital assets being depreciated, net	<u>26,854,140</u>			<u>26,078,969</u>
Governmental activity capital assets, net	<u>\$ 33,245,559</u>			<u>\$ 32,421,557</u>
General government			\$ 1,155,550	
Human services			100,141	
Public safety			601,025	
Environmental protection			71,705	
Culture and recreation			8,314	
Transportation			132,988	
Capital assets held by the County's internal service fund are charged to the various functions based on their usage of the assets			<u>52,843</u>	
Total depreciation expense			<u>\$ 2,122,566</u>	

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Landfill				
Capital assets not being depreciated:				
Land	\$ 863,794	\$ -	\$ -	\$ 863,794
Total capital assets not being depreciated	<u>863,794</u>	<u>-</u>	<u>-</u>	<u>863,794</u>
Capital assets being depreciated:				
Buildings	794,528	-	-	794,528
Furniture and equipment	7,550,849	7,900	-	7,555,749
Landfill cell construction	14,076,075	-	-	14,076,075
Improvements	<u>2,272,144</u>	<u>106,440</u>	<u>-</u>	<u>2,378,584</u>
Total capital assets being depreciated	<u>24,693,596</u>	<u>111,340</u>	<u>-</u>	<u>24,804,936</u>
Less accumulated depreciation for:				
Buildings	308,840	28,013	-	336,853
Furniture and equipment	5,528,955	365,184	-	5,894,139
Landfill cell construction	12,221,831	824,109	-	13,045,940
Improvements	<u>1,747,518</u>	<u>85,453</u>	<u>-</u>	<u>1,832,971</u>
Total accumulated depreciation	<u>19,807,144</u>	<u>\$ 1,302,759</u>	<u>\$ -</u>	<u>21,109,903</u>
Total capital assets being depreciated, net	<u>4,886,452</u>			<u>3,695,033</u>
Landfill capital assets, net	<u>\$ 5,750,246</u>			<u>\$ 4,558,827</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Sewer				
Capital assets not being depreciated:				
Construction in progress	\$ 2,854,698	\$ 767,629	\$ 3,009,471	\$ 612,856
Capital assets being depreciated:				
Equipment	72,015	-	2,820	69,195
Sewer lines	<u>13,227,209</u>	<u>3,009,471</u>	<u>-</u>	<u>16,236,680</u>
Total capital assets being depreciated	<u>13,299,224</u>	<u>3,009,471</u>	<u>2,820</u>	<u>16,305,875</u>
Less accumulated depreciation for:				
Equipment	63,784	6,916	2,820	67,880
Sewer lines	<u>1,123,363</u>	<u>314,700</u>	<u>-</u>	<u>1,438,063</u>
Total accumulated depreciation	<u>1,187,147</u>	<u>\$ 321,616</u>	<u>\$ 2,820</u>	<u>1,505,943</u>
 Total capital assets being depreciated, net	<u>12,112,077</u>			<u>14,799,932</u>
Sewer capital assets, net	<u>14,966,775</u>			<u>15,412,788</u>
 Business-type activities capital assets, net	<u>\$20,717,021</u>			<u>\$ 19,971,615</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

Discretely Presented Component Units

Capital asset activity for the Davidson County Airport Authority for the year ended June 30, 2013 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 3,517,375	\$ -	\$ -	\$ 3,517,375
Construction in progress	<u>-</u>	<u>334,426</u>	<u>-</u>	<u>334,426</u>
Total capital assets not being depreciated	<u>3,517,375</u>	<u>334,426</u>	<u>-</u>	<u>3,851,801</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	550,010	81,840	-	631,850
Land improvements	24,013	2,183	-	26,196
Equipment	368,202	-	4,332	363,870
Paving & Grading	733,459	103,281	-	836,740
Runways	<u>6,073,112</u>	<u>558,448</u>	<u>-</u>	<u>6,631,560</u>
Total accumulated depreciation	<u>7,748,796</u>	<u>\$ 745,752</u>	<u>\$ 4,332</u>	<u>8,490,216</u>
 Total capital assets being depreciated, net	 <u>9,246,029</u>			 <u>8,504,609</u>
Airport Authority capital assets, net	<u>\$ 12,763,404</u>			<u>\$12,356,410</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2013, were as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General	\$ 2,053,850	\$ 1,898,452	\$ 1,809,658	\$ 5,761,960
Other governmental	<u>335,621</u>	<u>-</u>	<u>-</u>	<u>335,621</u>
Total - government activities	<u>\$ 2,389,471</u>	<u>\$ 1,898,452</u>	<u>\$ 1,809,658</u>	<u>\$ 6,097,581</u>
Business-type activities:				
Landfill	\$ 122,126	\$ -	\$ -	\$ 122,126
Sewer	<u>82,237</u>	<u>-</u>	<u>-</u>	<u>82,237</u>
Total - business-type activities	<u>\$ 204,363</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,363</u>
Discretely presented component unit:				
Davidson County Airport Authority	<u>\$ 327,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 327,617</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 (LERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LERS 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 LERS. 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)

II. 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 6.74% and 6.77%, 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, 2013, 2012 and 2011 were \$2,208,025, \$2,237,086 and \$2,089,980, 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)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

1) *Plan Description (Continued)*

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2012, 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>127</u>
Total	<u><u>134</u></u>

2) *Summary of Significant Accounting Policies*

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

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

3) *Contributions*

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. Contributions in the amount of \$102,500 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)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

3) *Contributions (Continued)*

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

Annual required contribution	\$ 193,518
Interest on net pension obligation	43,324
Adjustment to annual required contribution	<u>(53,921)</u>
Annual pension cost	182,921
Contributions made	<u>102,500</u>
Increase in net pension obligation	80,421
Net pension obligation, beginning of year	<u>866,470</u>
Net pension obligation, end of year	<u>\$ 946,891</u>

The annual required contribution for the current year was determined as part of the December 31, 2011 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, 2011 was 19 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>
2011	210,448	47.52%	768,390
2012	178,080	44.92%	866,470
2013	182,921	56.04%	946,891

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

4) Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 20.06% funded. The actuarial accrued liability for benefits was \$1,892,472, and the actuarial value of assets was \$379,658, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,512,814. The covered payroll (annual payroll of active employees covered by the plan) was \$5,445,772, and the ratio of the UAAL to the covered payroll was 27.78 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, 2013 were \$339,207, which consisted of \$272,702 from the County and \$66,505 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

NOTES TO FINANCIAL STATEMENTS (Continued)

III. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

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

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 3 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, 2013, the County's required and actual contributions were \$16,008.

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)

II. 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, 2011, 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 \$272,004 or 1.00% of annual covered payroll. The County obtains healthcare coverage through private insurers. Contributions made by retirees totaled \$31,054. 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)

II. 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	174,670
Adjustment to annual required contribution	<u>(242,817)</u>
Annual OPEB cost	1,027,449
Contributions made	<u>272,004</u>
Increase in net OPEB obligation	755,445
Net OPEB obligation, beginning of year	<u>4,366,741</u>
Net OPEB obligation, end of year	<u>\$ 5,122,186</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, 2012, and 2013 were as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
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
2013	1,027,449	26.5%	5,122,186

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

II. 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.

II. 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. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount. The County considers these contributions to be immaterial.

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Of the \$5,876,196 reported as landfill closure and postclosure care liability at June 30, 2013, \$5,632,486 represents a cumulative amount reported to date based on the use of 100 percent of the total estimated capacity of Phase I of the landfill, 80% of the total estimated capacity of Phase II of the landfill, and 74% 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 \$5,100,000 as the remaining estimated capacity of Phase II and the C & D section are filled (estimated to be approximately 3 years). These amounts are based on what it would cost to perform all closure and postclosure care in 2013. 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 Outflows and Inflows of Resources

The balance in unavailable 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	\$ 2,547,600	\$ 390,754
EMS receivables	1,394,162	-
Other receivables	<u>487,625</u>	<u>-</u>
Total	<u>\$ 4,429,387</u>	<u>\$ 390,754</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

5. Risk Management

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

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

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

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

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

	<u>2012</u>	<u>2013</u>
Balance, beginning of year	\$ 1,330,506	\$ 1,433,533
Incurred claims (including IBNRs) and changes in estimates	6,341,337	5,862,173
Less claims payments	<u>(6,238,310)</u>	<u>(5,863,847)</u>
Balance, end of year	<u>\$ 1,433,533</u>	<u>\$ 1,431,859</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

6. Contingent Liabilities

At June 30, 2013, 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, 2013 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. \$ 35,500,000

\$16,905,000 2003 Series B Refunding Bonds due in annual principal installments on June 1 in increasing amounts ranging from \$1,150,000 to \$1,300,000 and a final payment of \$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. 3,075,000

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

a. General Obligation Indebtedness (Continued)

\$29,600,000 2009 Series School 2009B Bonds due in annual principal installments on June 1 of \$1,475,000 and a final payment of \$3,050,000 on June 1, 2028; interest payments due December 1 and June 1 each year at interest rates ranging from 3.00% to 4.00%. The amount is shown net of unamortized premium, net of issuance costs, of \$483,104. \$ 23,700,000

\$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%. 450,000
 Sub-total \$ 62,725,000

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. 860,000

Total \$ 63,585,000

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>
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	3,720,000	2,057,269	50,000	26,300	3,770,000	2,083,569
2019-2023	22,100,000	7,593,081	250,000	103,750	22,350,000	7,696,831
2024-2028	<u>20,750,000</u>	<u>2,620,750</u>	<u>360,000</u>	<u>54,500</u>	<u>21,110,000</u>	<u>2,675,250</u>
Total	<u>\$ 62,725,000</u>	<u>\$22,110,000</u>	<u>\$ 860,000</u>	<u>\$ 304,750</u>	<u>\$ 63,585,000</u>	<u>\$22,414,750</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

b. 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. \$8,580,000 was refunded and defeased on May 15, 2013. The final principal installment is due on June 1; interest is payable on June 1 and December 1 at interest rates ranging from 4.044% to 5.25%.

\$ 850,000

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

9,080,000

Total

\$ 9,930,000

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2014	\$ 990,000	\$ 232,399
2015	1,035,000	177,012
2016	980,000	156,519
2017	960,000	137,115
2018	930,000	118,107
2019-2023	4,260,000	324,522
2024	<u>775,000</u>	<u>15,345</u>
Total	\$ <u>9,930,000</u>	\$ <u>1,161,019</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

c. Advance Refundings

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

d. 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)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

e. Installment Financing

Serviced by the Sewer Fund:

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

\$ 8,706,307

Installment financing debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>
2014	\$ 405,760	\$ 369,241
2015	423,354	351,649
2016	441,714	333,295
2017	460,868	314,144
2018	480,854	294,163
2019-2023	2,735,740	1,139,423
2024-2028	3,382,641	492,666
2029	<u>375,376</u>	<u>8,052</u>
	<u>\$ 8,706,307</u>	<u>\$ 3,302,633</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

II. 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.

\$4,061,576

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

\$ 17,111,576

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>
2014	\$ 338,465	\$ 803,449
2015	338,465	796,308
2016	338,465	789,166
2017	338,465	782,024
2018	338,465	774,883
2019-2023	1,692,322	3,767,290
2024-2026	<u>13,726,929</u>	<u>2,174,675</u>
Total	<u>\$ 17,111,576</u>	<u>\$ 9,887,795</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

g. 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.

\$ 3,590,000

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%.

1,735,000

Total

\$ 5,325,000

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>
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	760,000	66,468	135,000	11,807	895,000	78,275
2019-2023	-	-	670,000	171,400	670,000	171,400
2024-2027	-	-	390,000	35,100	390,000	35,100
Total	<u>\$ 3,590,000</u>	<u>\$ 532,318</u>	<u>\$1,735,000</u>	<u>\$ 318,057</u>	<u>\$5,325,000</u>	<u>\$ 850,375</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

h. 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, 2013:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
Governmental activities:					
General obligation debt	\$ 66,915,000	\$ -	\$ 4,190,000	\$ 62,725,000	\$ 4,155,000
Unamortized premium	964,476	-	60,756	903,720	-
Certificates of participation	10,320,000	9,080,000	9,470,000	9,930,000	990,000
Limited obligation bonds	4,255,000	-	665,000	3,590,000	680,000
Qualified Zone Academy Bonds	1,030,000	-	-	1,030,000	-
Qualified School Construction Bonds	17,450,041	-	338,465	17,111,576	338,465
Installment purchase	52,650	-	52,650	-	-
Law Enforcement Officers' Special Separation Allowance	866,470	182,921	102,500	946,891	-
OPEB obligation	4,229,224	1,003,659	272,004	4,960,879	-
Compensated absences	<u>1,964,017</u>	<u>1,550,621</u>	<u>1,471,150</u>	<u>2,043,488</u>	<u>1,470,000</u>
Total governmental activities	<u>\$108,046,878</u>	<u>\$ 11,817,201</u>	<u>\$ 16,622,525</u>	<u>\$103,241,554</u>	<u>\$7,633,465</u>
Business-type activities:					
Accrued landfill closure and postclosure costs	\$ 5,360,116	\$ 516,080	\$ -	\$ 5,876,196	\$ -
General obligation debt	910,000	-	50,000	860,000	50,000
Limited obligation bonds	1,870,000	-	135,000	1,735,000	135,000
Installment purchase	9,095,201	-	388,894	8,706,307	405,760
OPEB obligation	137,517	23,790	-	161,307	-
Compensated absences	<u>69,324</u>	<u>33,515</u>	<u>37,715</u>	<u>65,124</u>	<u>38,000</u>
Total business-type activities	<u>\$ 17,442,158</u>	<u>\$ 573,385</u>	<u>\$ 611,609</u>	<u>\$ 17,403,934</u>	<u>\$ 628,760</u>
Discretely presented component units:					
Long-term advance from primary government	<u>\$ 1,291,306</u>	<u>\$ -</u>	<u>\$ 70,157</u>	<u>\$ 1,221,149</u>	<u>\$ 73,797</u>
Total discretely presented component units	<u>\$ 1,291,306</u>	<u>\$ -</u>	<u>\$ 70,157</u>	<u>\$ 1,221,149</u>	<u>\$ 73,797</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, 2013, Davidson County had a legal debt margin of \$952,585,775.

NOTES TO FINANCIAL STATEMENTS (Continued)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

Debt Related to Capital Activities – Of the total Governmental Activities debt listed, only \$3,590,000 relates to assets the County holds.

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2013 consist of the following:

From the General Fund to:

The School Capital Outlay Fund for school construction	\$ 2,545,517
The Capital Projects fund for CDBG project	6,836
The Capital Reserve fund for future capital projects	2,500,000
The Sewer Enterprise Fund for sewer line repairs and debt service	<u>1,153,273</u>
Total transfers from the General Fund	<u>\$ 6,205,626</u>

To the General Fund from:

The Capital Reserve Fund for capital improvements	\$ 517,214
The School Capital Outlay Fund for debt service	<u>431,306</u>
	<u>\$ 948,520</u>

To the Sewer Capital Projects Fund from:

The Capital Reserve Fund for capital improvements	<u>\$ 259,063</u>
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Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs.

During the 2013 fiscal year, the County made one-time transfers from the Capital Reserve Fund of \$517,214 to the General Fund for various capital improvement projects. The County made a one-time transfer from the General Fund of \$2,500,000 to the Capital Reserve Fund to fund future building projects.

NOTES TO FINANCIAL STATEMENTS (Continued)

II. 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	\$ 53,940,866
Less:	
Long term note receivable	450,000
Long term advance to component unit	1,221,149
Stabilization by State Statute	9,591,539
Appropriated fund balance in 2014 budget	2,938,423
Register of Deeds	383,643
Sheriff operations	1,075,786
Health programs	2,562,603
Tax revaluation	79,000
Working capital/Fund Balance policy	<u>22,532,778</u>
Remaining fund balance	\$ <u>13,105,945</u>

Davidson County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least equal to or greater than 18% of budgeted expenditures.

III. Joint Ventures

The County, in conjunction with the State of North Carolina and the Boards of Education, participates in a joint venture to operate the Davidson County Community College. Each of the three participants appoints four members of the board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County contributed \$2,978,168 and \$369,377 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2013. 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, 2013. 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,

III. Joint Ventures (Continued)

Cities and Town have an ongoing financial responsibility for the Commission's operating cost. The County contributed \$248,000 to the Commission during the fiscal year ended June 30, 2013. 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, 2013.

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, 2013, 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, 2013. 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 \$37,267 to the Authority during the fiscal year ended June 30, 2013. 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, 2013. Complete financial statements for the Lake Thom-A-Lex Recreation Authority can be obtained from the City of Thomasville administrative offices at 10 Salem Street, Thomasville, North Carolina 27360.

IV. Jointly Governed Organization

The County, in conjunction with six other counties and thirty-two municipalities, established the Piedmont Triad Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$34,204 to the Council during the fiscal year ended June 30, 2013. The County was the subrecipient of a grant for \$121,754 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)

V. Benefit Payments Issued by the State

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

	<u>Federal</u>	<u>State</u>
Temporary assistance to needy families	\$ 772,343	\$ -
Medicaid	110,712,249	61,858,528
Adoption assistance	496,170	804,656
Adult assistance	-	1,095,115
Special supplemental food program, WIC	<u>3,202,006</u>	<u>-</u>
Total	<u>\$115,182,798</u>	<u>\$ 63,758,299</u>

VI. Contingent Liabilities

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

VII. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and Statement 65, *Items Previously reported as Assets and Liabilities*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position. Additionally, GASB Statement 65 requires that deferred costs from the refunding of debt, which were previously deferred and amortized, be presented as deferred outflows of resources. Bond issuance costs, which were previously deferred and amortized must be included in current expenditures. Previously deferred issuance costs of \$149,830 were recognized as an expenditure in the current year. As a result, beginning net position decreased from \$2,703,754 to \$2,553,924.

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)
12/31/2001	\$ 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%
12/31/2012	379,658	1,892,472	1,512,814	20.06%	5,445,772	27.78%

**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
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%
2013	193,518	52.97%

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 percent of pay, closed
Remaining amortization period	19 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**

<u>Year Ending June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2008	\$ 1,185,095	9.60%
2009	1,190,977	9.60%
2010	862,758	14.58%
2011	862,758	16.28%
2012	1,095,596	25.90%
2013	1,095,596	24.83%

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, 2013

Schedule 1

	General Fund	Revaluation Fund	Eliminations	Total General Fund
Revenues:				
Taxes	\$ 89,551,130	\$ -	\$ -	\$ 89,551,130
Licenses and permits	1,278,851	-	-	1,278,851
Intergovernmental	24,663,918	-	-	24,663,918
Charges for services	6,676,800	-	-	6,676,800
Interest on investments	259,141	-	-	259,141
Miscellaneous	1,777,522	-	-	1,777,522
Total revenues	124,207,362	-	-	124,207,362
Expenditures:				
Current:				
General government	11,023,150	-	-	11,023,150
Human services	29,861,622	-	-	29,861,622
Public safety	23,572,820	-	-	23,572,820
Environmental protection	1,417,664	-	-	1,417,664
Economic and physical development	3,518,568	-	-	3,518,568
Culture and recreation	4,098,986	-	-	4,098,986
Intergovernmental:				
Education	33,591,924	-	-	33,591,924
Debt service:	-	-	-	-
Principal	6,136,115	-	-	6,136,115
Interest and fiscal charges	4,070,085	-	-	4,070,085
Total expenditures	117,290,934	-	-	117,290,934
Excess (deficiency) of revenues over expenditures	6,916,428	-	-	6,916,428
Other financing sources (uses):				
Transfers from other funds	948,520	-	-	948,520
Transfers to other funds	(6,205,626)	-	-	(6,205,626)
Total other financing sources (uses)	(5,257,106)	-	-	(5,257,106)
Net change in fund balance	1,659,322	-	\$ -	1,659,322
Fund balance:				
Beginning of year - July 1	52,202,544	79,000		52,281,544
End of year - June 30	\$ 53,861,866	\$ 79,000		\$ 53,940,866

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2013

Schedule 2
Page 1 of 3

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property taxes	\$ 67,909,729	\$ 70,279,020	\$ 2,369,291
Tax penalty and interest	430,000	584,893	154,893
Local option sales tax	16,659,230	17,655,035	995,805
Other taxes	1,109,500	1,032,182	(77,318)
	<u>86,108,459</u>	<u>89,551,130</u>	<u>3,442,671</u>
Total taxes			
	86,108,459	89,551,130	3,442,671
Licenses and permits	1,452,778	1,278,851	(173,927)
Intergovernmental	25,263,647	24,663,918	(599,729)
Charges for services	6,569,668	6,676,800	107,132
Interest on investments	750,000	259,141	(490,859)
Miscellaneous	1,005,331	1,777,522	772,191
	<u>121,149,883</u>	<u>124,207,362</u>	<u>3,057,479</u>
Total revenues			
	121,149,883	124,207,362	3,057,479
Expenditures:			
Current:			
General government:			
County commissioners	293,537	290,493	3,044
County manager	523,798	514,628	9,170
Legal	458,763	452,045	6,718
Human Resources	883,091	830,117	52,974
Finance	729,709	710,729	18,980
Purchasing	382,716	317,824	64,892
Tax Assessor and Collector	2,486,616	2,365,366	121,250
Board of Elections	639,889	625,516	14,373
Register of Deeds	447,704	435,337	12,367
State agencies	156,619	149,351	7,268
Public works and services	3,778,654	3,380,882	397,772
Information Technology	975,288	950,862	24,426
Contingency	178,650	-	178,650
	<u>11,935,034</u>	<u>11,023,150</u>	<u>911,884</u>
Total general government			
	11,935,034	11,023,150	911,884
Human services:			
Health	8,058,681	6,902,490	1,156,191
Mental health	809,344	809,340	4
Social services	9,691,178	9,646,845	44,333
Public assistance	10,654,716	10,102,698	552,018
Senior services	2,049,339	1,863,870	185,469
Veterans services	114,017	101,279	12,738
Contributions	436,807	435,100	1,707
	<u>31,814,082</u>	<u>29,861,622</u>	<u>1,952,460</u>
Total human services			
	31,814,082	29,861,622	1,952,460

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2013

Schedule 2
Page 2 of 3

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Public safety:			
Sheriff	\$ 10,651,423	\$ 10,356,396	\$ 295,027
School resource officers	471,334	465,705	5,629
Jail	4,145,078	4,007,353	137,725
Emergency communications	2,121,272	2,028,175	93,097
Inspections	834,865	764,676	70,189
Medical examiner	82,931	82,930	1
Emergency Management	223,666	205,910	17,756
Fire Marshal	263,525	253,134	10,391
Ambulance	5,249,072	5,183,741	65,331
Contributions	224,470	224,800	(330)
Total public safety	<u>24,267,636</u>	<u>23,572,820</u>	<u>694,816</u>
Environmental protection:			
Sanitation	1,325,714	1,227,450	98,264
Soil and water	196,524	190,214	6,310
Contributions	2,000	-	2,000
Total environmental protection	<u>1,524,238</u>	<u>1,417,664</u>	<u>106,574</u>
Economic and physical development:			
Planning	563,133	486,029	77,104
GIS	241,487	231,219	10,268
Cooperative extension	376,596	281,517	95,079
Economic development	1,133,548	851,183	282,365
Job Training	2,031,426	1,668,620	362,806
Total economic and physical development	<u>4,346,190</u>	<u>3,518,568</u>	<u>827,622</u>
Culture and recreation:			
Recreation	1,084,150	902,953	181,197
Library	2,973,714	2,846,185	127,529
Museum	167,276	127,136	40,140
Lake Thom-A-Lex	208,859	178,247	30,612
Tourism	45,560	44,465	1,095
Total culture and recreation	<u>4,479,559</u>	<u>4,098,986</u>	<u>380,573</u>
Intergovernmental:			
Public schools -current	28,467,162	28,467,162	-
Public schools - capital	1,751,384	1,751,384	-
Public schools - scholarships	50,000	25,833	24,167
Community college - current	2,978,168	2,978,168	-
Community college - capital	369,377	369,377	-
Total intergovernmental	<u>33,616,091</u>	<u>33,591,924</u>	<u>24,167</u>

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2013

Schedule 2
Page 3 of 3

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Debt service:			
Principal	\$ 7,006,114	\$ 6,136,115	\$ 869,999
Interest and fiscal charges	4,363,205	4,070,085	293,120
Total debt service	<u>11,369,319</u>	<u>10,206,200</u>	<u>1,163,119</u>
Total expenditures	<u>123,352,149</u>	<u>117,290,934</u>	<u>6,061,215</u>
Excess (deficiency) of revenues over expenditures	<u>(2,202,266)</u>	<u>6,916,428</u>	<u>9,118,694</u>
Other financing sources (uses):			
Transfers from other funds	1,078,695	948,520	(130,175)
Transfers to other funds	(6,265,552)	(6,205,626)	59,926
Refunding bonds issued	76,955	-	(76,955)
Total other financing sources (uses)	<u>(5,109,902)</u>	<u>(5,257,106)</u>	<u>(147,204)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(7,312,168)</u>	<u>1,659,322</u>	<u>8,971,490</u>
Fund balance appropriated	<u>7,312,168</u>	<u>-</u>	<u>(7,312,168)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,659,322</u>	<u>\$ 1,659,322</u>
Fund balance at beginning of year		<u>52,202,544</u>	
Fund balance at end of year		<u>\$ 53,861,866</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - REVALUATION FUND
Year Ended June 30, 2013

Schedule 3

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

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL -
SCHOOL CAPITAL OUTLAY FUND
From Inception and for the Year Ended June 30, 2013

Schedule 4

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Public School Building Capital Fund	\$ 18,244,550	\$ 15,274,682	\$ -	\$ 15,274,682	\$ (2,969,868)
Public School Building Bond Act of 1996	29,198,056	29,198,056	-	29,198,056	-
	<u>47,442,606</u>	<u>44,472,738</u>	<u>-</u>	<u>44,472,738</u>	<u>(2,969,868)</u>
Interest on investments	3,754,879	5,201,136	6,690	5,207,826	1,452,947
Miscellaneous	<u>5,628,333</u>	<u>5,644,362</u>	<u>-</u>	<u>5,644,362</u>	<u>16,029</u>
Total revenues	<u>56,825,818</u>	<u>55,318,236</u>	<u>6,690</u>	<u>55,324,926</u>	<u>(1,500,892)</u>
Expenditures:					
Intergovernmental:					
Education:					
Capital outlay:					
Davidson County School System	163,598,181	155,696,080	4,781,481	160,477,561	3,120,620
Lexington City School System	27,971,873	26,749,976	273,900	27,023,876	947,997
Thomasville City School System	33,567,678	30,419,147	693,317	31,112,464	2,455,214
Davidson County Community College	5,200,000	5,199,931	-	5,199,931	69
Other	<u>448,812</u>	<u>366,599</u>	<u>59,013</u>	<u>425,612</u>	<u>23,200</u>
Total expenditures	<u>230,786,544</u>	<u>218,431,733</u>	<u>5,807,711</u>	<u>224,239,444</u>	<u>6,547,100</u>
Excess (deficiency) of revenues over expenditures	<u>(173,960,726)</u>	<u>(163,113,497)</u>	<u>(5,801,021)</u>	<u>(168,914,518)</u>	<u>5,046,208</u>
Other financing sources (uses):					
Debt issued	110,659,937	107,225,885	-	107,225,885	(3,434,052)
Refunding debt issued	17,136,774	-	9,080,000	9,080,000	(8,056,774)
Payment to refunded bond escrow agent	(17,059,819)	-	(9,219,209)	(9,219,209)	7,840,610
Premium on debt issued	660,727	1,215,126	-	1,215,126	554,399
Transfers from other funds	63,877,854	64,446,678	2,545,517	66,992,195	3,114,341
Transfers to other funds	<u>(1,314,747)</u>	<u>(3,697,036)</u>	<u>(431,306)</u>	<u>(4,128,342)</u>	<u>(2,813,595)</u>
Total other financing sources	<u>173,960,726</u>	<u>169,190,653</u>	<u>1,975,002</u>	<u>171,165,655</u>	<u>(2,795,071)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,077,156</u>	<u>(3,826,019)</u>	<u>\$ 2,251,137</u>	<u>\$ 2,251,137</u>
Fund balance at beginning of year			<u>6,077,156</u>		
Fund balance at end of year			<u>\$ 2,251,137</u>		

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - CAPITAL RESERVE FUND
Year Ended June 30, 2013

Schedule 5

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
Transfers to other funds	\$ 776,277	\$ 776,277	\$ -
Other financing sources:			
Transfers from other funds	<u>-</u>	<u>2,500,000</u>	<u>2,500,000</u>
Excess of other financing sources over expenditures	776,277	1,723,723	947,446
Fund balance appropriated	<u>776,277</u>	<u>-</u>	<u>776,277</u>
Net change in fund balance	<u>\$ -</u>	1,723,723	<u>\$ 1,723,723</u>
Fund balance at beginning of year		<u>5,937,303</u>	
Fund balance at end of year		<u>\$ 7,661,026</u>	

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DAVIDSON COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2013

	<u>Special Revenue Funds</u>	
	<u>Fire Districts</u>	<u>Transportation</u>
ASSETS		
Cash and investments	\$ 528,039	\$ 875,643
Taxes receivable, net	239,523	-
Accounts receivable, net	-	-
Due from other governments	-	91,966
	<u>-</u>	<u>91,966</u>
Total Assets	<u>\$ 767,562</u>	<u>\$ 967,609</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities:		
Accounts payable and accrued liabilities	\$ 77,297	\$ 78,235
	<u>77,297</u>	<u>78,235</u>
Total liabilities	<u>77,297</u>	<u>78,235</u>
Deferred Inflows of Resources	<u>239,523</u>	<u>-</u>
Fund balances:		
Restricted:		
Stabilization by state statute	-	91,966
Fire protection	450,742	-
Transportation	-	797,408
Public safety	-	-
Committed:		
Capital projects	-	-
Unassigned	-	-
	<u>-</u>	<u>-</u>
Total fund balances	<u>450,742</u>	<u>889,374</u>
Total Liabilities, Deferred Inflows		

Schedule 6

Special Revenue Funds				Total Nonmajor Governmental Funds
Emergency Telephone	Special School Districts	Total Special Revenue	Capital Projects	
\$ 926,150	\$ 8,643	\$ 2,338,475	\$ 1,129,724	\$ 3,468,199
-	151,231	390,754	-	390,754
-	-	-	-	-
101,424	-	193,390	21,509	214,899
<u>\$ 1,027,574</u>	<u>\$ 159,874</u>	<u>\$ 2,922,619</u>	<u>\$ 1,151,233</u>	<u>\$ 4,073,852</u>
\$ 3,757	\$ 8,643	\$ 167,932	\$ 21,509	\$ 189,441
<u>3,757</u>	<u>8,643</u>	<u>167,932</u>	<u>21,509</u>	<u>189,441</u>
<u>-</u>	<u>151,231</u>	<u>390,754</u>	<u>-</u>	<u>390,754</u>
101,424	-	193,390	-	193,390
-	-	450,742	-	450,742
-	-	797,408	-	797,408
922,393	-	922,393	-	922,393
-	-	-	1,129,724	1,129,724
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,023,817</u>	<u>-</u>	<u>2,363,933</u>	<u>1,129,724</u>	<u>3,493,657</u>

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	<u>Special Revenue Funds</u>	
	<u>Fire Districts</u>	<u>Transportation</u>
Revenues:		
Taxes	\$ 7,674,467	\$ -
Intergovernmental	-	722,767
Charges for services	-	876,479
Interest on investments	1,940	-
Miscellaneous	-	-
	<u>7,676,407</u>	<u>1,599,246</u>
Total revenues		
Expenditures:		
Current:		
Public safety	7,668,282	-
Transportation	-	1,581,662
Intergovernmental:		
Education	-	-
Capital outlay	-	-
	<u>7,668,282</u>	<u>1,581,662</u>
Total expenditures		
Excess (deficiency) of revenues over expenditures	<u>8,125</u>	<u>17,584</u>
Other financing sources:		
Transfers from other funds	-	-
Transfers to other funds	-	-
	<u>-</u>	<u>-</u>
Total other financing sources		
Net change in fund balances	8,125	17,584
Fund balances at beginning of year	<u>442,617</u>	<u>871,790</u>
Fund balances at end of year	<u>\$ 450,742</u>	<u>\$ 889,374</u>

Schedule 7

Special Revenue Funds				Total Nonmajor Governmental Funds
Emergency Telephone	Special School Districts	Total Special Revenue	Capital Projects	
\$ 608,546	\$ 1,501,305	\$ 9,784,318	\$ -	\$ 9,784,318
-	-	722,767	45,657	768,424
-	-	876,479	-	876,479
2,106	274	4,320	-	4,320
-	-	-	-	-
<u>610,652</u>	<u>1,501,579</u>	<u>11,387,884</u>	<u>45,657</u>	<u>11,433,541</u>
518,963	-	8,187,245	-	8,187,245
-	-	1,581,662	-	1,581,662
-	1,501,579	1,501,579	-	1,501,579
-	-	-	310,047	310,047
<u>518,963</u>	<u>1,501,579</u>	<u>11,270,486</u>	<u>310,047</u>	<u>11,580,533</u>
<u>91,689</u>	<u>-</u>	<u>117,398</u>	<u>(264,390)</u>	<u>(146,992)</u>
-	-	-	6,836	6,836
-	-	-	-	-
-	-	-	6,836	6,836
91,689	-	117,398	(257,554)	(140,156)
<u>932,128</u>	<u>-</u>	<u>2,246,535</u>	<u>1,387,278</u>	<u>3,633,813</u>
<u>\$ 1,023,817</u>	<u>\$ -</u>	<u>\$ 2,363,933</u>	<u>\$ 1,129,724</u>	<u>\$ 3,493,657</u>

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - FIRE DISTRICTS FUND
Year Ended June 30, 2013

Schedule 8

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property taxes	\$ 7,676,802	\$ 7,632,544	\$ (44,258)
Tax penalty and interest	<u>-</u>	<u>41,923</u>	<u>41,923</u>
Total taxes	7,676,802	7,674,467	(2,335)
Interest on investments	<u>-</u>	<u>1,940</u>	<u>1,940</u>
Total revenues	7,676,802	7,676,407	(395)
Expenditures:			
Public safety	<u>7,676,802</u>	<u>7,668,282</u>	<u>8,520</u>
Net change in fund balance	<u>\$ -</u>	8,125	<u>\$ 8,125</u>
Fund balance at beginning of year		<u>442,617</u>	
Fund balance at end of year		<u>\$ 450,742</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - TRANSPORTATION FUND
Year Ended June 30, 2013

Schedule 9

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 695,005	\$ 722,767	\$ 27,762
Charges for services	<u>746,000</u>	<u>876,479</u>	<u>130,479</u>
Total revenues	1,441,005	1,599,246	158,241
Expenditures:			
Transportation	<u>1,581,594</u>	<u>1,581,662</u>	<u>(68)</u>
Excess (deficiency) of revenues over expenditures	(140,589)	17,584	158,173
Other financing sources:			
Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures	(140,589)	17,584	158,173
Fund balance appropriated	<u>140,589</u>	<u>-</u>	<u>(140,589)</u>
Net change in fund balance	<u>\$ -</u>	17,584	<u>\$ 17,584</u>
Fund balance at beginning of year		<u>871,790</u>	
Fund balance at end of year		<u>\$ 889,374</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND
ACTUAL - EMERGENCY TELEPHONE FUND
Year Ended June 30, 2013

Schedule 10

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Other taxes	\$ 608,546	\$ 608,546	\$ -
Interest on investments	<u>-</u>	<u>2,106</u>	<u>2,106</u>
Total revenues	608,546	610,652	2,106
Expenditures:			
Public safety:			
Emergency telephone	<u>608,546</u>	<u>518,963</u>	<u>89,583</u>
Net change in fund balance	<u>\$ -</u>	91,689	<u>\$ 91,689</u>
Fund balance at beginning of year		<u>932,128</u>	
Fund balance at end of year		<u>\$ 1,023,817</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, 2013

Schedule 11

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property taxes	\$ 1,525,000	\$ 1,489,666	\$ (35,334)
Tax penalty and interest	<u>-</u>	<u>11,639</u>	<u>11,639</u>
Total taxes	1,525,000	1,501,305	(23,695)
Interest on investments	<u>-</u>	<u>274</u>	<u>274</u>
Total revenues	1,525,000	1,501,579	(23,421)
Expenditures:			
Special School Districts:			
Education	<u>1,525,000</u>	<u>1,501,579</u>	<u>23,421</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, 2013

Schedule 12

		Actual			Variance
	Project Authorization	Prior Years	Current Year	Total to Date	Positive Negative
Revenues:					
Intergovernmental	\$ 1,251,289	\$ 542,325	\$ 45,657	\$ 587,982	\$ (663,307)
Miscellaneous	797,234	617,554	-	617,554	(179,680)
Total revenues	2,048,523	1,159,879	45,657	1,205,536	(842,987)
Expenditures:					
West Davidson Library	537,116	409,339	1,315	410,654	126,462
Denton Library renovation	1,387,235	1,117,450	7,112	1,124,562	262,673
Museum renovations	58,418	-	-	-	58,418
Morton Metalcraft sewer	390,364	332,938	-	332,938	57,426
Human Resources software	50,000	49,654	-	49,654	346
Jail study	258,297	258,431	-	258,431	(134)
Davidson West Campus renovation	272,019	215,179	-	215,179	56,840
Astran Drive CDBG project	266,576	25,035	22,676	47,711	218,865
Sheriff's Office building	1,050,000	338,542	233,287	571,829	478,171
Lolly Wolly Doodle CDBG project	750,000	272,055	45,657	317,712	432,288
911 Center expansion	363,966	336,872	-	336,872	27,094
Total expenditures	5,383,991	3,355,495	310,047	3,665,542	1,718,449
Excess (deficiency) of revenues over expenditures	(3,335,468)	(2,195,616)	(264,390)	(2,460,006)	875,462
Other financing sources:					
Transfers from other funds	3,335,468	3,582,894	6,836	3,589,730	254,262
Total other financing sources	3,335,468	3,582,894	6,836	3,589,730	254,262
Net change in fund balance	\$ -	\$ 1,387,278	(257,554)	\$ 1,129,724	\$ 1,129,724
Fund balance at beginning of year			1,387,278		
Fund balance at end of year			\$ 1,129,724		

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION - BUDGET AND
ACTUAL (NON-GAAP) - LANDFILL FUND
Year Ended June 30, 2013

Schedule 13

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 356,540	\$ 329,416	\$ (27,124)
Charges for services	4,673,384	3,754,832	(918,552)
Interest on investments	-	25,469	25,469
Total revenues	<u>5,029,924</u>	<u>4,109,717</u>	<u>(920,207)</u>
Expenditures:			
Salaries	1,395,251	1,288,285	106,966
Operating	1,436,207	1,219,164	217,043
Capital outlay	<u>3,008,239</u>	<u>111,340</u>	<u>2,896,899</u>
Total expenditures	<u>5,839,697</u>	<u>2,618,789</u>	<u>3,220,908</u>
Excess (deficiency) of revenues over expenditures	(809,773)	1,490,928	2,300,701
Appropriated net position	<u>809,773</u>	<u>-</u>	<u>(809,773)</u>
Excess of revenues and appropriated net assets over expenditures and other financing uses	<u>\$ -</u>	1,490,928	<u>\$ 1,490,928</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		111,340	
Depreciation		(1,302,759)	
Increase in accrued landfill closure and postclosure costs		(516,080)	
Increase in OPEB costs		(23,790)	
Decrease in accrued vacation pay		<u>5,595</u>	
Total reconciling items		<u>(1,725,694)</u>	
Change in net position		<u>\$ (234,766)</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION - BUDGET AND
ACTUAL (NON-GAAP) - SEWER FUND
Year Ended June 30, 2013

Schedule 14

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 320,787	\$ 355,319	\$ 34,532
 Total revenues	 <u>320,787</u>	 <u>355,319</u>	 <u>34,532</u>
Expenditures:			
Salaries	144,569	142,412	2,157
Sewer operations	316,709	369,245	(52,536)
Debt service	<u>1,025,182</u>	<u>1,025,182</u>	<u>-</u>
 Total expenditures	 <u>1,486,460</u>	 <u>1,536,839</u>	 <u>(50,379)</u>
 Excess (deficiency) of revenues over expenditures	 <u>(1,165,673)</u>	 <u>(1,181,520)</u>	 <u>(15,847)</u>
Other financing sources:			
Operating transfers in	<u>1,153,273</u>	<u>1,153,273</u>	<u>-</u>
 Total other financing sources	 <u>1,153,273</u>	 <u>1,153,273</u>	 <u>-</u>
 Excess of revenues and other financing sources over expenditures	 (12,400)	 (28,247)	 (15,847)
Appropriated net position	<u>12,400</u>	<u>-</u>	<u>(12,400)</u>
 Excess of revenues, appropriated net assets and other financing sources over expenditures	 <u>\$ -</u>	 (28,247)	 <u>\$ (28,247)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling item:			
Depreciation		(321,616)	
Interest, capital project fund		1,401	
Debt principal		573,894	
Transfers from Capital Project Fund		259,063	
Non-capitalized sewer project expenditures		(4,772)	
Increase in accrued vacation pay		<u>(1,395)</u>	
 Change in net position		 <u>\$ 478,328</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN NET POSITION - BUDGET AND
ACTUAL (NON-GAAP) - SEWER CAPITAL PROJECTS FUND
From Inception and for the Year Ended June 30, 2013

Schedule 15

		Actual			Variance Positive (Negative)
	Project Authorization	Prior Years	Current Year	Total to Date	
Revenues:					
Interest on investments	\$ -	\$ 47,130	\$ 1,401	\$ 48,531	\$ (48,531)
Expenditures:					
Sewer projects	<u>17,358,022</u>	<u>11,423,535</u>	<u>772,401</u>	<u>12,195,936</u>	<u>5,162,086</u>
Deficiency of revenues over expenditures	(17,358,022)	(11,376,405)	(771,000)	(12,147,405)	(5,210,617)
Other financing sources:					
Debt issued	14,754,244	13,060,000	-	13,060,000	(1,694,244)
Transfers from other funds	<u>2,603,778</u>	<u>2,344,715</u>	<u>259,063</u>	<u>2,603,778</u>	<u>-</u>
Total other financing sources	<u>17,358,022</u>	<u>15,404,715</u>	<u>259,063</u>	<u>15,663,778</u>	<u>(1,694,244)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 4,028,310</u>	<u>(511,937)</u>	<u>\$ 3,516,373</u>	<u>\$ 3,516,373</u>

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2013

Schedule 16

ASSETS	Garage Fund	Insurance Fund	Total
Current assets:			
Cash and investments	\$ 117,367	\$ 7,157,677	\$ 7,275,044
Due from other governments	-	-	-
Inventory, at cost	48,436	-	48,436
Total current assets	165,803	7,157,677	7,323,480
Noncurrent assets:			
Capital assets:			
Other capital assets, net of depreciation	322,696	-	322,696
Total Assets	488,499	7,157,677	7,646,176
 LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable and accrued liabilities	65,571	1,584,317	1,649,888
Noncurrent liabilities:			
Accrued vacation benefits	10,252	-	10,252
Total liabilities	75,823	1,584,317	1,660,140
Net position:			
Net investment in capital assets	322,696	-	322,696
Unrestricted	89,980	5,573,360	5,663,340
Total net position	\$ 412,676	\$ 5,573,360	\$ 5,986,036

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2013

Schedule 17

	<u>Garage Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Revenues:			
Charges for services	\$ 1,638,866	\$ 8,107,264	\$ 9,746,130
Miscellaneous	<u>68,275</u>	<u>-</u>	<u>68,275</u>
Total revenues	<u>1,707,141</u>	<u>8,107,264</u>	<u>9,814,405</u>
Expenditures:			
Salaries	247,158	-	247,158
Operating	1,438,365	7,138,777	8,577,142
Depreciation	<u>52,843</u>	<u>-</u>	<u>52,843</u>
Total expenses	<u>1,738,366</u>	<u>7,138,777</u>	<u>8,877,143</u>
Operating income (loss)	(31,225)	968,487	937,262
Total net position, beginning	<u>443,901</u>	<u>4,604,873</u>	<u>5,048,774</u>
Total net position, ending	<u><u>\$ 412,676</u></u>	<u><u>\$ 5,573,360</u></u>	<u><u>\$ 5,986,036</u></u>

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2013

Schedule 18

	<u>Garage Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 1,638,866	\$ 8,107,264	\$ 9,746,130
Cash paid for goods and services	(1,417,954)	(7,111,817)	(8,529,771)
Cash paid to employees for services	(247,441)	-	(247,441)
Other operating revenues	68,275	-	68,275
	<u>41,746</u>	<u>995,447</u>	<u>1,037,193</u>
Net cash provided by operating activities			
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(29,995)	-	(29,995)
	<u>(29,995)</u>	<u>-</u>	<u>(29,995)</u>
Net cash used by capital and related financing activities			
	<u>(29,995)</u>	<u>-</u>	<u>(29,995)</u>
Net increase in cash and cash equivalents	11,751	995,447	1,007,198
Cash and cash equivalents at beginning of year	105,616	6,162,230	6,267,846
	<u>105,616</u>	<u>6,162,230</u>	<u>6,267,846</u>
Cash and cash equivalents at end of year	<u>\$ 117,367</u>	<u>\$ 7,157,677</u>	<u>\$ 7,275,044</u>
	<u>\$ 117,367</u>	<u>\$ 7,157,677</u>	<u>\$ 7,275,044</u>
Reconciliation of operating income to net cash used by operating activities:			
Operating income (loss)	\$ (31,225)	\$ 968,487	\$ 937,262
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	52,843	-	52,843
Change in assets and liabilities:			
(Increase) decrease in inventory	8,667	-	8,667
Increase (decrease) in accounts payable and accrued liabilities	11,744	26,960	38,704
Increase (decrease) in accrued vacation benefits	(283)	-	(283)
	<u>(283)</u>	<u>-</u>	<u>(283)</u>
Net cash provided by operating activities	<u>\$ 41,746</u>	<u>\$ 995,447</u>	<u>\$ 1,037,193</u>

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - FINANCIAL PLAN AND ACTUAL
(NON-GAAP) - INTERNAL SERVICE - GARAGE FUND
Year Ended June 30, 2013

Schedule 19

	<u>Financial Plan</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	\$ 1,668,012	\$ 1,638,866	\$ (29,146)
Miscellaneous	<u>32,618</u>	<u>68,275</u>	<u>35,657</u>
Total revenues	<u>1,700,630</u>	<u>1,707,141</u>	<u>6,511</u>
Expenditures:			
Garage:			
Salaries	245,566	247,158	(1,592)
Operating	1,455,064	1,438,365	16,699
Capital outlay	<u>38,660</u>	<u>29,995</u>	<u>8,665</u>
Total expenditures	<u>1,739,290</u>	<u>1,715,518</u>	<u>23,772</u>
Excess (deficiency) of revenues over expenditures	(38,660)	(8,377)	30,283
Appropriated net assets	<u>38,660</u>	<u>-</u>	<u>(38,660)</u>
Excess (deficiency) of revenues and appropriated net assets over expenditures	<u>\$ -</u>	(8,377)	<u>\$ (8,377)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		29,995	
Depreciation		<u>(52,843)</u>	
Change in net position		<u>\$ (31,225)</u>	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION - FINANCIAL PLAN AND ACTUAL
(NON-GAAP) - INTERNAL SERVICE - INSURANCE FUND
Year Ended June 30, 2013

Schedule 20

	<u>Financial Plan</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	<u>\$ 7,591,361</u>	<u>\$ 8,107,264</u>	<u>\$ 515,903</u>
 Total revenues	 <u>7,591,361</u>	 <u>8,107,264</u>	 <u>515,903</u>
Expenditures:			
Insurance:			
Operating	<u>7,591,361</u>	<u>7,138,777</u>	<u>452,584</u>
 Total expenditures	 <u>7,591,361</u>	 <u>7,138,777</u>	 <u>452,584</u>
 Excess (deficiency) of revenues over expenditures	 <u>\$ -</u>	 968,487	 <u>\$ 968,487</u>
 Change in net position		 <u><u>\$ 968,487</u></u>	

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - AGENCY FUNDS
Year Ended June 30, 2013

Schedule 21

AGENCY FUNDS

	Balance, July 1, 2012	Additions	Deductions	Balance, June 30, 2013
<u>Property Tax Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 679,841	\$ 103,813,530	\$ 103,782,074	\$ 711,297
Due from other governments	54,444	8,739	-	63,183
	<u>\$ 734,285</u>	<u>\$ 103,822,269</u>	<u>\$ 103,782,074</u>	<u>\$ 774,480</u>
LIABILITIES				
Intergovernmental payable-State of North Carolina	\$ 9,603	\$ 78,407	\$ 84,303	\$ 3,707
Miscellaneous liabilities	724,682	103,743,862	103,697,771	770,773
	<u>\$ 734,285</u>	<u>\$ 103,822,269</u>	<u>\$ 103,782,074</u>	<u>\$ 774,480</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	\$ 9,746	\$ 18,872	\$ 26,618	\$ 2,000
LIABILITIES				
Miscellaneous liabilities	\$ 9,746	\$ 18,872	\$ 26,618	\$ 2,000
<u>Sheriff-Execution Account</u>				
ASSETS				
Cash and cash equivalents	\$ 9,281	\$ 7,155	\$ -	\$ 16,436
LIABILITIES				
Miscellaneous liabilities	\$ 9,281	\$ 7,155	\$ -	\$ 16,436
<u>Sheriff-Inmate Account</u>				
ASSETS				
Cash and cash equivalents	\$ 33,798	\$ -	\$ 1,496	\$ 32,302
LIABILITIES				
Miscellaneous liabilities	\$ 33,798	\$ -	\$ 1,496	\$ 32,302
<u>Social Services Designated Payee Account Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 20,236	\$ 118,995	\$ 113,943	\$ 25,288
LIABILITIES				
Miscellaneous liabilities	\$ 20,236	\$ 118,995	\$ 113,943	\$ 25,288
<u>Bid Bond Deposit Fund</u>				
ASSETS				
Cash and cash equivalents	\$ 18,365	\$ -	\$ 1,500	\$ 16,865
LIABILITIES				
Miscellaneous liabilities	\$ 18,365	\$ -	\$ 1,500	\$ 16,865
<u>Total All Agency Funds</u>				
ASSETS				
Cash and cash equivalents	\$ 772,873	\$ 103,958,552	\$ 103,924,135	\$ 805,794
Due from other governments	54,444	8,739	-	63,183
	<u>\$ 827,317</u>	<u>\$ 103,967,291</u>	<u>\$ 103,924,135</u>	<u>\$ 868,977</u>
LIABILITIES				
Intergovernmental payable-State of North Carolina	\$ 9,603	\$ 78,407	\$ 84,303	\$ 3,707
Miscellaneous liabilities	817,714	103,888,884	103,839,832	865,270
	<u>\$ 827,317</u>	<u>\$ 103,967,291</u>	<u>\$ 103,924,135</u>	<u>\$ 868,977</u>

**DAVIDSON COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2013**

Fiscal Year	Uncollected		Collections And Credits	Uncollected	
	Balance June 30, 2012	Additions		Balance June 30, 2013	
2012-2013	\$ -	\$ 70,916,067	\$ 67,863,493	\$ 3,052,574	
2011-2012	3,165,935	-	1,609,928	1,556,007	
2010-2011	1,500,976	-	414,010	1,086,966	
2009-2010	1,111,256	-	92,224	1,019,032	
2008-2009	872,350	-	136,931	735,419	
2007-2008	598,216	-	65,706	532,510	
2006-2007	414,008	-	20,624	393,384	
2005-2006	364,926	-	19,418	345,508	
2004-2005	278,494	-	8,549	269,945	
2003-2004	314,969	-	7,695	307,274	
2002-2003	1,400,505	-	1,167,416	233,089	
	<u>\$ 10,021,635</u>	<u>\$ 70,916,067</u>	<u>\$ 71,405,994</u>	9,531,708	
Less: allowance for uncollectible accounts:					
General Fund				<u>6,984,109</u>	
Ad valorem taxes receivable- net:					
General Fund				<u>\$ 2,547,599</u>	
Reconcilement with revenues:					
Ad valorem taxes - General fund				\$ 70,279,020	
Penalties collected on ad valorem taxes- General Fund				55,337	
Interest collected on ad valorem taxes- General Fund				584,893	
Reconciling items:					
Interest collected				(584,893)	
Discounts allowed				579,701	
Taxes written off				491,936	
Total reconciling items				<u>486,744</u>	
Total collections and credits				<u>\$ 71,405,994</u>	

**DAVIDSON COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
Year Ended June 30, 2013**

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	\$ 12,818,432,778	\$ 0.54	\$ 69,219,537	\$ 63,133,485	\$ 6,086,052
Penalties	-		44,348	44,348	-
Total	<u>12,818,432,778</u>		<u>69,263,885</u>	<u>63,177,833</u>	<u>6,086,052</u>
Discoveries:					
Current year taxes	447,822,222	0.54	2,418,240	2,348,217	70,023
Penalties	-		17,813	17,813	-
Total	<u>447,822,222</u>		<u>2,436,053</u>	<u>2,366,030</u>	<u>70,023</u>
Releases and discounts	<u>(37,834,267)</u>		<u>(783,871)</u>	<u>(681,336)</u>	<u>(102,535)</u>
Total property valuation	<u>\$ 13,228,420,733</u>				
Net levy			70,916,067	64,862,527	6,053,540
Uncollected taxes at June 30, 2013			<u>3,052,574</u>	<u>2,259,557</u>	<u>793,017</u>
Current year's taxes collected			<u>\$ 67,863,493</u>	<u>\$ 62,602,970</u>	<u>\$ 5,260,523</u>
Current levy collection percentage			<u>95.70%</u>	<u>96.52%</u>	<u>86.90%</u>

DAVIDSON COUNTY AIRPORT AUTHORITY
(A COMPONENT UNIT OF DAVIDSON COUNTY, NORTH CAROLINA)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP) -
Year Ended June 30, 2013

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 578,982	\$ 489,610	\$ (89,372)
Charges for services	223,000	238,322	15,322
Other	-	1,735	1,735
	<u>801,982</u>	<u>729,667</u>	<u>(72,315)</u>
Total revenues			
Expenditures:			
Operating	353,407	347,338	6,069
Debt service	132,888	132,888	-
Capital outlay	362,538	334,426	28,112
	<u>848,833</u>	<u>814,652</u>	<u>34,181</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	(46,851)	(84,985)	(38,134)
Appropriated net assets	<u>46,851</u>	<u>-</u>	<u>(46,851)</u>
Excess (deficiency) of revenues and appropriated net assets over expenditures	<u>\$ -</u>	(84,985)	<u>\$ (84,985)</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		334,426	
Depreciation		(741,420)	
Debt principal		<u>70,157</u>	
Total reconciling items		<u>(336,837)</u>	
Change in net position		<u>\$ (421,822)</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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Taxes:					
Property	\$ 80,039,685	\$ 78,720,749	\$ 77,934,202	\$ 77,822,786	\$ 76,977,434
Sales	17,655,035	16,706,730	15,620,565	16,256,379	21,772,914
Intangibles	-	-	-	-	-
Other	1,640,728	1,679,237	1,918,818	1,976,501	1,930,069
Total taxes	99,335,448	97,106,716	95,473,585	96,055,666	100,680,417
Licenses and permits	1,278,851	1,468,794	1,412,721	1,465,327	1,533,632
Intergovernmental	25,432,342	25,431,103	24,866,041	27,667,976	27,092,154
Charges for services	7,553,279	8,210,177	7,567,247	7,109,202	7,297,063
Interest on investments	270,151	314,058	443,548	599,323	1,303,577
Miscellaneous	1,777,522	1,149,335	2,686,496	268,436	430,173
Total revenues	135,647,593	133,680,183	132,449,638	133,165,930	138,337,016
Current:					
General government	11,023,150	11,403,563	11,310,267	12,086,461	10,008,687
Human services	29,861,622	29,006,001	29,230,665	28,933,412	31,953,498
Public safety	31,760,065	32,219,722	30,740,569	30,612,510	30,254,889
Environmental protection	1,417,664	1,579,284	1,704,488	1,727,439	1,717,458
Economic and physical development	3,518,568	4,118,858	5,614,418	3,956,643	3,605,809
Culture and recreation	4,098,986	3,755,084	3,794,533	3,630,001	3,645,444
Transportation	1,581,662	1,343,245	875,222	922,092	1,080,014
Intergovernmental:					
Education	40,901,214	53,670,822	46,591,652	45,977,031	65,710,811
Capital outlay	310,047	649,672	51,063	716,660	1,010,590
Debt service:					
Principal	6,136,115	6,329,065	6,294,065	5,965,600	4,515,600
Interest and fiscal charges	4,070,085	4,493,390	4,154,425	4,197,129	3,639,631
Total expenditures	134,679,178	148,568,706	140,361,367	138,724,978	157,142,431
Other financing sources (uses)					
Transfers in	6,000,873	6,137,127	5,021,250	6,195,342	7,612,995
Transfers out	(7,413,209)	(7,335,369)	(8,023,374)	(7,237,355)	(7,752,789)
Debt issued	-	-	13,050,000	5,076,971	29,600,000
Premium on debt issued	-	-	149,543	-	554,399
Refunding bonds issued	9,080,000	-	4,915,000	-	-
Payments to refunded bond escrow agent	(9,219,209)	-	(4,965,000)	-	-
Sale of capital assets	-	-	-	6,400	8,150
Special item	-	-	-	-	-
Total other financing sources (uses)	(1,551,545)	(1,198,242)	10,147,419	4,041,358	30,022,755
Net change in fund balances	\$ (583,130)	\$ (16,086,765)	\$ 2,235,690	\$ (1,517,690)	\$ 11,217,340
Debt service as a percentage of noncapital expenditures	7.6%	7.3%	7.4%	7.4%	5.2%

Table 1

2008	2007	2006	2005	2004
\$ 75,321,835	\$ 62,562,494	\$ 60,465,501	\$ 58,035,419	\$ 57,015,392
27,451,631	27,213,934	25,913,084	24,461,171	24,782,742
-	-	-	-	-
1,763,355	1,492,826	1,712,904	1,599,346	947,118
104,536,821	91,269,254	88,091,489	84,095,936	82,745,252
2,426,939	2,924,721	2,894,975	2,624,414	2,388,508
23,776,817	22,535,309	25,116,614	22,582,430	26,483,800
5,478,345	5,140,944	4,633,123	5,025,990	7,729,558
3,641,846	2,753,327	2,055,613	1,154,224	504,164
206,610	531,485	519,764	463,595	199,599
140,067,378	125,155,040	123,311,578	115,946,589	120,050,881
10,040,290	10,336,334	9,796,982	9,219,554	8,243,767
34,500,918	34,984,606	33,448,308	32,628,628	37,496,472
29,896,785	27,229,969	25,771,512	23,806,952	23,275,436
1,759,973	1,855,978	1,692,729	1,743,189	1,730,874
3,914,259	3,668,101	4,161,935	3,464,160	5,175,997
3,404,949	3,345,122	3,141,564	3,127,024	3,214,329
1,129,074	911,578	1,037,636	815,195	856,842
66,755,742	39,916,666	39,824,925	38,208,927	38,067,130
229,819	313,265	21,115	140,268	103,510
3,205,600	3,390,600	3,415,600	3,491,443	2,707,008
3,256,024	1,573,804	1,659,321	1,866,304	1,111,717
158,093,433	127,526,023	123,971,627	118,511,644	121,983,082
11,404,498	2,666,854	3,090,754	2,313,864	2,192,096
(11,616,909)	(2,711,019)	(3,120,754)	(2,423,864)	(4,967,266)
-	42,000,000	-	-	18,672,700
-	660,727	-	-	-
-	-	-	-	16,905,000
-	-	-	-	(16,905,000)
-	37,182	5,004	3,300	7,000
-	-	2,200,000	-	-
(212,411)	42,653,744	2,175,004	(106,700)	15,904,530
\$ (18,238,466)	\$ 40,282,761	\$ 1,514,955	\$ (2,671,755)	\$ 13,972,329
4.1%	3.9%	4.1%	4.5%	3.1%

**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>
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
2013	71,699,938	783,871	70,916,067	67,863,493

(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>
96.07%	\$ 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%
95.70%	2,387,797	99.06%	70,251,290	7,864,374	11.09%

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)
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
2013	10,937,949,307	52,243,732	709,448,845

- 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	
\$ 1,063,415,360	\$ 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
1,140,013,889	388,764,960	13,228,420,733	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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
County direct rate:					
General-operating	\$ 0.540	\$ 0.540	\$ 0.540	\$ 0.540	\$ 0.540
City of Lexington	0.600	0.560	0.560	0.560	0.560
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	0.180
Town of Denton	0.550	0.550	0.550	0.550	0.550
City of High Point	0.675	0.662	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	0.070
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	0.100
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	0.075
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	0.090	0.070
Southmont	0.085	0.085	0.085	0.085	0.085
Fairgrove	0.075	0.075	0.060	0.060	0.060
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>2008 (2)</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 0.540	\$ 0.540	\$ 0.540	\$ 0.530	\$ 0.530
0.535	0.545	0.545	0.515	0.515
0.120	0.130	0.130	0.130	0.130
0.200	0.200	0.200	0.200	0.200
0.560	0.570	0.570	0.550	0.550
0.1725	0.180	0.180	0.180	0.180
0.550	0.550	0.550	0.550	0.550
0.633	0.608	0.608	0.540	0.622
0.050	0.050	0.050	0.050	-
0.050	0.050	-	-	-
0.070	0.070	0.070	0.060	0.060
0.085	0.085	0.085	0.085	0.085
0.065	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	0.080
0.110	0.110	0.110	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
0.060	0.045	0.045	0.030	0.030
0.070	0.080	0.080	0.090	0.090
0.080	0.080	0.080	0.080	0.080
0.070	0.070	0.070	0.070	0.070
0.085	0.085	0.085	0.070	0.070
0.055	0.055	0.055	0.050	0.050
0.110	0.110	0.110	0.110	0.120
0.110	0.110	0.110	0.110	0.110
0.100	0.100	0.100	0.090	0.090
0.085	0.080	0.080	0.080	0.080
0.050	0.050	0.050	0.050	0.035
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	0.050	0.045
0.060	0.060	0.060	0.060	-

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

Assessed Value	2013 (1)	2012 (1)	2011 (1)	2010 (1)
Davidson County	\$ 13,228,420,733	\$ 13,090,465,789	\$ 12,947,854,080	\$ 12,931,189,570
City of Lexington	1,496,604,452	1,473,679,696	1,473,672,255	1,492,980,321
Lexington Special Schools District	1,295,118,808	1,292,605,883	1,291,604,908	1,318,384,117
Lexington Main Street District	48,113,685	50,357,620	51,490,750	47,262,355
City of Thomasville	1,671,545,270	1,663,695,796	1,631,688,204	1,618,601,777
Thomasville Special Schools District	773,230,611	773,927,656	749,911,389	751,942,511
Town of Denton	117,688,245	117,615,820	116,439,524	117,874,584
City of High Point	425,268,619	413,762,953	409,138,859	405,298,123
Town of Wallburg	245,439,840	239,976,700	246,426,080	249,863,520
Town of Midway	344,521,320	340,756,920	341,185,220	329,544,760
Fire Protection Districts:				
Central	356,960,371	355,625,929	354,197,100	347,912,214
Pilot	326,796,306	324,510,894	324,601,176	352,563,753
Hasty	519,756,357	513,700,371	508,090,571	496,509,986
West Lexington	250,462,040	247,698,160	242,734,750	243,747,980
Wallburg	749,852,763	738,998,888	735,350,700	744,359,763
Holly Grove	273,833,650	273,026,725	274,369,675	273,476,238
North Lexington	201,437,591	198,694,291	196,519,718	192,939,864
Welcome	510,816,790	503,931,220	493,415,430	486,896,450
Reeds	471,817,575	462,550,325	470,628,225	453,950,875
Tyro	391,710,500	404,373,450	396,789,138	402,760,913
Linwood	318,905,680	319,234,533	298,656,427	303,999,253
Churchland	253,605,586	248,386,971	245,488,343	231,714,814
Arcadia - Reedy Creek - Hampton	934,399,200	921,676,300	910,201,613	931,328,850
Healing Springs	320,755,956	318,687,456	315,181,767	327,104,044
Southmont	781,667,729	773,318,059	767,148,376	780,622,706
Fairgrove	415,204,800	409,622,387	410,337,817	400,471,167
South Lexington	188,468,600	187,256,100	187,228,109	179,402,182
Silver Valley	358,643,282	358,041,082	356,209,473	356,273,891
Midway	851,930,200	850,736,980	835,903,950	825,496,830
Gumtree	134,404,871	135,596,165	130,897,882	121,944,282
South Emmons	120,678,440	121,445,840	119,643,580	120,967,140
South Davidson	105,120,620	104,516,700	103,562,980	103,329,050
Horneytown	122,327,410	121,228,920	119,410,440	119,136,710
Griffith	276,750,450	269,479,375	265,095,663	246,154,450
Clemmons	92,097,600	90,971,960	90,460,020	78,820,120
Badin	63,280,767	61,822,133	60,953,283	54,340,017

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

2009 (1)	2008 (1)(2)	2007 (1)	2006 (1)	2005 (1)	2004 (1)
\$ 12,867,822,046	\$ 12,488,497,598	\$ 10,376,249,565	\$ 9,982,087,368	\$ 9,677,309,793	\$ 9,587,705,694
1,510,345,430	1,476,846,553	1,331,336,090	1,302,774,404	1,281,862,191	1,291,242,164
1,318,552,842	1,475,984,017	1,157,741,177	1,138,641,200	1,113,490,193	1,118,398,070
50,716,805	49,553,550	40,618,885	40,370,250	36,908,302	36,492,035
1,651,223,607	1,590,725,830	1,385,704,925	1,260,410,353	1,301,828,213	1,292,194,762
759,035,500	755,303,484	675,324,694	713,384,544	687,908,292	692,478,823
114,632,407	113,585,395	91,583,758	88,870,453	81,622,343	81,755,919
405,727,368	40,516,058	37,414,021	30,928,770	21,673,177	20,611,933
246,490,980	239,477,600	190,545,540	183,549,740	171,507,940	-
327,011,120	318,684,420	251,338,460	-	-	-
346,260,400	342,546,200	288,955,357	239,769,929	272,416,540	271,455,534
356,487,859	351,866,894	297,546,906	291,516,235	284,871,640	276,051,436
494,207,271	479,244,615	389,782,000	378,521,950	369,736,711	364,318,867
244,370,920	241,299,190	207,789,840	200,018,670	196,174,207	194,432,610
732,307,363	673,664,713	508,356,650	461,853,338	450,034,985	442,837,588
276,519,900	271,544,000	226,652,563	218,397,150	213,549,430	209,660,900
194,155,345	196,009,618	156,802,400	142,538,891	149,861,631	151,388,400
484,822,890	474,940,238	388,497,963	376,063,500	360,979,566	360,719,338
493,419,325	447,402,275	382,860,700	374,046,700	368,128,531	362,187,000
394,994,875	379,545,063	313,647,750	301,790,113	288,162,566	278,356,800
305,953,947	295,138,350	263,570,756	176,772,267	276,275,102	274,152,634
233,403,514	226,844,457	189,392,650	202,299,075	170,633,067	169,704,412
906,152,638	883,832,775	690,970,238	648,804,975	610,904,340	590,833,675
314,755,143	298,608,871	242,880,200	235,155,243	233,043,355	227,713,443
769,648,788	754,652,800	566,898,412	454,455,129	541,698,715	532,216,415
402,986,883	407,130,545	361,339,636	327,476,436	356,461,885	354,666,980
201,630,964	188,129,018	141,716,009	139,343,136	136,432,705	132,859,975
351,100,527	347,660,791	301,888,300	289,477,091	279,348,307	276,432,610
816,695,080	808,735,050	670,247,130	647,685,460	629,246,988	603,902,456
124,643,459	119,693,400	100,777,850	95,738,150	94,581,271	95,295,175
123,567,640	119,038,240	103,712,640	100,738,860	98,381,125	97,453,000
101,752,810	99,722,040	87,208,920	82,242,140	80,602,388	80,838,180
118,345,310	108,324,730	87,486,990	85,468,080	79,194,469	78,725,700
237,858,425	207,695,988	171,017,688	164,099,338	155,285,890	151,034,800
78,153,500	73,894,780	59,636,040	46,869,220	41,349,492	39,059,689
52,209,250	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

Year Ended June 30,	Population (1)	Assessed Value (000,000's)	Bonded Debt (000's)	Ratio of Bonded Debt to Assessed Value	Bonded Debt Per Capita
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
2013	163,683	13,228	63,585	0.48%	388

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
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%
2013	1,058,274	105,688	952,586	9.99%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value of taxable property	<u>\$ 13,228,420,733</u>
Debt limit - eight percent (8%) of assessed value	\$ 1,058,273,658
Amount of debt applicable to debt limit:	
Bonded debt	\$ 63,585,000
Certificates of participation	9,930,000
Limited Obligation Bonds	5,325,000
Qualified Zone Academy Bonds	1,030,000
Qualified School Construction Bonds	17,111,576
Obligations under installment purchases	<u>8,706,307</u>
Total amount of debt applicable to legal debt limit	<u>105,687,883</u>
Legal debt margin	<u>\$ 952,585,775</u>

DAVIDSON COUNTY, NORTH CAROLINA
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2013

Table 8

	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to Davidson County</u>	<u>Amount Applicable to Davidson County</u>
Davidson County	<u>\$ 63,585,000</u>	100%	<u>\$ 63,585,000</u>
Total direct debt	<u>63,585,000</u>		<u>63,585,000</u>
Town of Denton	3,030,889	100%	3,030,889
City of Lexington	<u>5,991,826</u>	100%	<u>5,991,826</u>
Total overlapping debt	<u>9,022,715</u>		<u>9,022,715</u>
Total direct and overlapping debt	<u><u>\$ 72,607,715</u></u>		<u><u>\$ 72,607,715</u></u>

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

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

Table 9

<u>Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>General Government Expenditures</u>	<u>Ratio (1)</u>
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	10,822,455	148,568,706	7.28%
2013	6,136,115	4,070,085	10,206,200	134,679,178	7.58%

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)
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%
2013	163,683	3,502,653	21,399	25,555	9.8%

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 POSITION
LAST TEN FISCAL YEARS**

Expenses	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities:					
General government	\$ 7,440,710	\$ 9,878,098	\$ 9,616,856	\$ 11,139,773	\$ 11,099,650
Human Services	37,247,741	32,617,812	33,534,177	34,809,028	34,742,655
Public Safety	22,165,478	24,093,067	25,528,358	27,250,824	30,182,148
Environmental protection	1,634,391	1,694,163	1,588,845	1,699,407	1,837,069
Economic and physical development	5,214,357	3,464,643	4,164,322	3,619,829	4,040,692
Culture and recreation	3,109,987	3,135,567	3,169,876	3,313,982	3,538,489
Transportation	859,283	893,159	899,869	989,988	989,779
Education	38,297,640	38,208,927	39,824,925	39,836,117	66,755,742
Interest and fiscal charges	1,145,847	2,001,051	1,786,878	1,690,851	3,486,511
Total governmental activities expenses	<u>117,115,434</u>	<u>115,986,487</u>	<u>120,114,106</u>	<u>124,349,799</u>	<u>156,672,735</u>
Business-type activities:					
Landfill	3,533,698	4,484,855	3,638,608	3,095,612	3,936,995
Sewer	77,173	92,861	5,358,248	197,095	369,895
Total business-type activities	<u>3,610,871</u>	<u>4,577,716</u>	<u>8,996,856</u>	<u>3,292,707</u>	<u>4,306,890</u>
Total primary governmental expenses	<u>\$ 120,726,305</u>	<u>\$ 120,564,203</u>	<u>\$ 129,110,962</u>	<u>\$ 127,642,506</u>	<u>\$ 160,979,625</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 2,244,977	\$ 1,762,895	\$ 1,830,909	\$ 1,853,756	\$ 1,719,113
Human services	4,335,415	1,318,562	928,968	766,063	826,455
Public safety	2,706,670	4,851,566	5,220,770	5,219,349	4,657,416
Culture and recreation	105,417	113,124	161,448	147,250	171,709
Other activities	244,301	329,448	382,706	454,598	619,258
Operating grants and contributions	23,794,955	21,427,636	21,273,669	21,881,671	23,312,408
Capital grants and contributions	<u>1,769,371</u>	<u>592,890</u>	<u>3,096,752</u>	<u>485,542</u>	<u>284,869</u>
Total governmental activities program revenues	<u>35,201,106</u>	<u>30,396,121</u>	<u>32,895,222</u>	<u>30,808,229</u>	<u>31,591,228</u>
Business-type activities:					
Charges for services:					
Landfill	3,705,834	3,855,851	3,740,492	4,047,907	4,229,943
Sewer	187,717	85,528	127,329	92,009	124,188
Capital grants and contributions	<u>36,000</u>	<u>1,056,945</u>	<u>746,637</u>	<u>-</u>	<u>-</u>
Total business-type activities program revenues	<u>3,929,551</u>	<u>4,998,324</u>	<u>4,614,458</u>	<u>4,139,916</u>	<u>4,354,131</u>
Total primary governmental program revenues	<u>\$ 39,130,657</u>	<u>\$ 35,394,445</u>	<u>\$ 37,509,680</u>	<u>\$ 34,948,145</u>	<u>\$ 35,945,359</u>
Net (expense)/revenue					
Governmental activities	\$ (81,914,328)	\$ (85,590,366)	\$ (87,218,884)	\$ (93,541,570)	\$ (125,081,507)
Business-type activities	<u>318,680</u>	<u>420,608</u>	<u>(4,382,398)</u>	<u>847,209</u>	<u>47,241</u>
Total primary governmental net expense	<u>\$ (81,595,648)</u>	<u>\$ (85,169,758)</u>	<u>\$ (91,601,282)</u>	<u>\$ (92,694,361)</u>	<u>\$ (125,034,266)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	\$ 56,800,293	\$ 57,699,908	\$ 60,297,147	\$ 63,028,741	\$ 75,346,979
Sales taxes	24,782,742	24,461,171	25,913,084	27,213,934	27,451,631
Other taxes	724,830	896,534	927,660	721,618	1,763,355
Investment earnings	504,164	1,154,224	2,055,613	2,753,327	3,641,846
Miscellaneous	477,636	740,864	2,994,758	1,286,534	429,467
Contributions of general fixed assets	(795,592)	-	-	-	-
Transfers	<u>(2,775,170)</u>	<u>(110,000)</u>	<u>(30,000)</u>	<u>(44,165)</u>	<u>(212,411)</u>
Total governmental activities	<u>79,718,903</u>	<u>84,842,701</u>	<u>92,158,262</u>	<u>94,959,989</u>	<u>108,420,867</u>
Business-type activities:					
Other taxes	199,289	206,777	217,181	255,536	250,061
Investment earnings	110,259	236,414	411,225	584,726	441,134
Other	2,557	6,453	46,862	12,422	42,741
Contributions of general fixed assets	795,592	-	-	-	-
Transfers	<u>2,775,170</u>	<u>110,000</u>	<u>30,000</u>	<u>44,165</u>	<u>212,411</u>
Total business-type activities	<u>3,882,867</u>	<u>559,644</u>	<u>705,268</u>	<u>896,849</u>	<u>946,347</u>
Total primary government	<u>\$ 83,601,770</u>	<u>\$ 85,402,345</u>	<u>\$ 92,863,530</u>	<u>\$ 95,856,838</u>	<u>\$ 109,367,214</u>
Change in Net Position					
Governmental activities	\$ (2,195,425)	\$ (747,665)	\$ 4,939,378	\$ 1,418,419	\$ (16,660,640)
Business-type activities	<u>4,201,547</u>	<u>980,252</u>	<u>(3,677,130)</u>	<u>1,744,058</u>	<u>993,588</u>
Total primary government	<u>\$ 2,006,122</u>	<u>\$ 232,587</u>	<u>\$ 1,262,248</u>	<u>\$ 3,162,477</u>	<u>\$ (15,667,052)</u>

Table 11

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 10,590,021	\$ 10,867,828	\$ 10,045,788	\$ 10,417,389	\$ 11,601,662
31,577,050	29,065,775	28,866,973	29,293,613	29,811,107
30,422,383	30,806,090	31,010,651	33,269,734	32,297,095
1,698,515	1,760,905	1,726,887	1,655,611	1,468,508
3,754,120	3,973,291	5,614,594	4,443,602	3,560,619
3,480,617	4,212,050	3,789,100	3,819,300	4,040,662
974,361	1,000,759	999,233	1,259,372	1,547,832
65,639,516	45,943,736	46,591,652	53,670,822	40,842,201
3,119,835	4,086,543	4,083,566	4,480,052	4,674,120
<u>151,256,418</u>	<u>131,716,977</u>	<u>132,728,444</u>	<u>142,309,495</u>	<u>129,843,806</u>
4,520,628	6,455,668	4,823,470	4,835,957	4,344,483
389,144	1,218,918	1,184,169	1,187,092	1,290,728
<u>4,909,772</u>	<u>7,674,586</u>	<u>6,007,639</u>	<u>6,023,049</u>	<u>5,635,211</u>
<u>\$ 156,166,190</u>	<u>\$ 139,391,563</u>	<u>\$ 138,736,083</u>	<u>\$ 148,332,544</u>	<u>\$ 135,479,017</u>
\$ 1,237,892	\$ 1,445,391	\$ 1,352,649	\$ 1,267,587	\$ 1,243,862
836,737	785,087	836,868	657,926	571,525
5,792,104	5,541,529	5,611,966	6,468,111	5,282,995
250,513	246,687	203,182	232,024	273,406
911,875	477,911	575,590	725,388	1,697,266
24,990,993	25,134,600	24,375,540	25,119,643	25,235,796
2,387,802	2,316,754	2,255,619	110,778	-
<u>36,407,916</u>	<u>35,947,959</u>	<u>35,211,414</u>	<u>34,581,457</u>	<u>34,304,850</u>
4,082,577	3,951,772	4,250,794	4,256,502	3,754,832
176,861	234,286	290,018	325,704	355,319
-	-	-	-	-
<u>4,259,438</u>	<u>4,186,058</u>	<u>4,540,812</u>	<u>4,582,206</u>	<u>4,110,151</u>
<u>\$ 40,667,354</u>	<u>\$ 40,134,017</u>	<u>\$ 39,752,226</u>	<u>\$ 39,163,663</u>	<u>\$ 38,415,001</u>
\$ (114,848,502)	\$ (95,769,018)	\$ (97,517,030)	\$ (107,728,038)	\$ (95,538,956)
(650,334)	(3,488,528)	(1,466,827)	(1,440,843)	(1,525,060)
<u>\$ (115,498,836)</u>	<u>\$ (99,257,546)</u>	<u>\$ (98,983,857)</u>	<u>\$ (109,168,881)</u>	<u>\$ (97,064,016)</u>
\$ 77,530,749	\$ 77,678,303	\$ 78,319,729	\$ 78,774,693	\$ 80,193,327
21,772,914	16,256,379	15,620,565	16,706,730	17,655,035
1,930,069	1,976,501	1,918,818	1,679,237	1,640,728
1,303,577	599,323	443,548	314,058	270,151
429,587	465,271	1,929,082	2,571,249	1,359,476
-	-	-	-	-
<u>(139,794)</u>	<u>(1,042,013)</u>	<u>(3,002,124)</u>	<u>(1,198,242)</u>	<u>(1,412,336)</u>
<u>102,827,102</u>	<u>95,933,764</u>	<u>95,229,618</u>	<u>98,847,725</u>	<u>99,706,381</u>
259,029	291,769	331,070	329,205	329,416
176,328	65,616	49,723	31,539	26,870
8,345	183,412	148,168	-	-
-	-	-	-	-
<u>139,794</u>	<u>1,042,013</u>	<u>3,002,124</u>	<u>1,198,242</u>	<u>1,412,336</u>
<u>583,496</u>	<u>1,582,810</u>	<u>3,531,085</u>	<u>1,558,986</u>	<u>1,768,622</u>
<u>\$ 103,410,598</u>	<u>\$ 97,516,574</u>	<u>\$ 98,760,703</u>	<u>\$ 100,406,711</u>	<u>\$ 101,475,003</u>
\$ (12,021,400)	\$ 164,746	\$ (2,287,412)	\$ (8,880,313)	\$ 4,167,425
(66,838)	(1,905,718)	2,064,258	118,143	243,562
<u>\$ (12,088,238)</u>	<u>\$ (1,740,972)</u>	<u>\$ (223,154)</u>	<u>\$ (8,762,170)</u>	<u>\$ 4,410,987</u>

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

	Fiscal Year									
	<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>	<u>2013</u>
General Fund										
Reserved	\$ 10,573,753	\$ 9,633,950	\$ 11,699,878	\$ 10,897,326	\$ 12,045,020	\$ 11,708,044	\$ 12,699,217	\$ -	\$ -	\$ -
Unreserved	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	1,671,149
Restricted	-	-	-	-	-	-	-	14,334,997	13,543,115	13,613,571
Committed	-	-	-	-	-	-	-	75,997	79,000	79,000
Assigned	-	-	-	-	-	-	-	3,029,478	2,937,952	2,938,423
Unassigned	-	-	-	-	-	-	-	32,425,675	33,955,171	35,638,723
Total General Fund	\$ 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	\$ 53,940,866
All other governmental funds										
Reserved	\$ 206,597	\$ 144,807	\$ 289,381	\$ 83,167	\$ 235,997	\$ 257,919	\$ 97,005	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	17,306,533	11,719,939	7,965,844	45,803,577	23,207,524	31,391,030	27,263,442	-	-	-
Capital projects funds	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	3,033,902
Committed	-	-	-	-	-	-	-	14,004,737	12,230,378	10,371,918
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 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	\$ 13,405,820

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$ 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	\$ 28,831,557
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	16,647,473
Unrestricted	4,736,978	11,751,891	15,641,560	(22,457,237)	(12,588,065)	(10,027,167)	(11,808,247)	(48,407,697)	(43,247,814)	(38,757,681)
Total Governmental activities net position	\$ 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	\$ 6,721,349
Business-type activities										
Net investment in capital assets	\$ 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	\$ 9,829,830
Restricted	6,976,421	5,838,171	-	6,707,638	(3,214,203)	3,808,440	3,417,740	6,069,176	-	-
Unrestricted	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	16,447,569
Total business-type activities net position	\$ 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	\$ 38,661,387
Primary government										
Net investment in capital assets	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	16,647,473
Restricted	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)	(32,139,942)
Unrestricted	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	23,168,918
Total primary government net position	\$ 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	\$ 23,168,918

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

Fiscal Year	Governmental Activities					Business-type activities					Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Qualified				General Obligation Bonds	Limited Obligation Bonds	Certificates of Participation	Installment Purchases				
		Zone Academy Bonds	School Construction Bonds	Limited Obligation Bonds	Participation								
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	
2013	62,725,000	1,030,000	17,111,576	-	3,590,000	9,930,000	860,000	1,735,000	8,706,307	105,687,883	3.02%	646	

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	2013		2004	
	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>70,624</u>		<u>72,939</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	2013		2004	
	Assessed Valuation	Percentage of Total Assessed Valuation	Assessed Valuation	Percentage of Total Assessed Valuation
Kimberly-Clark Corporation	\$ 77,928,894	0.59%	\$ 101,238,035	1.06%
Unilin Flooring NC LLC	60,491,799	0.46%	-	-
Duke Energy	86,071,084	0.65%	64,566,500	0.67%
PPG Industries, Inc.	63,306,769	0.48%	88,986,382	0.93%
Yadkin, Inc	53,335,117	0.40%	24,875,684	0.26%
RCR Enterprises, LLC	24,513,553	0.19%	-	-
Walmart	30,611,855	0.23%	-	-
Owens-Brockway	27,801,785	0.21%	27,946,132	0.29%
TFI Industries	24,177,258	0.18%	56,942,515	0.59%
Newbridge Bank	21,696,264	0.16%	-	-
Lexington Furniture Industries	-	-	53,282,290	0.56%
Parkdale America	-	-	23,849,761	0.25%
Kraft, Incorporated DBA Duracell USA	-	-	56,747,943	0.59%
Atrium Windows	-	-	25,618,370	0.27%
	<u>\$ 469,934,378</u>		<u>\$ 524,053,612</u>	

Source - Davidson County Tax Department

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

Function	Full-time Equivalent Employees As of June 30								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government	110	112	112	117	115	114	115	109	110
Human Services	311	319	316	320	332	321	311	309	311
Public Safety	343	335	357	367	372	357	351	355	356
Environmental protection	31	31	27	27	27	26	26	25	21
Economic and physical development	35	38	38	41	39	41	38	38	39
Culture and recreation	70	70	71	71	70	73	74	74	74
Transportation	19	16	18	18	18	15	14	17	17
Landfill	32	31	33	32	32	33	34	34	28
Sewer	-	-	1	2	2	2	2	2	2
Garage	4	4	4	4	4	4	5	4	5
Total	955	956	977	999	1,011	986	970	967	963

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>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>	<u>2013</u>
Human Services (1):										
Public health occupied square footage	21,572	21,572	21,572	21,572	21,572	21,572	21,572	34,060	34,060	34,060
Social services occupied square footage	39,216	45,511	45,511	45,511	45,511	45,511	45,511	54,221	54,221	55,869
Public Safety (1):										
Number of Emergency medical stations	5	5	5	5	5	6	6	6	7	7
Number of volunteer fire stations	23	23	23	23	23	23	23	23	30	30
Culture & recreation (1):										
Number of libraries	5	5	5	5	5	5	5	5	5	5
Education (2):										
Number of schools	42	42	41	41	42	42	43	43	46	46

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

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

Function	Fiscal Year As of June 30									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government (1):										
Number of tax bills per 1000 parcels	N/A	2,740	2,620	2,640	2,722	2,696	2,640	2,651	2,651	3,134
Registered motor vehicles per 1000 population	N/A	966	952	973	969	963	923	929	929	897
Human services (1):										
Children in Social Services custody	N/A	196	208	199	113	219	192	182	194	192
Active child support cases	N/A	4,902	4,862	5,130	5,625	5,789	6,009	6,132	5,310	6,361
Public Safety (1):										
Number of EMS calls dispatched	N/A	11,353	11,718	12,273	12,486	13,317	12,433	15,848	20,436	23,778
Number of emergency medical technicians	92	92	92	103	104	105	104	104	99	111
Building permits issued	8,669	10,078	11,398	10,262	7,458	4,789	4,740	4,776	4,640	4,391
Number of firemen	889	907	1,027	1,050	1,600	1,100	1,071	1,071	1,071	1,070
Number of fire inspections made	N/A	972	761	879	951	1,147	1,302	1,363	1,300	1,300
Economic and physical development (1):										
Number of individuals sponsored in WIA services	N/A	503	294	663	227	348	514	537	510	457
Education (2):										
Number of students	25,253	25,757	25,857	25,998	26,239	26,200	25,953	25,448	25,519	25,555
Number of teachers	1,681	1,676	1,838	1,944	1,956	1,900	1,828	1,879	1,779	1,755

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