Davidson County, North Carolina

Comprehensive Annual Financial Report

Year Ended June 30, 2017

Prepared by:
Jane S. Kiker
Finance Director

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INTRODUCTORY SECTION

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

November 28, 2017

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, 2017. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

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

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the state law in North Carolina for state funds. Information related to the single audit, including the schedule of expenditures of federal and state awards, findings and questioned costs, and independent auditors' reports on the compliance and on internal control over financial reporting, is presented in a separate document to which the reader is referred.

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

County Profile

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

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

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

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

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

Factors Affecting Financial Condition

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

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

The County has continued to recruit quality companies to replace those lost to import competition. The County has offered economic development incentive grants to several companies to support industrial expansion. The County currently has a 4.1 % employment rate which is .1 % below the state rate and .8% less than the County's rate in 2016.

The County experienced an increase of .45% in its tax base. With property tax being the major revenue source over which the County has control, a continued emphasis is being placed on economic development. The County's character and charm which has made it a natural choice for development in the past is no longer enough. Organizations such as Davidson County Economic Development Commission, Piedmont Triad Partnership, and local chambers of commerce will help ensure Davidson County's economic well-being by helping create and maintain employment opportunities, new capital investments, greater retail sales and a better quality of life.

Long-term financial planning. The County will continue its commitment to public schools by staying on course with the plan to build schools to relieve overcrowding. The County has completed extensive renovations and additions to existing schools and has constructed a new middle school. The County completed the issuance of $36.5 million of Limited Obligation Bonds for the construction of a new high school during the FY2016 year. The remainder of the funding for this $51.7 million project has come from County reserves and a contribution from the Davidson County school system. The County has completed the issuance of all of the $66.4 million in school bonds and $5.2 million in community college bonds that were authorized during the November 2005 election. The County issued $13 million in Qualified School Construction Bonds in 2011 for the construction of the new middle school in the northern part of the County. These bonds were established as part of the American Recovery Reinvestment Act of 2009. Local Boards of Education were allotted specific amounts proportionately on an ADM basis. The remainder of the funding for this $24 million project has come from the County reserves and a contribution from the Davidson County school system.

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

The County has also taken steps to capitalize on existing industry expansion and new industrial growth by providing supplement funds for economic development through incentive grants. The County is in the process of developing a new business park for future industrial growth. County reserves of $4.9 million have been used to purchase land and begin site improvements.

The County has also continued planning for its future operations with the annual County retreat held for the Board of Commissioners and the Departmental Directors. Through these retreats, future goals and priorities are discussed in a team effort for implementation in the years to come.

Internal Controls. The Management of Davidson County is responsible for establishing and maintaining an internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Independent Audit. North Carolina general statutes require each unit of local government to have its financial statements audited annually by a certified public accountant or by an accountant certified by the North Carolina Local Government Commission as qualified to audit local government accounts. The auditor is selected by and reports to the Board of Commissioners. This requirement has been satisfied within the financial statements herein.

During the fiscal year ended June 30, 2017, the federal and State of North Carolina grant programs were subjected to audit by the independent auditor in accordance with the provisions of the Single Audit Act of 1984, *Title 2 U. S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act. This report is included in this document.

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

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Davidson County for its comprehensive annual financial report for the fiscal year ended June 30, 2017. 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 thirty years (fiscal years ended 1987-2016). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

Acknowledgements.

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

Respectfully submitted,

Jane S. Kiker
Finance Director

DAVIDSON COUNTY, NORTH CAROLINA

ORGANIZATIONAL CHART

CITIZENS OF DAVIDSON
|
|
|
BOARD OF COUNTY COMMISSIONERS
|
|
|
COUNTY MANAGER
|
|
|
COUNTY DEPARTMENTS

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

Administration and Support:
* County Manager
* Human Resources
* Finance
* Purchasing
* Information Technology

PUBLIC SAFETY
----
* Sheriff
* Jail
* Communication
* Inspections
* Medical Examiner
* Emergency Management
* Ambulance
* Animal Shelter

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

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

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

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

DAVIDSON COUNTY, NORTH CAROLINA

Board of County Commissioners

Don Truell, Chairman
Steve Shell, Vice Chairman
Lance Barrett
Zak Crotts
Steve Jarvis
Fred McClure
Todd Yates

County Officials

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

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Davidson County

North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

FINANCIAL SECTION

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MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.
"A Professional Association of Certified Public Accountants and Management Consultants"

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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PO Box 5729 ♦ Statesville, NC 28687 ♦ 1710 Wilkesboro Hwy ♦ Statesville, NC 28625 ♦ 704-872-8923 ♦ Fax 704-872-4982
800-948-0585 ♦ **www.martinstarnes.com**

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of June 30, 2017, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison of the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated November 28, 2017 on our consideration of Davidson County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Davidson County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Davidson County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 28, 2017

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, 2017. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of Davidson County's governmental activities exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by $16,803,201.
- As of the close of the current fiscal year, Davidson County's governmental funds reported combined ending fund balances of $101,065,012, after a net decrease of $13,150,171. Approximately 31.41% of this total amount, or $31,744,961, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $44,325,243, or 32.4 % of total General Fund expenditures and transfers to other funds for the fiscal year.
- The assets and deferred outflows of Davidson County exceeded its liabilities and deferred inflows at the close of the fiscal year by $34,428,934. This is a decrease of $12,025,994 over the prior year. The decrease in net position is primarily due to the decrease in net position of the Governmental Activities.
- The County maintained the following bond ratings:

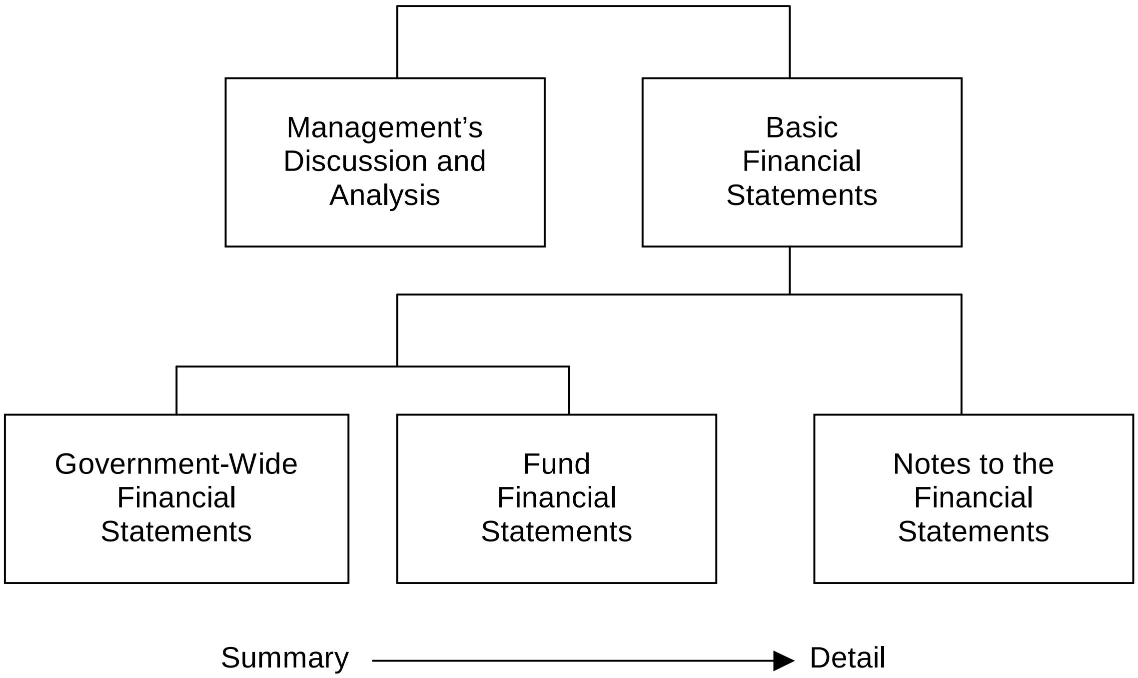
Moody's	Aa2
Standard & Poor's	AA

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Components of Annual Financial Report

Figure 1



BASIC FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. In the case of Davidson County, net position is negatively impacted by the fact that the County issues debt to fund the construction of capital assets that become the assets of other governmental entities upon completion. The County issues general obligation debt and limited obligation bonds to fund the cost of constructing these assets. The assets and deferred outflows of Davidson County exceeded liabilities and deferred inflows by $34,428,934 as of June 30, 2017. As of June 30, 2016, the net position of Davidson County restated was at $46,454,928. The County's net position decreased by $12,025,994 for the fiscal year ended June 30, 2017.

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, 2017 include outstanding general obligation debt of $42.4 million, outstanding qualified school construction bond debt of $15.8 million, and outstanding limited obligation bond debt of $34.7 million all relate to funding these non-county assets. This represents 99% of the County's outstanding general obligation debt. Because the County does not retain the related assets, this debt liability (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 $20,392,049 represents resources that are subject to external restrictions on how they are used. The remaining balance of ($39,003,586) is unrestricted.

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

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

Davidson County's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Current and other assets	$ 115,610,844	$ 132,878,071	$ 19,267,189	$ 17,459,949	$ 134,878,033	$ 150,338,020
Capital assets	52,412,418	51,503,587	17,767,353	17,061,529	70,179,771	68,565,116
Construction in progress	-	-	-	2,444,059	-	2,444,059
Total assets	168,023,262	184,381,658	37,034,542	36,965,537	205,057,804	221,347,195
Deferred Outflows of Resources	10,683,457	2,508,284	83,594	43,145	10,767,051	-
Long-term liabilities outstanding	151,850,770	141,202,981	19,044,298	18,833,116	170,895,068	160,036,097
Other liabilities	7,009,620	10,603,072	445,151	1,086,093	7,454,771	11,689,165
Total liabilities	158,860,390	151,806,053	19,489,449	19,919,209	178,349,839	171,725,262
Deferred Inflows of Resources	3,043,128	3,847,389	2,954	7,165	3,046,082	-
Net position:						
Net investment in capital assets	44,100,295	42,032,142	8,940,176	10,093,419	53,040,471	52,125,561
Restricted	21,718,561	18,975,711	-	-	21,718,561	18,975,711
Unrestricted	(49,015,655)	(29,771,353)	8,685,557	6,988,889	(40,330,098)	(22,782,464)
Total net position	$ 16,803,201	$ 31,236,500	$ 17,625,733	$ 17,082,308	$ 34,428,934	$ 48,318,808

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 97.03%.
- Continued low cost of debt due to the County's high bond rating.
- Continued conservative spending initiatives through performance-based budgeting.

Davidson County's Changes in Net Position
Figure 3

	Governmental Activities 2017	Governmental Activities 2016	Business-Type Activities 2017	Business-Type Activities 2016	Total 2017	Total 2016
Revenues:						
Program revenues:						
Charges for services	$ 10,291,297	$ 9,999,578	$ 5,066,315	$ 4,702,437	$ 15,357,612	$ 14,702,015
Operating grants and contributions	26,614,948	26,376,734	-	-	26,614,948	26,376,734
Capital grants and contributions	500,092	1,460,682	-	-	500,092	1,460,682
General revenues:						
Property taxes	85,133,095	83,986,076	-	-	85,133,095	83,986,076
Other taxes	30,643,840	25,854,919	350,099	345,643	30,993,939	26,200,562
Other	1,491,019	8,050,898	177,643	50,592	1,668,662	8,101,490
Total revenues	154,674,291	155,728,887	5,594,057	5,098,672	160,268,348	160,827,559
Expenses:						
General government	12,865,686	12,723,736	-	-	12,865,686	12,723,736
Human services	32,463,815	32,549,001	-	-	32,463,815	32,549,001
Public safety	36,618,677	34,748,009	-	-	36,618,677	34,748,009
Environmental protection	1,593,432	1,455,850	-	-	1,593,432	1,455,850
Economic and physical development	3,905,566	4,311,784	-	-	3,905,566	4,311,784
Culture and recreation	5,258,102	4,197,177	-	-	5,258,102	4,197,177
Transportation	898,341	846,392	-	-	898,341	846,392
Education	67,942,556	56,368,424	-	-	67,942,556	56,368,424
Interest on long-term debt	4,087,591	7,198,002	-	-	4,087,591	7,198,002
Landfill	-	-	5,426,859	3,267,010	5,426,859	3,267,010
Sewer	-	-	1,233,717	1,450,796	1,233,717	1,450,796
Total expenses	165,633,766	154,398,375	6,660,576	4,717,806	172,294,342	159,116,181
Increase in net position before contributions and transfers	(10,959,475)	1,330,512	(1,066,519)	380,866	(12,025,994)	1,711,378
Contributions and transfers	(1,609,944)	(487,718)	1,609,944	487,718	-	-
Increase (decrease) in net position	(12,569,419)	842,794	543,425	868,584	(12,025,994)	1,711,378
Net position, beginning, previously reported	31,236,500	30,058,262	17,082,308	16,213,724	48,318,808	46,271,986
Restatement	(1,863,880)	335,444	-	-	(1,863,880)	335,444
Net position, beginning, restated	29,372,620	30,393,706	17,082,308	16,213,724	46,454,928	46,607,430
Net position, ending	$ 16,803,201	$ 31,236,500	$ 17,625,733	$ 17,082,308	$ 34,428,934	$ 48,318,808

Governmental activities. Of total net position, governmental activities accounted for $16,803,201 (49 percent). Operating and capital grants and contributions funded $26,614,948 of Davidson County's governmental activities. Operating grants increased due to additional funding received for human services programs. Capital grants decreased due to one-time funding received in FY2016. Both sales tax and property taxes provided a large source of revenue. Sales tax increased due to a reallocation of sales tax beginning in FY2017 and an improved economy. Governmental activities decreased the County's net position by $12,569,419 compared to an increase of $842,794 in 2016. The key elements of the decrease in 2017 were due to the constriction of the new high school.

Business-type activities. Net position of Davidson County's business-type activities increased to $17,625,733. Net position increased by $543,425 in 2017 due to a decrease in landfill expenditures. Net position increased $868,584 in 2016.

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 $101,065,012, a decrease of $13,150,171 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 $57,040,109, while total fund balance for the General Fund reached $71,065,112. 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 41.67% of general fund expenditures and transfers to other funds, while total fund balance represents 51.92% of that same amount.

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

The School Capital Outlay Fund fund balance decreased by $26,272,859 due to the construction expenditures of the new high school. Sources of income included interest earnings of $121,809, school contributions of $500,000 and transfers from the General Fund of $3,644,461. The Capital Projects Fund increased by $8,111,996 due to the debt proceeds for the I-85 Business Park.

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 $6,059,203. $614,670 of the increase can be attributed to additional grant revenue for the Social Services and Health departments. $3,733,479 of the increase can be attributed to the appropriation of fund balance for capital projects and for performance management expenditures earned by qualified departments in the prior year from the attainment of specific performance goals. Favorable variances were recognized in all departments through the utilization of conservative spending.

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

Unrestricted net position of the Landfill at the end of the year totaled $6,998,234. Unrestricted net position of the Sewer operation at the end of the year totaled $1,687,323.

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, 2017 amounts to $70,179,771 (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 1.2 percent.

The major capital asset event during the fiscal year was the development of the I-85 Business Park. The Business Park is being funded by a combination of local revenues and a Community Development Block Grant loan. The new Oak Grove High School was constructed during the year to counteract the problem of overcrowding. This school project was funded by both local revenues and limited obligation bonds. Other building needs of the County are currently being forecasted into the future as revenues are located and become available.

Davidson County's Capital Assets

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land and Improvements	$ 11,562,882	$ 10,268,887	$ 863,794	$ 2,444,059	$ 12,426,676	$ 12,712,946
Buildings	57,468,944	56,829,834	794,528	794,528	58,263,472	57,624,362
Furniture and equipment	12,716,733	12,042,587	7,765,368	7,642,061	20,482,101	19,684,648
Vehicles	9,602,990	9,161,623	848,404	848,404	10,451,394	10,010,027
Sewer line	-	-	16,850,903	16,850,903	16,850,903	16,850,903
Landfill cell construction	-	-	18,359,080	16,323,063	18,359,080	16,323,063
Improvements to landfill	-	-	2,443,350	2,443,350	2,443,350	2,443,350
Construction in progress	-	-	40,595	-	40,595	-
Subtotal	91,351,549	88,302,931	47,966,022	47,346,368	139,317,571	135,649,299
Less accumulated depreciation	38,939,131	36,799,344	30,198,669	27,840,780	69,137,800	64,640,124
Total	$ 52,412,418	$ 51,503,587	$ 17,767,353	$ 19,505,588	$ 70,179,771	$ 71,009,175

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

Long-Term Debt. At the end of the current fiscal year, Davidson County had total bonded debt outstanding of $43,010,000, 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 $1,101,340,687. 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 9.37.

The County's general obligation debt per capita is $260.78 as of June 30, 2017 while the County's gross debt per capita is $731.95 due to $77,707,716 in outstanding Certificates of Participation, Limited Obligation Bonds, Qualified School Construction Bonds, and Community Development Block Grant loan. Davidson County's total debt had a net decrease of $1,493,465.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Davidson County is currently 4.1 percent, which .8 percent less than last year's rate. This rate is .1 percent below the state's average unemployment rate of 4.2 percent.
- Inflationary trends in the region compare favorably to national indices.
- Population of 164,922 has grown 6.2 percent from 2007 to 2017.

All of these factors were considered in preparing Davidson County's budget for Fiscal Year 2017-2018.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2017-2018

Governmental activities. Minimal growth of 1.1 percent in property tax revenue is anticipated over FY2017. An increase in the Sales tax revenues of 2.7 percent has been projected due to an improvement 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 $3.05 million.

Budgeted expenditures in the General Fund are expected to increase by a net amount of 1.9 percent from FY2017. The largest increases were due to a cost of living increase for employees and increased costs for employee benefits.

Business-type activities. Budgeted expenditures for the Landfill Fund will increase by $250,107. This is attributable to a cost of living increase for employees and increased costs for employee benefits.

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, 2017

Exhibit 1

	Primary Government			Component Unit
ASSETS	**Governmental Activities**	**Business-Type Activities**	**Total**	**Davidson County Airport Authority**
Cash and cash equivalents	$ 79,854,249	$ 18,350,155	$ 98,204,404	$ 350,835
Taxes receivable, net	1,128,426	-	1,128,426	-
Accounts receivable, net	2,592,081	789,966	3,382,047	-
Due from other governments	11,905,403	127,068	12,032,471	335,267
Inventory, at cost	40,088	-	40,088	-
Restricted cash and cash equivalents	18,635,173	-	18,635,173	-
Long-term note receivable	350,000	-	350,000	-
Long-term advance to component unit	902,163	-	902,163	-
Net pension asset	203,261	-	203,261	-
Capital assets				
Land and construction in progress	11,562,882	904,389	12,467,271	5,076,679
Other capital assets, net of accumulated				5,975,657
depreciation	40,849,536	16,862,964	57,712,500	-
Total capital assets	52,412,418	17,767,353	70,179,771	11,052,336
Total Assets	168,023,262	37,034,542	205,057,804	11,738,438
DEFERRED OUTFLOWS OF RESOURCES	10,683,457	83,594	10,767,051	-
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	6,641,768	445,151	7,086,919	350,178
Accrued interest payable	367,852	-	367,852	-
Current portion of long-term liabilities	9,443,465	600,000	10,043,465	90,365
Long-term liabilities:				
Net pension liability - LGERS	12,113,230	107,387	12,220,617	-
Total pension liability - LEOSSA	3,290,281	-	3,290,281	-
Due in more than one year	127,003,794	18,336,911	145,340,705	811,798
Total long-term liabilities	151,850,770	19,044,298	170,895,068	902,163
Total liabilities	158,860,390	19,489,449	178,349,839	1,252,341
DEFERRED INFLOWS OF RESOURCES	3,043,128	2,954	3,046,082	-
Net Position:				
Net investment in capital assets	44,100,295	8,940,176	53,040,471	10,150,173
Restricted for:				
Stablization by State Statute	12,845,751	-	12,845,751	-
Register of Deeds	456,817	-	456,817	-
Register of Deeds' pension plan	308,026	-	308,026	-
Public safety	1,892,389	-	1,892,389	-
Culture and Recreation	2,473,910	-	2,473,910	-
Transportation	543,232	-	543,232	-
Human Services	3,198,436	-	3,198,436	-
Unrestricted	(49,015,655)	8,685,557	(40,330,098)	335,924
Total net position	$ 16,803,201	$ 17,625,733	$ 34,428,934	$ 10,486,097

The accompanying notes are an integral part of this statement.

Exhibit 2

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government			
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**	**Component Unit**
Primary government:								
Governmental activities:								
General government	$ 12,865,686	$ 1,659,209	$ -	$ -	$ (11,206,477)	$ -	$ (11,206,477)	$ -
Human services	32,463,815	588,531	20,451,897	-	(11,423,387)	-	(11,423,387)	-
Public safety	36,618,677	6,887,828	2,130,297	-	(27,600,552)	-	(27,600,552)	-
Environmental protection	1,593,432	146,292	26,242	-	(1,420,898)	-	(1,420,898)	-
Economic and physical development	3,905,566	667,892	1,505,707	-	(1,731,967)	-	(1,731,967)	-
Culture and recreation	5,258,102	227,897	282,712	-	(4,747,493)	-	(4,747,493)	-
Transportation	898,341	113,648	568,633	-	(216,060)	-	(216,060)	-
Intergovernmental:								
Education	67,942,556	-	-	500,092	(67,442,464)	-	(67,442,464)	-
Debt service:								
Interest and fiscal charges	4,087,591	-	1,649,460	-	(2,438,131)	-	(2,438,131)	-
Total governmental activities	165,633,766	10,291,297	26,614,948	500,092	(128,227,429)	-	(128,227,429)	-
Business-type activities:								
Landfill	5,426,859	4,452,466	-	-	-	(974,393)	(974,393)	-
Sewer	1,233,717	613,849	-	-	-	(619,868)	(619,868)	-
Total business-type activities	6,660,576	5,066,315	-	-	-	(1,594,261)	(1,594,261)	-
Total primary government	172,294,342	15,357,612	26,614,948	500,092	(128,227,429)	(1,594,261)	(129,821,690)	-
Component units:								
Airport	1,147,611	343,562	154,641	1,150,040	-	-	-	500,632
Total component units	1,147,611	343,562	154,641	1,150,040	-	-	-	500,632
General revenues:								
Taxes:								
Property taxes, levied for general purposes					85,133,095	-	85,133,095	-
Sales tax					28,948,404	-	28,948,404	-
Other taxes					1,695,436	350,099	2,045,535	-
Interest earnings					512,871	72,878	585,749	-
Other					978,148	104,765	1,082,913	-
Total General Revenues excluding transfers and special items					117,267,954	527,742	117,795,696	
						-	-	
Transfers					(1,609,944)	1,609,944	-	-
Total general revenues and transfers					115,658,010	2,137,686	117,795,696	-
Change in net position					(12,569,419)	543,425	(12,025,994)	500,632
Net position - beginning, previously reported					31,236,500	17,082,308	48,318,808	9,985,465
Restatement					(1,863,880)	-	(1,863,880)	-
Net position - beginning, restated					29,372,620	17,082,308	46,454,928	9,985,465
Net position, ending					$ 16,803,201	$ 17,625,733	$ 34,428,934	$ 10,486,097

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017

	Major Funds			Other	Total
ASSETS	**General Fund**	**School Capital Outlay Fund**	**Capital Projects Fund**	**Other Governmental Funds**	**Total Governmental Funds**
Cash and cash equivalents	$ 54,962,331	$ 12,363,381	$ 2,560,476	$ 6,643,870	$ 76,530,058
Taxes receivable, net	855,612	-	-	272,814	1,128,426
Accounts receivable, net	2,592,081	-	-	-	2,592,081
Due from other governments	11,702,083	-	-	72,911	11,774,994
Due from component unit	-	-	-	-	-
Restricted cash and cash equivalents	5,323,938	3,837,325	9,473,910	-	18,635,173
Long tern note receivable	350,000	-	-	-	350,000
Long-term advance to component unit	902,163	-	-	-	902,163
Total Assets	$ 76,688,208	$ 16,200,706	$ 12,034,386	$ 6,989,595	$ 111,912,895
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 3,246,160	$ 2,346,664	$ 14,855	$ 116,544	$ 5,724,223
Due to other funds	-	-	-	-	-
Total liabilities	3,246,160	2,346,664	14,855	116,544	5,724,223
DEFERRED INFLOWS OF RESOURCES	2,376,936	-	2,473,910	272,814	5,123,660
Fund balances:					
Nonspendable:					
Long term note receivable	350,000	-	-	-	350,000
Long-term advance to component unit	902,163	-	-	-	902,163
Restricted:					
Stabilization by State Statute	12,772,840	-	-	72,911	12,845,751
Register of deeds	456,817	-	-	-	456,817
Fire protection	-	-	-	891,766	891,766
Transportation	-	-	-	543,232	543,232
School capital	-	3,837,325	-	-	3,837,325
Public safety	385,237	-	-	615,386	1,000,623
Culture and recreation	-	-	2,473,910	-	2,473,910
Health	3,198,436	-	-	-	3,198,436
Debt service	5,244,938	-	-	-	5,244,938
Committed:					
Tax revaluation	79,000	-	-	-	79,000
LEO Special Separation Allowance	296,340	-	-	-	296,340
School capital	-	10,016,717	-	-	10,016,717
Capital projects funds	-	-	7,071,711	4,476,942	11,548,653
Assigned, for subsequent year's expenditures	3,054,098	-	-	-	3,054,098
Unassigned	44,325,243	-	-	-	44,325,243
Total fund balances	71,065,112	13,854,042	9,545,621	6,600,237	101,065,012
Total liabilities, deferred inflows of resources, and fund balances	$ 76,688,208	$ 16,200,706	$ 12,034,386	$ 6,989,595	

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.	52,235,900
Net pension asset	203,261
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	2,659,694
Net pension liability	(12,113,230)
Total pension liability	(3,290,281)
Benefit payments and pension administration costs for LEOSSA are deferred otflows of resources on the Statement of Net Position	79,920
Deferred inflows of resources for taxes and other receivables	2,649,750
Pension related deferrals	7,374,625
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.	2,743,994
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	(127,286,326)
Compensated absences	(2,109,273)
OPEB liability	(7,041,993)
Accrued interest payable	(367,852)
Net position of governmental activities	$ 16,803,201

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, 2017

	Major Funds			Other	Total
	General Fund	School Capital Outlay Fund	Capital Projects Fund	Governmental Funds	Governmental Funds
Revenues:					
Taxes	$ 105,294,432	$ -	$ -	$ 10,638,234	$ 115,932,666
Licenses and permits	1,871,569	-	-	-	1,871,569
Intergovernmental	25,465,794	92	388,676	568,633	26,423,195
Charges for services	8,212,095	-	-	113,648	8,325,743
Interest on investments	387,319	121,809	-	3,743	512,871
Miscellaneous	972,424	500,000	-	-	1,472,424
Total revenues	142,203,633	621,901	388,676	11,324,258	154,538,468
Expenditures:					
Current:					
General government	12,919,812	-	-	-	12,919,812
Human services	31,835,789	-	-	-	31,835,789
Public safety	26,843,220	-	-	9,228,349	36,071,569
Environmental protection	1,584,244	-	-	-	1,584,244
Economic and physical development	2,945,272	-	-	-	2,945,272
Culture and recreation	4,327,772	-	-	-	4,327,772
Transportation	-	-	-	821,032	821,032
Intergovernmental:					
Education	35,895,831	30,539,221	-	1,507,504	67,942,556
Capital outlay	-	-	1,815,427	-	1,815,427
Debt service:					
Principal	7,933,465	-	-	-	7,933,465
Interest and fiscal charges	4,881,757	-	-	-	4,881,757
Total expenditures	129,167,162	30,539,221	1,815,427	11,556,885	173,078,695
Excess (deficiency) of revenues over expenditures	13,036,471	(29,917,320)	(1,426,751)	(232,627)	(18,540,227)
Other financing sources (uses):					
Transfers from other funds	873,317	3,644,461	2,596,268	2,526,862	9,640,908
Transfers to other funds	(7,703,968)	-	(57,521)	(3,489,363)	(11,250,852)
Debt issued	-	-	7,000,000	-	7,000,000
Total other financing sources (uses)	(6,830,651)	3,644,461	9,538,747	(962,501)	5,390,056
Net change in fund balances	6,205,820	(26,272,859)	8,111,996	(1,195,128)	(13,150,171)
Fund balances at beginning of year	64,859,292	40,126,901	1,433,625	7,795,365	114,215,183
Fund balances at end of year	$ 71,065,112	$ 13,854,042	$ 9,545,621	$ 6,600,237	$ 101,065,012

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, 2017

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	$ (13,150,171)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation was less than capital outlays and loss on disposal in the current period.	928,013
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and simlar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,727,631
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	2,659,694
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	79,920
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.	(4,380,596)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	135,823
Internal service funds are used by management to charge the costs of fleet management and health insurance to individual funds. The net loss of the internal service funds are reported with governmental activities.	(569,733)
Changes in net position of governmental activities	$ (12,569,419)

The accompanying notes are an integral part of this statement.

Exhibit 5

DAVIDSON COUNTY, NORTH CAROLINA
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance With Final Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 98,275,851	$ 98,381,851	$ 105,294,432	$ 6,912,581
Licenses and permits	1,056,487	1,286,171	1,871,569	585,398
Intergovernmental	25,682,279	26,296,949	25,465,794	(831,155)
Charges for services	7,380,971	8,228,752	8,212,095	(16,657)
Interest on investments	260,000	260,000	387,319	127,319
Miscellaneous	771,894	742,955	972,424	229,469
Total revenues	133,427,482	135,196,678	142,203,633	7,006,955
Expenditures:				
Current:				
General government	12,890,178	13,942,110	12,919,812	1,022,298
Human services	32,853,999	33,549,191	31,835,789	1,713,402
Public safety	27,331,654	27,983,342	26,843,220	1,140,122
Environmental protection	1,379,573	1,584,250	1,584,244	6
Economic and physical development	3,123,824	3,244,607	2,945,272	299,335
Culture and recreation	4,175,930	4,383,698	4,327,772	55,926
Intergovernmental:				
Education	35,918,331	35,918,331	35,895,831	22,500
Debt service:				
Principal	9,841,448	9,281,448	7,933,465	1,347,983
Interest and fiscal charges	5,301,724	4,956,242	4,881,757	74,485
Total expenditures	132,816,661	134,843,219	129,167,162	5,676,057
Excess (deficiency) of revenues over expenditures	610,821	353,459	13,036,471	12,683,012
Other financing sources (uses):				
Transfers from other funds	319,900	876,428	873,317	(3,111)
Transfers to other funds	(3,671,323)	(7,703,968)	(7,703,968)	-
Total other financing sources (uses)	(3,351,423)	(6,827,540)	(6,830,651)	(3,111)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(2,740,602)	(6,474,081)	6,205,820	12,679,901
Fund balance appropriated	2,740,602	6,474,081	-	(6,474,081)
Net change in fund balance	$ -	$ -	6,205,820	$ 6,205,820
Fund balance at beginning of year			64,780,292	
Fund balance at end of year			$ 70,986,112	

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2017

Exhibit 6

ASSETS	**Major Fund Landfill**	**Major Fund Sewer**	**Total**	**Governmental Activities Internal Service**
Current assets:				
Cash and investments	$ 16,650,756	$ 1,699,399	$ 18,350,155	$ 3,324,191
Accounts receivable, net	739,573	50,393	789,966	-
Due from other governments	127,068	-	127,068	130,409
Inventory, at cost	-	-	-	40,088
Restricted cash and cash equivalents	-	-	-	-
Total current assets	17,517,397	1,749,792	19,267,189	3,494,688
Noncurrent assets:				
Capital assets:				
Land and construction in progress	863,794	40,595	904,389	-
Other capital assets, net of depreciation	2,797,387	14,065,577	16,862,964	176,518
Total capital assets	3,661,181	14,106,172	17,767,353	176,518
Total noncurrent assets	3,661,181	14,106,172	17,767,353	176,518
Total Assets	21,178,578	15,855,964	37,034,542	3,671,206
DEFERRED OUTFLOWS OF RESOURCES	83,594	-	83,594	-
LIABILITIES				
Current liabilities:				
Current portion of accrued vacation benefits	25,000	-	25,000	-
Accounts payable and accrued liabilities	386,801	58,350	445,151	917,545
General obligation bonds payable	-	50,000	50,000	-
Limited obligation note payable	-	525,000	525,000	-
Total current liabilities	411,801	633,350	1,045,151	917,545
Noncurrent liabilities:				
Accrued landfill closure and postclosure costs	9,952,756	-	9,952,756	-
Accrued OPEB liability	110,542	-	110,542	-
Net pension liability	107,387	-	107,387	-
Accrued vacation benefits	17,317	4,119	21,436	9,667
General obligation bonds payable	-	575,000	575,000	-
Limited obligation note payable		7,677,177	7,677,177	-
Total noncurrent liabilities	10,188,002	8,256,296	18,444,298	9,667
Total liabilities	10,599,803	8,889,646	19,489,449	927,212
DEFERRED INFLOWS OF RESOURCES	2,954	-	2,954	-
NET POSITION				
Net investment in capital assets	3,661,181	5,278,995	8,940,176	176,518
Unrestricted	6,998,234	1,687,323	8,685,557	2,567,476
Total net position	$ 10,659,415	$ 6,966,318	$ 17,625,733	$ 2,743,994

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, 2017

Exhibit 7

	Major Fund Landfill	Major Fund Sewer	Total	Governmental Activities Internal Service
Operating revenues:				
Intergovernmental	$ 350,099	$ -	$ 350,099	$ -
Charges for sales and services	4,452,466	613,849	5,066,315	12,432,284
Miscellaneous	-	-	-	67,055
Total operating revenues	4,802,565	613,849	5,416,414	12,499,339
Operating expenses:				
Salaries and benefits	816,563	79,069	895,632	300,645
Operating	1,195,681	472,350	1,668,031	12,749,245
Depreciation	2,141,848	336,816	2,478,664	19,182
Closure and postclosure costs	1,272,767	-	1,272,767	-
Total operating expenses	5,426,859	888,235	6,315,094	13,069,072
Operating income (loss)	(624,294)	(274,386)	(898,680)	(569,733)
Nonoperating revenues(expenses):				
Amortization of premium	-	104,765	104,765	-
Interest earned	72,595	283	72,878	-
Interest expense	-	(345,482)	(345,482)	-
Total nonoperating revenues (expenses)	72,595	(240,434)	(167,839)	-
Income (loss) before transfers	(551,699)	(514,820)	(1,066,519)	(569,733)
Transfers:				
Transfers from other funds	-	1,609,944	1,609,944	-
Total transfers	-	1,609,944	1,609,944	-
Change in net position	(551,699)	1,095,124	543,425	(569,733)
Total net position, beginning	11,211,114	5,871,194	17,082,308	3,313,727
Total net position, ending	$ 10,659,415	$ 6,966,318	$ 17,625,733	$ 2,743,994

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2017

Exhibit 8

	Major Fund Landfill	Major Fund Sewer	Total	Governmental Activities Internal Service
Cash flows from operating activities:				
Cash received from customers	$ 4,292,449	$ 609,480	$ 4,901,929	$ 12,371,758
Cash paid for goods and services	(2,309,041)	(450,176)	(2,759,217)	(12,864,004)
Cash paid to employees for services	(811,918)	(74,950)	(886,868)	(301,595)
Other operating revenues	329,637	-	329,637	67,055
Net cash provided (used) by operating activities	1,501,127	84,354	1,585,481	(726,786)
Cash flows (to) from noncapital financing activities:				
Transfers from other funds	-	1,609,944	1,609,944	-
Net cash provided (used) by noncapital financing activities	-	1,609,944	1,609,944	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(699,834)	(40,595)	(740,429)	-
Principal payments on debt	-	(560,000)	(560,000)	-
Interest payments on debt	-	(345,482)	(345,482)	-
Net cash provided (used) by capital and related financing activities	(699,834)	(946,077)	(1,645,911)	-
Cash flows from investing activities:				
Interest on investments	72,595	283	72,878	-
Net cash provided by investing activities	72,595	283	72,878	-
Net increase (decrease) in cash and cash equivalents	873,888	748,504	1,622,392	(726,786)
Cash and cash equivalents at beginning of year	15,776,868	950,895	16,727,763	4,050,977
Cash and cash equivalents at end of year	$ 16,650,756	$ 1,699,399	$ 18,350,155	$ 3,324,191
Reconciliation of operating income (loss) to net cash used by operating activities:				
Operating income (loss)	$ (624,294)	$ (274,386)	$ (898,680)	$ (569,733)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	2,141,848	336,816	2,478,664	19,182
Change in assets and liabilities and deferred outflows and inflows of resources:				
(Increase) decrease in accounts receivable	(160,017)	(4,369)	(164,386)	-
(Increase) decrease in due from other governments	(20,462)	-	(20,462)	(60,526)
(Increase) decrease in inventory	-	-	-	1,293
(Increase) decrease in net pension asset	-	-	-	-
Increase (decrease) in accounts payable and accrued liabilities	(663,116)	22,174	(640,942)	(116,052)
Increase (decrease) in accrued landfill closure and postclosure costs	822,523	-	822,523	-
(Increase) decrease in deferred outflows of resources for pensions	(40,449)	-	(40,449)	-
Increase (decrease) in net pension liability	48,216	-	48,216	-
Increase (decrease) in deferred inflows of resources for pensions	(4,211)	-	(4,211)	-
Increase (decrease) in accrued OPEB liability	2,300	-	2,300	-
Increase (decrease) in accrued vacation benefits	(1,211)	4,119	2,908	(950)
Net cash provided (used) by operating activities	$ 1,501,127	$ 84,354	$ 1,585,481	$ (726,786)

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA

Exhibit 9

STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS

June 30, 2017

ASSETS	**Agency Funds**
Cash	$ 155,981
Due from other governments	1,015,894
Total Assets	$ 1,171,875
LIABILITIES	
Accounts payable and accrued liabilities	$ 1,171,875

The accompanying notes are an integral part of this statement.

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Component Unit	Reporting Method	Criteria for Inclusion	For Separate Financial Statements
Davidson County Airport Authority	Discrete	The Airport Authority is governed by a nine-member board of commissioners that are appointed by the County commissioners. The County can remove any commissioner of the Airport Authority with or without cause.	Davidson County Airport Authority 913 Greensboro St. Lexington, NC 27292
Davidson County Industrial Facility and Pollution Control Financing Authority	Discrete	The Financing Authority is governed by a seven-member board of commissioners that are appointed by the County commissioners. The County can remove any commissioner of the Financing Authority with or without cause.	None issued

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. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major enterprise funds:

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

I. Summary of Significant Accounting Policies (Continued)

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

Basis of Presentation (Continued)

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

Additionally, the County reports the following fund types:

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

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

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

Measurement Focus, Basis of Accounting

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

I. Summary of Significant Accounting Policies (Continued)

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

Measurement Focus, Basis of Accounting (Continued)

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

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

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

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

I. Summary of Significant Accounting Policies (Continued)

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

Measurement Focus, Basis of Accounting (Continued)

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

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

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

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

C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Special Revenue Funds, the Capital Reserve Fund, and the Enterprise Funds. A balanced financial plan is approved concurrent with the adoption of the annual budget for the internal service funds. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the School Capital Outlay Fund 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), Capital Reserve Fund, 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 $614,670 were necessary to appropriate intergovernmental revenues for human services expenditures. Budget amendments totaling $1,532,645 were for additional transfers for capital projects. Additional fund balance of $3,733,479 was appropriated for one-time capital expenditures, for a one-time contribution to the Capital Reserve fund, 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 Government Portfolio, an SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

2. Cash and Cash Equivalents

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

3. Restricted Cash

Restricted cash consists of the following at June 30, 2017:

	General Fund	Capital Projects Fund	School Capital Outlay Fund
Sinking fund for the repayment of Qualified School Construction Bonds	$ 5,244,938	$ -	$ -
Tax Revaluation Fund	79,000	-	-
Unexpended grant proceeds for Wilcox Bridge	-	2,473,910	-
Unexpended proceeds from a Community Development Block Grant loan	-	7,000,000	-
Unexpended proceeds from the issuance of Limited Obligation Bonds	-	-	3,837,325
	$ 5,323,938	$ 9,473,910	$ 3,837,325

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, 2016. As allowed by state law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

5. Allowances for Doubtful Accounts

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

6. Inventories

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life of two years or more. Donated capital assets received prior to June 30 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. It is the policy of the Board to capitalize all capital assets costing more than $5,000.

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

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

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

I. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities and Fund Equity (Continued)

7. Capital Assets (Continued)

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

8. Deferred outflows/inflows of resources

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

9. Long-Term Obligations

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

10. Compensated Absences

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

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

I. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

I. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

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

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

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

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

Restricted for Culture and Recreation-portion of fund balance that is restricted by revenue source to pay Wilcox bridge preservation activities.

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

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 by the amount of unspent debt proceeds from restricted assets of $3,837,325 for the new High School project, the amount of $5,244,938 restricted for QSCB debt service, and the amount of $308,026 restricted for the Register of Deeds pension plan.

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

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

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

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

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

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

I. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

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

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

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

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

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

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

Fund Balance, ending (Exhibit 5)	$ 70,986,112
Property Revaluation Fund:	
Expenditures:	
General government	-
Transfers in – General Fund	-
Fund Balance, beginning	79,000
Fund balance, ending (Exhibit 4)	$ 71,065,112

I. Summary of Significant Accounting Policies (Continued)

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

12. Defined Benefit Pension Plans

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

E. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net positions of governmental activities as reported in the government-wide statement of activities. The elements comprising the total adjustment of $580,752 are as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	$ 3,634,248
Depreciation expense, the allocation of those assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(2,706,235)
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.	(569,733)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	2,659,694

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)

Benefit payments and pension administration costs for LEOSSA	79,920
Pension related deferrals are reported in the government-wide statements but not the fund statements	(3,682,358)
New debt issued during the year and the related premium are recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net position	(7,000,000)
Principal payments on debt owed are recorded as a use of funds in the fund statements but do not affect the net position reported in the government-wide statements.	7,933,465
Amortization of bond premium is included in the government-wide statements but not in the fund statements because it does not use current resources.	770,120
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).	24,046
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(2,515)
OPEB liability is accrued in the government-wide statements but not in the fund statements because it does not use current resources.	(695,723)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements.	
Net increase in deferred inflows of resources	135,823
Total adjustment	$580,752

II. Detail Notes on All Funds

A. Assets

1. Deposits

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

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

At June 30, 2017, the County deposits had a carrying amount of $43,544,515 and a bank balance of $44,379,602. Of the bank balance, $515,966 was covered by federal depository insurance and $43,863,636 in both interest-bearing and non interest-bearing deposits were covered by collateral held under the Pooling Method. Of the County's carrying amount, $155,981 is held on behalf of others in the Agency Funds. At June 30, 2017, Davidson County had $4,601 cash on hand.

At June 30, 2017, the Airport Authority had a carrying amount of $350,835 and a bank balance of $350,835. Of the bank balance, $250,000 is fully covered by federal depository insurance, and the remaining was covered by collateral held under the Pooling Method.

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

2. Investments

As of June 30, 2017, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Book Value	Less Than 1 Year	1-5 Years
North Carolina Capital Management Trust - Government Portfolio	Amortized Cost	$ 34,865,590	$ N/A	$ N/A
North Carolina Capital Management Trust - Term Portfolio	Fair value-Level 1	$ 10,018,037	$ N/A	$ N/A
Commercial Paper	Fair value-Level 2	15,644,096	15,644,096	-
U.S. Government Agencies	Fair value-Level 2	12,918,719	2,990,694	9,928,025
Total		$ 73,446,442	$ 18,634,790	$ 9,928,025

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

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

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

Credit Risk – The County's formal investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. North Carolina statutes limits investment in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROS). As of June 30, 2017, the County's investments in commercial paper were rate A1 or better by Moody's Investors Service and P1 by Standard and Poors and F1 or better by Fitch Ratings. The County's investments in the North Carolina Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2017. The County's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the US government and agencies, and in high grade money market instruments as permitted under North Carolina General Statute 159-30 as amended. The County's investments in US agencies (Federal Home Loan Bank and Federal Farm Credit Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

2. Investments (Continued)

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

Concentration of Credit Risk - The County formal investment policy places no limit on the amount that the County may invest in any one issuer. Also, no more than 50% of the County's total portfolio, which is defined by the County's investment policy to include interest-bearing bank deposits, shall be invested in a particular investment vehicle that does not bear the full faith and credit of the United States. As of June 30, 2017, the following investment categories account for more than 5% of the County's investment portfolio (excluding interest-bearing deposits): Federal Farm Credit Bank (FFCB), 14.9%, Microsoft Corp. commercial paper, 5.4%, National Security Clearing Corp. commercial paper, 5.4%, GE Capital Treasury LLC commercial paper, 5.4%.

3. Receivables

Receivables at the government-wide level at June 30, 2017 were as follows:

	Taxes	Accounts	Due from Other Governments	Total
Governmental activities:				
General	$ 8,809,749	$ 22,842,908	$ 11,832,492	$ 43,485,149
Other governmental	587,588	-	72,911	660,499
Total receivables	9,397,337	22,842,908	11,905,403	44,145,648
Allowance for doubtful accounts	(8,268,911)	(20,250,827)	-	(28,519,738)
Total - governmental activities	$ 1,128,426	$ 2,592,081	$ 11,905,403	$ 15,625,910
Business-type activities:				
Landfill	$ -	$ 792,259	$ 127,068	$ 919,327
Sewer	-	50,393	-	50,393
Total receivables	-	842,652	127,068	969,720
Allowance for doubtful accounts	-	(52,686)	-	(52,686)
Total - business-type activities	$ -	$ 789,966	$ 127,068	$ 917,034

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

3. Receivables (Continued)

Due from other governments consists of the following at June 30, 2017:

	General	Other Governmental	Landfill
Local option sales tax allocation	$ 7,232,570	$ -	$ -
Sales tax refund	490,777	-	-
Grant reimbursements	3,481,410	32,893	-
Other	627,735	40,018	127,068
	$11,832,492	$ 72,911	$ 127,068

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 $902,163 at June 30, 2017.

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 $350,000 at June 30, 2017.

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 10,268,887	$ 1,293,995	$ -	$ 11,562,882
Construction in progress	-	-	-	-
Total capital assets not being depreciated	10,268,887	1,293,995	-	11,562,882
Capital assets being depreciated:				
Buildings and improvements	56,829,834	639,110	-	57,468,944
Furniture and equipment	12,042,587	679,646	5,500	12,716,733
Vehicles and motor equipment	9,161,623	1,021,496	580,129	9,602,990
Total capital assets being depreciated	78,034,044	2,340,252	585,629	79,788,667
Less accumulated depreciation for:				
Buildings	19,527,454	1,325,346	-	20,852,800
Furniture and equipment	10,496,252	561,332	5,500	11,052,084
Vehicles and motor equipment	6,775,638	838,738	580,129	7,034,247
Total accumulated depreciation	36,799,344	$ 2,725,416	$ 585,629	38,939,131
Total capital assets being depreciated, net	41,234,700			40,849,536
Governmental activity capital assets, net	$ 44,415,503			$ 52,412,418

General government	$ 1,696,181
Human services	, 85,518
Public safety	816,899
Environmental protection	30,415
Culture and recreation	23,344
Transportation	53,877
Capital assets held by the County's internal service fund are charged to the various functions based on their usage of the assets	19,182
Total depreciation expense	$ 2,725,416

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Landfill				
Capital assets not being depreciated:				
Land	$ 863,794	$ -	$ -	$ 863,794
Construction in progress	1,580,265	-	1,580,265	-
Total capital assets not being depreciated	2,444,059		1,580,265	863,794
Capital assets being depreciated:				
Buildings	794,528	-	-	794,528
Furniture and equipment	8,421,270	244,082	120,775	8,544,577
Landfill cell construction	16,323,063	2,036,017	-	18,359,080
Improvements	2,443,350	-	-	2,443,350
Total capital assets being depreciated	27,982,211	2,280,099	120,775	30,141,535
Less accumulated depreciation for:				
Buildings	420,869	27,724	-	448,593
Furniture and equipment	6,837,338	446,130	120,775	7,162,693
Landfill cell construction	15,962,197	1,598,292	-	17,560,489
Improvements	2,102,671	69,702	-	2,172,373
Total accumulated depreciation	25,323,075	$ 2,141,848	$ 120,775	27,344,148
Total capital assets being depreciated, net	2,659,136			2,797,387
Landfill capital assets, net	$ 5,103,195			$ 3,661,181

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets (Continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities (continued):				
Sewer				
Capital assets not being depreciated:				
Construction in progress	$ -	$ 40,595	$ -	$ 40,595
Total capital assets not being depreciated	-	40,595	-	40,595
Sewer				
Capital assets being depreciated:				
Equipment	$ 69,195	$ -	$ -	$ 69,195
Sewer lines	16,850,903	-	-	16,850,903
Total capital assets being depreciated	16,920,098	-	-	16,920,098
Less accumulated depreciation for:				
Equipment	69,194	-	-	69,194
Sewer lines	2,448,511	336,816	-	2,785,327
Total accumulated depreciation	2,517,705	$ 336,816	$ -	2,854,521
Total capital assets being depreciated, net	14,402,393			14,065,577
Sewer capital assets, net	14,402,393			14,106,172
Business-type activities capital assets, net	$19,505,588			$ 17,767,353

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, 2017 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 4,124,463	$ 618,178	$ -	$ 4,742,641
Construction in progress	282,855	51,183	-	334,038
Total capital assets no, being depreciated	4,407,318	669,361	-	5,076,679
Capital assets being depreciated:				
Buildings	3,273,580	-	-	3,273,580
Land improvements	603,180	-	-	603,180
Equipment	377,495	-	-	377,495
Paving & Grading	2,065,616	-	-	2,065,616
Runways	11,168,962	-	-	11,168,962
Total capital assets being depreciated	17,488,833	-	-	17,488,833
Less accumulated depreciation for:				
Buildings	877,370	81,840	-	959,210
Land improvements	51,443	9,812	-	61,255
Equipment	377,495	-	-	377,495
Paving & Grading	1,146,583	103,281	-	1,249,864
Runways	8,306,904	558,448	-	8,865,352
Total accumulated depreciation	10,759,795	$ 753,381	$ -	11,513,176
Total capital assets being depreciated, net	6,729,038			5,975,657
Airport Authority capital assets, net	$ 11,136,356			$11,052,336

II. Detail Notes on All Funds (Continued)

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2017, were as follows:

	Vendors	Salaries and benefits	Other	Total
Governmental Activities:				
General	$ 1,413,806	$ 1,797,535	$ 952,364	$ 4,163,705
Other governmental	2,478,063	-	-	2,478,063
Total - government activities	$ 3,891,869	$ 1,797,535	952,364	$ 6,641,768
Business-type activities:				
Landfill	$ 386,801	$ -	$ -	$ 386,801
Sewer	58,350	-	-	58,350
Total - business-type activities	$ 445,151	$ -	$ -	$ 445,151
Discretely presented component unit:				
Davidson County Airport Authority	$ 350,178	$ -	$ -	$ 350,178

2. Pension Plan Obligations and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan Obligations and Other Postemployment Obligations Continued)

a. Local Governmental Employees' Retirement System (Continued)

creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2017, was 8.00% of compensation for law enforcement officers and 7.35% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were $2,648,093 for the year ended June 30, 2017.

Refunds of Contributions – County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

a. Local Governmental Employees' Retirement System (Continued)

termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2017, the County reported a liability of $12,220,617 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2016, the County's proportion was .57581%, which was an increase of .001520% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of $3,359,164. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 229,604	$ 428,224
Changes of assumptions	837,003	
Net difference between projected and actual earnings on pension plan investments	6,756,474	-
Changes in proportion and differences between County contributions and proportionate share of contributions	108,561	69,123
County contributions subsequent to the measurement date	2,648,093	-
Total	$ 10,579,735	$ 497,347

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

a. Local Governmental Employees' Retirement System (Continued)

$2,648,093 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	$ 1,147,586
2019	1,148,368
2020	3,212,568
2021	1,925,773
2022	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2015 evaluation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

a. Local Governmental Employees' Retirement System (Continued)

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

Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target
asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

a. Local Governmental Employees' Retirement System (Continued)

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

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

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
County's proportionate share of the net pension liability (asset)	$ 29,005,225	$ 12,220,617	$ (1,799,136)

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

b. Law Enforcement Officers' Special Separation Allowance

1) *Plan Description*

Davidson County administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

1) *Plan Description (Continued)*

62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

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

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

2) *Summary of Significant Accounting Policies*

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

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

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

3) *Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2015 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.86 percent

The discount rate is based on the weekly average of the Bond Buyer General Obligation 20-year Municipal Bond Index determined at the end of each month.

Mortality rates are based on the RP-2014 Mortality tables projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

3) *Contributions*

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid $145,435 as benefits came due for the reporting period.

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

At June 30, 2017, the County reported a liability of $3,290,281. The total pension liability was measured as of December 31, 2016 based on a December 31, 2015 actuarial valuation. The total pension liability was then rolled forward to December 31, 2016 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2017, the County recognized pension expense of $267,378.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions	-	72,194
Benefit payments and administrative expenses subsequent to the measurement date	79,920	-
Total	$ 79,920	$ 72,194

$79,920 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	$ 13,621
2019	13,621
2020	13,621
2021	13,621
2022	13,621
Thereafter	4,089

$79,430 paid as benefits came due and $490 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the County's total pension liability to changes in the discount rate. The following presents the County's total pension liability calculated using the discount rate of 3.86 percent as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.86 percent) or 1 percentage point higher (4.86 percent) than the current rate:

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

3) *Contributions (Continued)*

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
County's proportionate share of the net pension liability (asset)	$ 3,595,715	$ 3,290,281	$ 3,011,152

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

	2017
Beginning balance	$ 3,240,922
Service cost	167,504
Interest on the total pension liability	113,105
Changes of benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(85,815)
Benefit payments	(145,435
Other changes	-
Net pension obligation, end of year	$ 3,290,281

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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, 2017 were $361,176, which consisted of $301,922 from the County and $59,254 from the law enforcement officers. No amounts were forfeited.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

d. Register of Deeds' Supplemental Pension Fund

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

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were $11,601 for the year ended June 30, 2017.

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

At June 30, 2017, the County reported an asset of $203,261 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2016. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2015. The total pension liability was then rolled

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

forward to the measurement date of June 30, 2016 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2016, the County's proportion was 1.08719%, which was a decrease of .20367% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the County recognized pension expense of $59,371. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 217	$ 2,631
Changes of assumptions	54,153	
Net difference between projected and actual earnings on pension plan investments	348	-
Changes in proportion and differences between County contributions and proportionate share of contributions	41,077	-
County contributions subsequent to the measurement date	11,601	-
Total	$ 107,396	$ 2,631

$11,601 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred outflows or inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2018	$ 42,729
2019	37,835
2020	14,874
2021	(2,274)
2022	-
Thereafter	-

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

Actuarial Assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2016 is 1.4%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

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

Discount rate. The discount rate used to measure the total pension liability was 3.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's proportionate share of the net pension asset to changes in the discount rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.75 percent, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	$ (163,894)	$ (203,261)	$ (236,333)

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

e. Other Postemployment Benefits (OPEB)

Healthcare Benefits

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

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

e. Other Postemployment Benefits (OPEB) (Continued)

Healthcare Benefits (Continued)

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

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

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

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

The current ARC rate is 4.98% of annual covered payroll. For the current year, the County contributed $336,442 or 1.48% of annual covered payroll. The County obtains healthcare coverage through private insurers. Contributions made by retirees totaled $51,033. The County's obligation to contribute to the RHI Plan is established and may be amended by the County Board.

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

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

e. Other Postemployment Benefits (OPEB) (continued)

Healthcare benefits (continued)

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

Annual required contribution	$ 1,135,194
Interest on net OPEB obligation	258,180
Adjustment to annual required contribution	(358,909)
Annual OPEB cost	1,034,465
Contributions made	336,442
Increase in net OPEB obligation	698,023
Net OPEB obligation, beginning of year	6,454,512
Net OPEB obligation, end of year	$ 7,152,535

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 through 2017 were as follows:

Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2015	912,048	54.5%	5,871,353
2016	1,043,566	44.1%	6,454,512
2017	1,034,465	32.5%	7,152,535

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

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

e. Other Postemployment Benefits (OPEB) (Continued)

Healthcare Benefits (continued)

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

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

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

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

f. Other Employment benefits

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

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Of the $9,952,756 reported as landfill closure and postclosure care liability at June 30, 2017, $9,709,046 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, 82% of the total estimated capacity of Phase II of the landfill, and 100% of the total estimated capacity of the C & D section of the landfill, 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 $1,273,564 as the remaining estimated capacity of Phase II is filled (estimated to be approximately 1.5 years). These amounts are based on what it would cost to perform all closure and postclosure care in 2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements. Management continues to analyze the cost associated with the above-mentioned environmental regulations and believes that future funding will be available to meet all costs related to these regulations.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

4. Deferred Outflows and Inflows of Resources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pensions – difference between expected and actual experience		
LGERS	$ 229,604	$ 428,224
Register of Deeds	217	2,631
Pensions – difference between projected and actual interest earnings	6,756,822	-
Pensions – change in proportion and difference between employer contributions and proportionate share of contributions	149,638	69,123
Pensions- change in assumptions	891,156	72,194
Contributions to pension plan in 2016-2017 fiscal year	2,659,694	-
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	79,920	
Advance from grantor (Capital Projects)	-	2,473,910
Taxes receivable, net (General)	-	855,612
Taxes receivable, net (Special Revenue)	-	272,814
EMS receivables (General)	-	1,450,649
Other receivables (General)	-	70,675
Total	$ 10,767,051	$ 5,695,832

5. Risk Management

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

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

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

5. Risk Management (continued)

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:

	2016	2017
Balance, beginning of year	$ 605,000	$ 687,000
Incurred claims (including IBNRs) and changes in estimates	9,917,607	9,784,934
Less claims payments	(9,835,607)	(9,831,934)
Balance, end of year	$ 687,000	$ 640,000

6. Contingent Liabilities

At June 30, 2017, 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.

II. Detail Notes on All Funds (Continued)

7. Long-Term Obligations

a. Installment Financing

Serviced by the General Fund:

On February 28, 2017, County entered into an installment financing agreement in the amount of $7,000,000 for a Community Development Block Grant loan for the purpose of the financing the development of the I-85 Business Park. The term of the loan is seven years at an interest rate of 2% with interest only payments due the first two years with the first payment due on February 28, 2019. The principal and interest will then be amortized over the remaining five years of the loan term with the annual payments being due on February 28 of each year.	$ 7,000,000

Year Ending June 30,	Principal	Interest
2018	$ -	$ -
2019	-	140,000
2020	-	140,000
2021	1,400,000	140,000
2022	1,400,000	112,000
2023-2025	4,200,000	168,000
Total	$7,000,000	$700,000

b. General Obligation Indebtedness

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

The County's general obligation bonds payable at June 30, 2017 are comprised of the following individual issues:

Serviced by the General Fund:

$39,525,000 2016 Series Advance Refunding Bonds due in annual principal installments on June 1 in increasing amounts ranging from $45,000 to $4,085,000 and a final payment of $2,950,000 on June 1, 2028; interest payments due December 1 and June 1 of each year at interest rates ranging from 2.00% to 5.00%. The amount is shown net of unamortized premium, net of issuance costs, of $7,322,835.	$ 39,435,000

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

b. 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.	$ 2,950,000
. Sub-total	$ 42,385,000
Serviced by the Sewer Fund:	
$525,000 2016 Series Advance Refunding Bonds due in annual principal installments on June 1 ranging from $45,000 to $50,000 and a final payment of $155,000 on June 1, 2028; interest payments due December 1 and June 1 each year at interest rates ranging from 4.00% to 5.00%. The amount is shown net of unamortized premium, net of issuance costs, of $93,431.	$ 525,000
$1,060,000 2009 Series Sewer 2009A Bonds due in annual principal installments on June 1 of $50,000 and a final payment of $160,000 on June 1, 2028; interest payments due December 1 and June 1 each year at interest rates ranging from 2.25% to 4.25%. The amount is shown net of unamortized premium, net of issuance costs, of $2,792.	100,000
Total	$ 43,010,000

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

	Governmental Activities		Business Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 3,540,000	$ 1,779,150	$ 50,000	$ 24,725	$ 3,590,000	$ 1,803,875
2019	4,230,000	1,652,300	50,000	22,725	4,280,000	1,675,025
2020	4,085,000	1,483,100	50,000	21,100	4,135,000	1,504,200
2021	4,050,000	1,319,700	50,000	19,100	4,100,000	1,338,800
2022	3,970,000	1,209,000	45,000	17,800	4,015,000	1,226,800
2023-2027	19,560,000	3,381,050	225,000	58,750	19,785,000	3,439,800
2028	2,950,000	98,000	155,000	5,150	3,105,000	103,150
Total	$ 42,385,000	$ 10,922,300	$ 625,000	$ 169,350	$ 43,010,000	$11,091,650

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

c. Certificates of Participation

On May 15, 2013, the County issued Refunding Certificates of Participation in the amount of $9,080,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for constructing and equipping elementary schools, constructing sewer improvements, and acquiring a hangar at Davidson County Airport. Deeds of trust on real property and buildings secure the certificates. The final principal installment is due on June 1; interest is payable on June 1 and December 1 at an interest rate of 1.98%.	$ 5,965,000
Total	$ 5,965,000

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

Year Ending June 30,	Principal	Interest
2018	$ 930,000	$ 118,107
2019	905,000	99,693
2020	880,000	81,774
2021	850,000	64,350
2022	825,000	47,520
2023-2024	1,575,000	46,530
Total	$ 5,965,000	$ 457,974

d. Advance Refundings

On February 4, 2016, the County issued $40,050,000 of advance refunding general obligation bonds to provide resources to purchase U.S Government securities that were placed in an irrevocable trust to be used for all future debt payments of $44,270,000 of general obligation bonds. As a result, the refunded certificates are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. The reacquisition price was less than the carrying amount by $4,220,000. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by $5,956,383 and resulted in an economic gain of 5,330,168. On June 30, 2017, $ 15,410,000 of the bonds outstanding is considered defeased.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

e. Qualified School Construction Bonds

On December 16, 2009, the County issued $5,076,971 in Qualified School Construction Bonds to finance the renovation of certain qualifying school facilities. These bonds qualify as "Qualified School Construction" under Section 54F of the Internal Revenue Code. The interest rate charged is 2.11%, but the creditor also receives federal tax credits in lieu of receiving interest payments from the issuer. The principal and interest are payable annually on December 16, beginning December 16, 2010.	$2,707,716
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	$ 15,757,716

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

Year Ending June 30,	Principal	Interest
2018	$ 338,465	$ 774,883
2019	338,465	767,741
2020	338,465	760,600
2021	338,465	753,458
2022	338,465	746,316
2023-2026	14,065,391	2,913,850
Total	$ 15,757,716	$ 6,716,848

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

f. Limited Obligation Bonds

Serviced by the General Fund:

On June 2, 2011, the County issued Limited Obligation Bonds in the amount of $4,915,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for the refunding of a 2004 issue for the construction of a jail/courthouse facility, a parking facility, and renovations to the Colonial Drive building, a facility for human services in Thomasville, North Carolina. The bonds are secured by a deed of trust on the jail/courthouse facilities. Principal installments are due annually June 1 graduated installments ranging from $660,000 to $760,000 through 2018; interest is payable on June 1 and December 1 of each year rates ranging from 2.00% to 4.625%. The amount is shown net of unamortized premium, net of issuance costs, of $149,543.	$ 760,000
On February 4, 2016, the County issued Limited Obligation Bonds in the amount of $43,455,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for the construction of a new Sheriff's office facility and High School. The bonds are secured by a deed of trust on the High School. Principal installments are due annually June 1 graduated installments ranging from $2,170,000 to $2,175,000 through 2036; interest is payable on June 1 and December 1 of each year rates ranging from 3.00% to 5.00%. The amount is shown net of unamortized premium of $6,864,443.	$ 41,280,000

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

f. Limited Obligation Bonds

Serviced by the Sewer Fund:

On February 4, 2016, the County issued Limited Obligation Bonds in the amount of $6,385,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for refunding of a 2008 issue for the construction of sewer lines. Principal installments are due annually June 1 graduated installments ranging from $260,000 to $630,000 and a final payment of 265,000 on June 1, 2029; interest is payable on June 1 and December 1 of each year rates ranging from 3.00% to 5.00%. The amount is shown net of unamortized premium of $1,268,511.	$ 5,750,000
On June 2, 2011, the County issued Limited Obligation Bonds in the amount of $2,000,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for the construction of a sewer line to service Davidson County school facilities. The bonds are secured by a deed of trust on the jail/courthouse facilities. Principal installments are due annually June 1 graduated installments ranging from $130,000 to $135,000 through 2026; interest is payable on June 1 and December 1 of each year rates ranging from 2.00% to 4.625%.	1,195,000
Total	$ 48,985,000

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

	Governmental Activities		Business Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	$ 2,935,000	$ 1,913,268	$ 525,000	$ 291,307	$ 3,460,000	$ 2,204,575
2019	2,175,000	1,759,800	545,000	308,575	2,720,000	2,068,375
2020	2,175,000	1,672,800	560,000	287,450	2,735,000	1,960,250
2021	2,175,000	1,564,050	580,000	260,800	2,755,000	1,824,850
2022	2,170,000	1,455,300	605,000	233,150	2,775,000	1,688,450
2023-2027	10,865,000	5,647,750	3,235,000	702,925	14,100,000	6,350,675
2028-2032	10,860,000	2,931,750	895,000	58,000	11,755,000	2,989,750
2033-2036	8,685,000	651,150	-	-	8,685,000	651,150
Total	$ 42,040,000	$ 17,595,868	$6,945,000	$ 2,142,207	$48,985,000	$19,738,075

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

g. Long-Term Obligations Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Due Within One Year
Governmental activities:					
General obligation debt	$ 46,105,000	$ -	$ 3,720,000	$ 42,385,000	$ 3,540,000
Unamortized premium	14,908,730	-	770,120	14,138,610	-
Certificates of participation	6,925,000	-	960,000	5,965,000	930,000
Limited obligation bonds	44,955,000	-	2,915,000	42,040,000	2,935,000
Qualified School Construction Bonds	16,096,181	-	338,465	15,757,716	338,465
CDBG Loan	-	7,000,000	-	7,000,000	-
Total pension liability (LEOSSA)	1,231,217	2,059,064	-	3,290,281	-
Net pension liability (LGERS)	2,518,208	9,595,022	-	12,113,230	-
OPEB obligation	6,346,270	1,032,165	336,442	7,041,993	-
Compensated absences	2,117,375	1,719,149	1,717,584	2,118,940	1,700,000
Total governmental activities	$141,202,981	$ 21,405,400	$ 10,757,611	$151,850,770	$9,443,465
Business-type activities:					
Landfill					
Accrued landfill closure and postclosure costs	$ 9,130,233	$ 1,272,766	$ 450,243	$ 9,952,756	$ -
Net pension liability (LGERS)	59,171	48,216	-	107,387	-
OPEB obligation	108,242	2,300	-	110,542	-
Compensated absences	43,528	54,711	55,922	42,317	25,000
Total Landfill activities	9,341,174	1,377,993	506,165	10,213,002	25,000
Sewer					
General obligation debt	675,000	-	50,000	625,000	50,000
Unamortized premium	1,361,942	-	104,765	1,257,177	-
Limited obligation bonds	7,455,000	-	510,000	6,945,000	525,000
Compensated absences	-	9,290	5,171	4,119	-
Total Sewer activities	9,491,942	9,290	669,936	8,831,296	575,000
Total business-type activities	$ 18,833,116	$ 1,387,283	$ 1,176,101	$ 19,044,298	600,000
Discretely presented component units:					
Long-term advance from primary government	$ 988,064	$ -	$ 85,901	$ 902,163	$ 90,365
Total discretely presented component units	$ 988,064	$ -	$ 85,901	$ 902,163	$ 90,365

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

Compensated absences typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned. Compensated absences for governmental activities include the Internal Service Fund compensated absences. The General Fund has been used in prior years to liquidate net pension obligations and net other postemployment obligations. At June 30, 2017, Davidson County had a legal debt margin of $987,622,970.

Debt Related to Capital Activities – Of the total Governmental Activities debt listed, only $8,312,123 relates to assets the County holds.

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2017 consist of the following:

From the General Fund to:	
The School Capital Outlay Fund for school construction	$3,644,461
The Capital Reserve Fund for future capital improvements	2,500,000
The Capital Projects fund for county projects	117,777
The Transportation fund for transportation services	26,862
The Sewer Enterprise Fund for capital projects	509,386
The Sewer Enterprise Fund for debt service	905,482
Total transfers from the General Fund	$7,703,968
To the General Fund from:	
The Capital Reserve Fund for capital improvements	$873,317
To the Sewer Fund from:	
The Capital Projects Fund for capital improvements	$57,521
The Capital Reserve Fund for capital improvements	137,555
	$195,076
To the County Capital Projects Fund from:	
The Capital Reserve Fund for capital improvements	$2,478,491

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.

II. Detail Notes on All Funds (Continued)

C. Interfund Balances and Activity (Continued)

During the 2017 fiscal year, the County made one-time transfers from the Capital Reserve Fund of $805,428 to the General Fund and $2,478,491 to the County Capital Projects 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 for future county capital projects. The County made a one-time transfer from the General Fund of $509,386 to the Sewer Fund for sewer capital improvement projects.

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital asset	52,412,418	$17,767,353
Less: long-term debt for capital related purposes	(8,312,123)	(8,827,177)
Net investment in capital assets	$44,100,295	$ 8,940,176

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

E. Fund Balance

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

Total fund balance-General Fund	$ 71,065,112
Less:	
Long term note receivable	350,000
Long term advance to component unit	902,163
Stabilization by State Statute	12,772,840
Appropriated fund balance in 2017 budget	3,054,098
Register of Deeds	456,817
Sheriff operations	385,237
Health programs	3,198,436
Tax revaluation	79,000
LEO Special Separation Allowance	296,340
Debt service	5,244,938
Working capital/Fund Balance policy	25,142,847
Remaining fund balance	$ 19,182,396

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

III. Joint Ventures

The County, in conjunction with the State of North Carolina and the Boards of Education, participates in a joint venture to operate the Davidson County Community College. Each of the three participants appoints four members of the board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County contributed $3,230,702 and $407,000 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2017. 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, 2017 Complete financial statements for the community college may be obtained from the Davidson County Community College administrative offices at I-85 and Old Greensboro Road, Lexington, North Carolina 27292.

The County, in conjunction with the Cities of Lexington and Thomasville and the Town of Denton, participates in the Davidson County Economic Development Commission. The County appoints four members, the Cities of Lexington and Thomasville appoint two members each, and the Town of Denton appoints one member to the nine-member board. The Commission is a joint venture established to provide services in order to promote and maintain capital industries in the County, including efforts to establish industrial areas and plans for orderly growth. The County, Cities and Town have an ongoing financial responsibility for the Commission's operating cost. The County contributed $248,000 to the Commission during the fiscal year ended June 30, 2017. 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, 2017.

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, 2017, 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, 2017. Complete financial statements for the Lexington Board of Education can be obtained from the Board's administrative offices at 1010 Fair Street, Lexington, North Carolina 27292.

The County and the Cities of Lexington and Thomasville participate in the Lake Thom-A-Lex Recreation Authority. This authority, consisting of five members appointed by governmental

III. Joint Ventures (Continued)

parties, is responsible for the oversight and promotion of operations related to recreation at Lake Thom-A-Lex. Effective July 1, 2009, the County began maintaining control over the financial records of the operation of the lake. Costs of operation are shared equally between both cities and the County. The County contributed $26,865 for the operations of the lake during the fiscal year ended June 30, 2017. 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, 2017. Net position remains in the joint venture for future operational needs of the system. Complete financial statements for the Lake Thom-A-Lex Recreation Authority can be obtained from the City of Thomasville administrative offices at 10 Salem Street, Thomasville, North Carolina 27360.

IV. Jointly Governed Organization

The County, in conjunction with six other counties and thirty-two municipalities, established the Piedmont Triad Council 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 $34,535 to the Council during the fiscal year ended June 30, 2017. The County was the subrecipient of a grant for $122,864 from the U. S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Human Resources that was passed through the Council.

V. Benefit Payments Issued by the State

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

	Federal	State
Temporary assistance to needy families	$ 627,011	$ -
Medicaid	136,940,850	71,997,839
Children's health insurance program	3,873,886	22,909
Adoption assistance	424,435	909,552
Adult assistance	-	935,414
Special supplemental food program, WIC	2,841,043	-
Total	$144,707,225	$ 73,865,714

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) No. Statement 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, in the fiscal year ending June 30, 2017. The implementation of the statement required the County to record beginning total pension liability and the effects on net position of benefit payments and administrative expenses paid by the County to the Law Enforcement Officers' Special Separation Allowance during the measurement period. As a result, net position for the governmental activities decreased $1,863,880.

Required Supplemental Financial Data

- Schedule of Funding Progress for OPEB
- Schedule of Employer Contributions for OPEB
- Notes to the Required Schedules for OPEB
- Schedule of County's Proportionate Share of Net Pension Liability (LGERS)
- Schedule of County Contributions (LGERS)
- Schedule of County's Proportionate Share of Net Pension Asset (RODSPF)
- Schedule of County Contributions (RODSPF)
- Schedule of Changes in Total Pension Liability (LEOSSA)
- Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll (LEOSSA)

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

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

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

Year Ending June 30	Annual Required Contribution	Percentage Contributed
2008	$ 1,185,095	9.60%
2009	1,190,977	9.60%
2010	862,758	14.58%
2011	862,758	16.28%
2012	1,095,596	25.90%
2013	1,095,596	24.83%
2014	997,206	58.43%
2015	997,206	49.89%
2016	1,135,194	40.56%
2017	1,135,194	29.64%

Notes to the Required Schedules:

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

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

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

	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	.57581%	.5743%	.5620%	.5959%
County's proportionate share of the net pension liability (asset)	$ 12,220,617	$ 2,577,379	$ (3,314,375)	$ 6,821,268
County's covered-employee payroll	$ 34,056,401	$ 33,406,656	$ 33,064,674	$ 31,048,726
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.88%	7.57%	(9.92%)	20.63%
Plan fiduciary net position as a percentage of the total pension liability **	91.47%	98.09%	102.64%	94.35%

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

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

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

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

	2017	2016	2015	2014
Contractually required contribution	$ 2,648,093	$ 2,338,397	$ 2,377,433	$ 2,349,496
Contributions in relation to the contractually required contribution	$ 2,648,093	$ 2,338,397	$ 2,377,433	$ 2,349,496
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
County's covered-employee payroll	$ 35,473,882	$ 34,056,401	$ 33,406,656	$ 33,064,674
Contributions as a percentage of covered-employee payroll	7.46%	6.87%	7.12%	7.11%

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

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

	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	1.087%	1.291%	1.306%	1.707%
County's proportionate share of the net pension liability (asset) $	$ (203,261)	$ (299,144)	$ (295,954)	$ (364,637)
County's covered-employee payroll	$ 66,006	$ 61,742	$ 60,830	$ 59,930
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(302.60%)	(453.21%)	(479.33%)	(599.44%)
Plan fiduciary net position as a percentage of the total pension liability	160.17%	197.29%	193.88%	190.50%

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

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

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

	2017	2016	2015	2014
Contractually required contribution	$ 11,601	$ 10,830	$ 10,329	10,661
Contributions in relation to the contractually required contribution	$ 11,601	$ 10,830	$ 10,329	10,661
Contribution deficiency (excess)	$ -	-	$ -	$ -
County's covered-employee payroll	$ 67,171	$ 66,006	$ 61,742	60,830
Contributions as a percentage of covered-employee payroll	17.27%	16.41%	16.73%	17.53%

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

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
For the Year Ended June 30, 2017

	2017
Beginning balance	$ 3,240,922
Service cost	167,504
Interest on the total pension liability	113,105
Changes of benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	-
Changes of assumptions or other inputs	(85,815)
Benefit payments	(145,435
Other changes	-
Net pension obligation, end of year	$ 3,290,281

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

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
For the Year Ended June 30, 2017

	2017
Total pension liability	3,290,281
Covered payroll	6,205,042
Total pension liability as a percentage of covered payroll	53.03%

Notes to the schedules:

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

SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ACTUAL - GENERAL FUND CONSOLIDATED
Year Ended June 30, 2017

	General Fund	Revaluation Fund	Eliminations	Total General Fund
Revenues:				
Taxes	$ 105,294,432	$ -	$ -	$ 105,294,432
Licenses and permits	1,871,569	-	-	1,871,569
Intergovernmental	25,465,794	-	-	25,465,794
Charges for services	8,212,095	-	-	8,212,095
Interest on investments	387,319	-	-	387,319
Miscellaneous	972,424	-	-	972,424
Total revenues	142,203,633	-	-	142,203,633
Expenditures:				
Current:				
General government	12,919,812	-	-	12,919,812
Human services	31,835,789	-	-	31,835,789
Public safety	26,843,220	-	-	26,843,220
Environmental protection	1,584,244	-	-	1,584,244
Economic and physical development	2,945,272	-	-	2,945,272
Culture and recreation	4,327,772	-	-	4,327,772
Intergovernmental:				
Education	35,895,831	-	-	35,895,831
Debt service:	-			
Principal	7,933,465	-	-	7,933,465
Interest and fiscal charges	4,881,757	-	-	4,881,757
Total expenditures	129,167,162	-	-	129,167,162
Excess (deficiency) of revenues over expenditures	13,036,471	-	-	13,036,471
Other financing sources (uses):				
Transfers from other funds	873,317	-	-	873,317
Transfers to other funds	(7,703,968)	-	-	(7,703,968)
Total other financing sources (uses)	(6,830,651)	-	-	(6,830,651)
Net change in fund balance	6,205,820	-	$ -	6,205,820
Fund balance:				
Beginning of year - July 1	64,780,292	79,000		64,859,292
		-		-
End of year, - June 30	$ 70,986,112	$ 79,000		$ 71,065,112

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Taxes:			
Property taxes	$ 72,422,453	$ 74,389,946	$ 1,967,493
Tax penalty and interest	550,000	740,864	190,864
Local option sales tax	24,363,898	28,948,404	4,584,506
Other taxes	1,045,500	1,215,218	169,718
Total taxes	98,381,851	105,294,432	6,912,581
Licenses and permits	1,286,171	1,871,569	585,398
Intergovernmental	26,296,949	25,465,794	(831,155)
Charges for services	8,228,752	8,212,095	(16,657)
Interest on investments	260,000	387,319	127,319
Miscellaneous	742,955	972,424	229,469
Total revenues	135,196,678	142,203,633	7,006,955
Expenditures:			
Current:			
General government:			
County commissioners	333,551	333,551	-
County manager	592,443	571,147	21,296
Legal	564,553	564,207	346
Human Resources	1,015,662	942,491	73,171
Finance	810,572	802,139	8,433
Purchasing	489,408	332,682	156,726
Tax Assessor and Collector	2,843,236	2,598,013	245,223
Board of Elections	669,981	577,108	92,873
Register of Deeds	586,832	499,686	87,146
State agencies	164,847	141,738	23,109
Public works and services	4,139,947	3,857,070	282,877
Information Technology	1,731,078	1,699,980	31,098
Contingency	-	-	-
Total general government	13,942,110	12,919,812	1,022,298
Human services:			
Health	7,304,357	6,583,707	720,650
Mental health	809,344	809,244	100
Social services	11,470,106	11,323,222	146,884
Public assistance	11,146,213	10,399,667	746,546
Senior services	2,255,325	2,156,715	98,610
Veterans services	128,131	127,521	610
Contributions	435,715	435,713	2
Total human services	33,549,191	31,835,789	1,713,402

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
Public safety:			
Sheriff	$ 11,159,946	$ 10,908,430	$ 251,516
School resource officers	899,619	891,282	8,337
Jail	4,357,440	3,938,142	419,298
Emergency communications	2,153,231	1,991,138	162,093
Inspections	1,034,644	947,372	87,272
Animal shelter	528,107	515,195	12,912
Medical examiner	151,150	151,150	-
Emergency Management	130,564	95,495	35,069
Fire Marshal	324,205	317,015	7,190
Ambulance	7,009,045	6,854,409	154,636
Contributions	235,391	233,592	1,799
Total public safety	27,983,342	26,843,220	1,140,122
Environmental protection:			
Sanitation	1,373,138	1,373,133	5
Soil and water	211,112	211,111	1
Total environmental protection	1,584,250	1,584,244	6
Economic and physical development:			
Planning	508,775	491,697	17,078
GIS	197,690	197,333	357
Cooperative extension	317,980	273,129	44,851
Economic development	695,275	685,655	9,620
Job Training	1,524,887	1,297,458	227,429
Total economic and physical development	3,244,607	2,945,272	299,335
Culture and recreation:			
Recreation	845,289	844,565	724
Library	3,154,525	3,102,539	51,986
Museum	157,978	157,093	885
Lake Thom-A-Lex	152,006	149,675	2,331
Tourism	73,900	73,900	-
Total culture and recreation	4,383,698	4,327,772	55,926
Intergovernmental:			
Public schools -current	30,371,379	30,371,379	-
Public schools - capital	1,859,250	1,859,250	-
Public schools - scholarships	50,000	27,500	22,500
Community college - current	3,230,702	3,230,702	-
Community college - capital	407,000	407,000	-
Total intergovernmental	35,918,331	35,895,831	22,500

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
Debt service:			
Principal	$ 9,281,448	$ 8,803,465	$ 477,983
Interest and fiscal charges	4,956,242	4,881,757	74,485
Total debt service	14,237,690	13,685,222	552,468
Total expenditures	134,843,219	130,037,162	4,806,057
Excess (deficiency) of revenues over expenditures	353,459	12,166,471	11,813,012
Other financing sources (uses):			
Transfers from other funds	876,428	873,317	(3,111)
Transfers to other funds	(7,703,968)	(7,703,968)	-
Total other financing sources (uses)	(6,827,540)	(6,830,651)	(3,111)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(6,474,081)	5,335,820	11,809,901
Fund balance appropriated	6,474,081	-	(6,474,081)
Net change in fund balance	$ -	5,335,820	$ 5,335,820
Fund balance, beginning		64,780,292	
Reconciliation from Budgetary basis to Modified Accrual basis:			
Debt service payment to sinking fund		870,000	
Fund balance at end of year		$ 70,986,112	

Schedule 3

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - REVALUATION FUND
Year Ended June 30, 2017

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

DAVIDSON COUNTY, NORTH CAROLINA

Schedule 4

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, 2017

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Public School Building Capital Fund	$ 18,944,550	$ 18,735,364	$ 92	$ 18,735,456	$ (209,094)
Public School Building Bond Act of 1996	29,198,056	29,198,056	-	29,198,056	-
	48,142,606	47,933,420	92	47,933,512	(209,094)
Interest on investments	3,754,879	5,314,948	121,809	5,436,757	1,681,878
Miscellaneous	10,807,922	9,644,362	500,000	10,144,362	(663,560)
Total revenues	62,705,407	62,892,730	621,901	63,514,631	809,224
Expenditures:					
Intergovernmental:					
Education:					
Capital outlay:					
Davidson County School System	222,920,068	182,939,896	30,034,106	212,974,002	9,946,066
Lexington City School System	29,934,470	29,304,120	488,774	29,792,894	141,576
Thomasville City School System	35,490,102	32,194,734	4,487	32,199,221	3,290,881
Davidson County Community College	6,200,000	5,199,931	-	5,199,931	1,000,069
Other	811,810	788,661	11,854	800,515	11,295
Total expenditures	295,356,450	250,427,342	30,539,221	280,966,563	14,389,887
Excess (deficiency) of revenues over expenditures	(232,651,043)	(187,534,612)	(29,917,320)	(217,451,932)	15,199,111
Other financing sources (uses):					
Debt issued	147,229,937	143,795,885	-	143,795,885	(3,434,052)
Refunding debt issued	17,136,774	9,080,000	-	9,080,000	(8,056,774)
Payment to refunded bond escrow agent	(17,059,819)	(9,219,209)	-	(9,219,209)	7,840,610
Premium on debt issued	6,438,725	6,993,124	-	6,993,124	554,399
Transfers from other funds	83,874,955	81,981,242	3,644,461	85,625,703	1,750,748
Transfers to other funds	(4,969,529)	(4,969,529)	-	(4,969,529)	-
Total other financing sources	232,651,043	227,661,513	3,644,461	231,305,974	(1,345,069)
Net change in fund balance	$ -	$ 40,126,901	(26,272,859)	$ 13,854,042	$ 13,854,042
Fund balance at beginning of year			40,126,901		
Fund balance at end of year			$ 13,854,042		

Schedule 5

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
From Inception and for the Year Ended June 30, 2017

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Intergovernmental	$ 5,624,791	$ 1,724,991	$ 388,676	$ 2,113,667	$ (3,511,124)
Miscellaneous	985,797	732,977	-	732,977	(252,820)
Total revenues	6,610,588	2,457,968	388,676	2,846,644	(3,763,944)
Expenditures:					
West Davidson Library	537,116	410,654	-	410,654	126,462
Denton Library renovation	1,387,235	1,124,562	-	1,124,562	262,673
Museum renovations	944,439	941,288	-	941,288	3,151
I-85 Business Park	14,941,315	3,932,449	550,568	4,483,017	10,458,298
Old Salisbury Road sewer	322,359	288,564	13,731	302,295	20,064
Parking deck renovation	319,120	319,120	-	319,120	-
Boones Cave Park renovation	3,363	-	-	-	3,363
Parking lot renovation	537,002	533,002	-	533,002	4,000
Courtroom renovation	142,104	136,125	5,979	142,104	-
Governmental building renovation	1,259,125	108,195	69,442	177,637	1,081,488
New EMS Base	214,000	213,651	-	213,651	349
Morton Metalcraft sewer	390,364	332,938	-	332,938	57,426
Human Resources software	50,000	49,654	-	49,654	346
Jail study	258,297	258,431	-	258,431	(134)
Davidson West Campus renovation	215,179	215,179	-	215,179	-
Astran Drive CDBG project	266,576	49,699	-	49,699	216,877
Sheriff's Office building	10,578,095	9,547,556	1,690	9,549,246	1,028,849
Surface Source CDBG project	400,000	400,000	-	400,000	-
Elite Tube & Fab	750,000	-	-	-	750,000
Thomson Plastics CDBG project	750,000	94,721	352,586	447,307	302,693
Lolly Wolly Doodle CDBG project	750,000	750,000	-	750,000	-
Wilcox Bridge improvements	454,550	581	376,176	376,757	77,793
Hughes Park improvements	346,700	-	341,584	341,584	5,116
Southmont Park improvements	107,000	-	103,671	103,671	3,329
Bombay Park improvements	117,777	-	-	-	117,777
911 Radio System upgrade	7,353,057	-	-	-	7,353,057
911 Center expansion	344,505	336,872	-	336,872	7,633
Total expenditures	43,739,278	20,043,241	1,815,427	21,858,668	21,880,610
Excess (deficiency) of revenues over expenditures	(37,128,690)	(17,585,273)	(1,426,751)	(19,012,024)	18,116,666
Other financing (uses) sources:					
Debt issued	23,793,789	6,885,000	7,000,000	13,885,000	(9,908,789)
Premium on debt issued	-	1,086,445	-	1,086,445	1,086,445
Transfers to other funds	(70,521)	(13,000)	(57,521)	(70,521)	-
Transfers from other funds	13,405,422	11,060,453	2,596,268	13,656,721	251,299
Total other financing sources	37,128,690	19,018,898	9,538,747	28,557,645	(8,571,045)
Net change in fund balance	$ -	$ 1,433,625	8,111,996	$ 9,545,621	$ 9,545,621
Fund balance at beginning of year			1,433,625		
Fund balance at end of year			$ 9,545,621		

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

Schedule 6

	Special Revenue Funds						Total
ASSETS	**Fire Districts**	**Transportation**	**Emergency Telephone**	**Special School Districts**	**Total Special Revenue**	**Capital Reserve**	**Total Nonmajor Governmental Funds**
Cash and investments	$ 945,054	$ 587,617	$ 616,582	$ 17,675	$ 2,166,928	$ 4,476,942	$ 6,643,870
Taxes receivable, net	195,850	-	-	76,964	272,814	-	272,814
Due from other governments	-	32,893	40,018	-	72,911	-	72,911
Total Assets	$ 1,140,904	$ 620,510	$ 656,600	$ 94,639	$ 2,512,653	$ 4,476,942	$ 6,989,595
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	$ 53,288	$ 44,385	$ 1,196	$ 17,675	$ 116,544	$ -	$ 116,544
Total liabilities	53,288	44,385	1,196	17,675	116,544	-	116,544
Deferred Inflows of Resources	195,850	-	-	76,964	272,814	-	272,814
Fund balances:							
Restricted:							
Stabilization by state statute	-	32,893	40,018	-	72,911	-	72,911
Fire protection	891,766	-	-	-	891,766	-	891,766
Transportation	-	543,232	-	-	543,232	-	543,232
Public safety	-	-	615,386	-	615,386	-	615,386
Committed:							
Capital projects	-	-	-	-	-	4,476,942	4,476,942
Unassigned	-	-	-	-	-	-	-
Total fund balances	891,766	576,125	655,404	-	2,123,295	4,476,942	6,600,237
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 1,140,904	$ 620,510	$ 656,600	$ 94,639	$ 2,512,653	$ 4,476,942	$ 6,989,595

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2017

Schedule 7

	Special Revenue Funds						
	Fire Districts	Transportation	Emergency Telephone	Special School Districts	Total Special Revenue	Capital Reserve	Total Nonmajor Governmental Funds
Revenues:							
Taxes	$ 8,650,649	$ -	$ 480,218	$ 1,507,367	$ 10,638,234	$ -	$ 10,638,234
Intergovernmental	-	568,633	-	-	568,633	-	568,633
Charges for services	-	113,648	-	-	113,648	-	113,648
Interest on investments	953	-	2,653	137	3,743	-	3,743
Miscellaneous	-	-	-	-	-	-	-
Total revenues	8,651,602	682,281	482,871	1,507,504	11,324,258	-	11,324,258
Expenditures:							
Current:							
Public safety	8,615,244	-	613,105	-	9,228,349	-	9,228,349
Transportation	-	821,032	-	-	821,032	-	821,032
Intergovernmental:							
Education	-	-	-	1,507,504	1,507,504	-	1,507,504
Capital outlay	-	-	-	-	-	-	-
Total expenditures	8,615,244	821,032	613,105	1,507,504	11,556,885	-	11,556,885
Excess (deficiency) of revenues over expenditures	36,358	(138,751)	(130,234)	-	(232,627)	-	(232,627)
Other financing sources:							
Transfers from other funds	-	26,862	-	-	26,862	2,500,000	2,526,862
Transfers to other funds	-	-	-	-	-	(3,489,363)	(3,489,363)
Total other financing sources	-	26,862	-	-	26,862	(989,363)	(962,501)
Net change in fund balances	36,358	(111,889)	(130,234)	-	(205,765)	(989,363)	(1,195,128)
Fund balances at beginning of year	855,408	688,014	785,638	-	2,329,060	5,466,305	7,795,365
Fund balances at end of year	$ 891,766	$ 576,125	$ 655,404	$ -	$ 2,123,295	$ 4,476,942	$ 6,600,237

Schedule 8

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - FIRE DISTRICTS FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Taxes:			
Property taxes	$ 8,615,660	$ 8,614,301	$ (1,359)
Tax penalty and interest	-	36,348	36,348
Total taxes	8,615,660	8,650,649	34,989
Interest on investments	-	953	953
Total revenues	8,615,660	8,651,602	35,942
Expenditures:			
Public safety	8,615,660	8,615,244	416
Net change in fund balance	$ -	36,358	$ 36,358
Fund balance at beginning of year		855,408	
Fund balance at end of year		$ 891,766	

Schedule 9

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TRANSPORTATION FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Intergovernmental	$ 572,224	$ 568,633	$ (3,591)
Charges for services	235,186	113,648	(121,538)
Total revenues	807,410	682,281	(125,129)
Expenditures:			
Transportation	834,272	821,032	13,240
Excess (deficiency) of revenues over expenditures	(26,862)	(138,751)	(111,889)
Other financing sources:			
Transfers from other funds	26,862	26,862	-
Excess (deficiency) of revenues and other financing sources over expenditures	-	(111,889)	(111,889)
Fund balance appropriated	-	-	-
Net change in fund balance	$ -	(111,889)	$ (111,889)
Fund balance at beginning of year		688,014	
Fund balance at end of year		$ 576,125	

Schedule 10

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - EMERGENCY TELEPHONE FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Taxes:			
Other taxes	$ 494,238	$ 480,218	$ (14,020)
Interest on investments	-	2,653	2,653
Total revenues	494,238	482,871	(11,367)
Expenditures:			
Public safety:			
Emergency telephone	816,565	613,105	203,460
Excess (deficiency) of revenues over expenditures	(322,327)	(130,234)	(214,827)
Fund balance appropriated	322,327	-	322,327
Net change in fund balance	$ -	(130,234)	$ (130,234)
Fund balance at beginning of year		785,638	
Fund balance at end of year		$ 655,404	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SCHOOL DISTRICTS FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Taxes:			
Property taxes	$ 1,523,137	$ 1,499,628	$ (23,509)
Tax penalty and interest	-	7,739	7,739
Total taxes	1,523,137	1,507,367	(15,770)
Interest on investments		137	137
Total revenues	1,523,137	1,507,504	(15,633)
Expenditures:			
Special School Districts:			
Education	1,523,137	1,507,504	15,633
Net change in fund balance	$ -	-	$ -
Fund balance at beginning of year		-	
Fund balance at end of year		$ -	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL RESERVE FUND
Year Ended June 30, 2017

Schedule 12

	Final Budget	Actual Amounts	Variance Positive (Negative)
Expenditures:			
Transfers to other funds	$ (3,489,363)	$ (3,489,363)	$ -
Other financing sources:			
Transfers from other funds	-	2,500,000	2,500,000
Excess of other financing sources over expenditures	(3,489,363)	(989,363)	
Fund balance appropriated	3,489,363	-	3,489,363
Net change in fund balance	$ -	(989,363)	$ (989,363)
Fund balance at beginning of year		5,466,305	
Fund balance at end of year		$ 4,476,942	

Schedule 13

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP) - LANDFILL FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Intergovernmental	$ 280,185	$ 350,099	$ 69,914
Charges for services	1,660,088	4,452,466	2,792,378
Interest on investments	-	72,595	72,595
Total revenues	1,940,273	4,875,160	2,934,887
Expenditures:			
Salaries	862,095	810,940	51,155
Operating	1,407,350	1,185,867	221,483
Capital outlay	817,777	709,648	108,129
Total expenditures	3,087,222	2,706,455	380,767
Excess (deficiency) of revenues over expenditures	(1,146,949)	2,168,705	3,315,654
Appropriated net position	1,146,949	-	(1,146,949)
Excess of revenues and appropriated net position over expenditures and other financing uses	$ -	2,168,705	$ 2,168,705
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		699,834	
Depreciation		(2,141,848)	
Increase in deferred outflows of resources-pensions		40,449	
Increase in net pension liability		(48,216)	
Decrease in deferred inflows of resources-pensions		4,211	
Increase in accrued landfill closure and postclosure costs		(1,272,767)	
Increase in OPEB costs		(2,300)	
Decrease in accrued vacation pay		233	
Total reconciling items		(2,720,404)	
Change in net position		$ (551,699)	

Schedule 14

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP) - SEWER FUND
Year Ended June 30, 2017

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Charges for services	$ 600,749	$ 613,849	$ 13,100
Total revenues	600,749	613,849	13,100
Expenditures:			
Salaries	67,776	79,069	(11,293)
Sewer operations	532,973	472,350	60,623
Debt service	905,482	905,482	-
Total expenditures	1,506,231	1,456,901	49,330
Excess (deficiency) of revenues over expenditures	(905,482)	(843,052)	62,430
Other financing sources:			
Operating transfers in	905,482	905,482	-
Total other financing sources	905,482	905,482	-
Excess (deficiency) of revenues and other financing sources over expenditures	$ -	62,430	$ 62,430
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling item:			
Depreciation		(336,816)	
Interest, capital project fund		283	
Transfers from capital project fund		704,462	
Debt principal		560,000	
Amortization of premium on refunding bonds issued		104,765	
Change in net position		$ 1,095,124	

Schedule 15

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP) - SEWER CAPITAL PROJECTS FUND
From Inception and for the Year Ended June 30, 2017

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Revenues:					
Interest on investments	$ -	$ 51,874	$ 283	$ 52,157	$ (52,157)
Expenditures:					
Sewer projects	17,642,809	12,197,303	40,595	12,237,898	5,404,911
Excess (deficiency) of revenues over expenditures	(17,642,809)	(12,145,429)	(40,312)	(12,185,741)	(5,457,068)
Other financing sources (uses):					
Debt issued	14,754,244	13,060,000	-	13,060,000	(1,694,244)
Transfers from other funds	3,308,240	2,603,778	704,462	3,308,240	-
Transfers to other funds	(419,675)	(419,675)	-	(419,675)	-
Total other financing sources	17,642,809	15,244,103	704,462	15,948,565	(1,694,244)
Excess (deficiency) of revenues and other financing sources over expenditures	$ -	$ 3,098,674	664,150	$ 3,762,824	$ 3,762,824

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2017

Schedule 16

ASSETS	Garage Fund	Insurance Fund	Total
Current assets:			
Cash and investments	$ 761,864	$ 2,562,327	$ 3,324,191
Due from other governments	8,081	122,328	130,409
Inventory, at cost	40,088	-	40,088
Total current assets	810,033	2,684,655	3,494,688
Noncurrent assets:			
Capital assets:			
Other capital assets, net of depreciation	176,518	-	176,518
Total Assets	986,551	2,684,655	3,671,206
LIABILTIES AND NET POSITION			
Current liabilities:			
Accounts payable and accrued liabilities	51,410	866,135	917,545
Noncurrent liabilities:			
Accrued vacation benefits	9,667	-	9,667
Total liabilities	61,077	866,135	927,212
Net position:			
Net investment in capital assets	176,518	-	176,518
Unrestricted	748,956	1,818,520	2,567,476
Total net position	$ 925,474	$ 1,818,520	$ 2,743,994

Schedule 17

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2017

	Garage Fund	Insurance Fund	Total
Revenues:			
Charges for services	$ 1,704,888	$ 10,727,396	$ 12,432,284
Miscellaneous	67,055	-	67,055
Total revenues	1,771,943	10,727,396	12,499,339
Expenditures:			
Salaries	300,645	-	300,645
Operating	1,206,486	11,542,759	12,749,245
Depreciation	19,182	-	19,182
Total expenses	1,526,313	11,542,759	13,069,072
Operating income (loss)	245,630	(815,363)	(569,733)
Total net position, beginning	679,844	2,633,883	3,313,727
Total net position, ending	$ 925,474	$ 1,818,520	$ 2,743,994

Schedule 18

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2017

	Garage Fund	Insurance Fund	Total
Cash flows from operating activities:			
Cash received from customers	$ 1,707,237	$ 10,664,521	$ 12,371,758
Cash paid for goods and services	(1,266,413)	(11,597,591)	(12,864,004)
Cash paid to employees for services	(301,595)	-	(301,595)
Other operating revenues	67,055	-	67,055
Net cash provided (used) by operating activities	206,284	(933,070)	(726,786)
Net increase (decrease) in cash and cash equivalents	206,284	(933,070)	(726,786)
Cash and cash equivalents at beginning of year	555,580	3,495,397	4,050,977
Cash and cash equivalents at end of year	$ 761,864	$ 2,562,327	$ 3,324,191
Reconciliation of operating income to net cash used by operating activities:			
Operating income (loss)	$ 245,630	$ (815,363)	$ (569,733)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	19,182	-	19,182
Change in assets and liabilities:			
(Increase) decrease in due from other governments	2,349	(62,875)	(60,526)
(Increase) decrease in inventory	1,293	-	1,293
Increase (decrease) in accounts payable and accrued liabilities	- (61,220)	(54,832)	(116,052)
Increase (decrease) in accrued vacation benefits	(950)	-	(950)
Net cash provided (used) by operating activities	$ 206,284	$ (933,070)	$ (726,786)

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, 2017

Schedule 19

	Financial Plan	Actual Amounts	Variance Positive (Negative)
Revenues:			
Charges for services	$ 1,760,855	$ 1,704,888	$ (55,967)
Miscellaneous	-	67,055	67,055
Total revenues	1,760,855	1,771,943	11,088
Expenditures:			
Garage:			
Salaries	288,585	300,645	(12,060)
Operating	1,409,464	1,206,486	202,978
Capital outlay	62,806	-	62,806
Total expenditures	1,760,855	1,507,131	253,724
Excess (deficiency) of revenues over expenditures	$ -	264,812	$ 264,812
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(19,182)	
Change in net position		$ 245,630	

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, 2017

Schedule 20

	Financial Plan	Actual Amounts	Variance Positive (Negative)
Revenues:			
Charges for services	$ 9,852,900	$ 10,727,396	$ 874,496
Total revenues	9,852,900	10,727,396	874,496
Expenditures:			
Insurance:			
Operating	9,852,900	11,542,759	(1,689,859)
Total expenditures	9,852,900	11,542,759	(1,689,859)
Excess (deficiency) of revenues over expenditures	$ -	(815,363)	$ (815,363)
Change in net position		$ (815,363)	

Schedule 21

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - AGENCY FUNDS
Year Ended June 30, 2017

AGENCY FUNDS

	Balance, July 1, 2016	Additions	Deductions	Balance, June 30, 2017
Property Tax Fund				
ASSETS				
Cash and cash equivalents	$ 244,919	$ 110,669,825	$ 110,914,744	$ -
Due from other governments	992,194	23,700	-	1,015,894
	$ 1,237,113	$ 110,693,525	$ 110,914,744	$ 1,015,894
LIABILITIES				
Miscellaneous liabilities	$ 1,237,113	$ 110,693,525	$ 110,914,744	$ 1,015,894
	$ 1,237,113	$ 110,693,525	$ 110,914,744	$ 1,015,894
Fines and Forfeitures Fund				
ASSETS				
Cash and cash equivalents	$ -	$ 613,161	$ 613,161	$ -
LIABILITIES				
Miscelleneous liabilities	$ -	$ 613,161	$ 613,161	$ -
P.I.C. Fund				
ASSETS				
Cash and cash equivalents	$ 1,606	$ -	$ -	$ 1,606
LIABILITIES				
Miscelleneous liabilities	$ 1,606	$ -	$ -	$ 1,606
United Way Fund				
ASSETS				
Cash and cash equivalents	$ 500	$ 2,595	$ 2,174	$ 921
LIABILITIES				
Miscelleneous liabilities	$ 500	$ 2,595	$ 2,174	$ 921
Sheriff-Execution and Evidence Account				
ASSETS				
Cash and cash equivalents	$ 8,145	$ 72,181	$ 11,827	$ 68,499
LIABILITIES				
Miscelleneous liabilities	$ 8,145	$ 72,181	$ 11,827	$ 68,499
Sheriff-Inmate Account				
ASSETS				
Cash and cash equivalents	$ 23,501	$ 8,197	$ -	$ 31,698
LIABILITIES				
Miscelleneous liabilities	$ 23,501	$ 8,197	$ -	$ 31,698
Social Services Designated Payee Account Fund				
ASSETS				
Cash and cash equivalents	$ 16,207	$ 161,605	$ 141,420	$ 36,392
LIABILITIES				
Miscelleneous liabilities	$ 16,207	$ 161,605	$ 141,420	$ 36,392
Bid Bond Deposit Fund				
ASSETS				
Cash and cash equivalents	$ 16,865	$ -	$ -	$ 16,865
LIABILITIES				
Miscelleneous liabilities	$ 16,865	$ -	$ -	$ 16,865
Total All Agency Funds				
ASSETS				
Cash and cash equivalents	$ 311,743	$ 111,527,564	$ 111,671,499	$ 155,981
Due from other governments	992,194	23,700	-	1,015,894
	$ 1,303,937	$ 111,551,264	$ 111,671,499	$ 1,171,875
LIABILITIES				
Miscellaneous liabilities	$ 1,303,937	$ 111,551,264	$ 111,671,499	$ 1,171,875
	$ 1,303,937	$ 111,551,264	$ 111,671,499	$ 1,171,875

DAVIDSON COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2017

Fiscal Year	Uncollected Balance June 30, 2016	Additions	Collections And Credits	Uncollected Balance June 30, 2017
2016-2017	$ -	$ 74,393,051	$ 72,182,872	$ 2,210,179
2015-2016	2,160,012	-	900,273	1,259,739
2014-2015	1,168,142	-	391,340	776,802
2013-2014	1,016,964	-	171,637	845,327
2012-2013	955,977	-	221,339	734,638
2011-2012	791,947	-	160,729	631,218
2010-2011	646,564	-	128,766	517,798
2009-2010	634,229	-	115,962	518,267
2008-2009	490,249	-	54,914	435,335
2007-2008	387,773	-	34,275	353,498
2006-2007	631,186	-	334,773	296,413
	$ 8,883,043	$ 74,393,051	$ 74,696,880	8,579,214

Less: allowance for uncollectible accounts:	
General Fund	7,723,602
Ad valorem taxes receivable- net:	
General Fund	$ 855,612

Reconcilement with revenues:

Ad valorem taxes - General fund	$ 74,389,946
Penalties collected on ad valorem taxes- General Fund	41,339
Interest collected on ad valorem taxes- General Fund	740,864
Reconciling items:	
Interest collected	(740,864)
Discounts allowed	614,375
Taxes written off	(348,780)
Total reconciling items	(475,269)
Total collections and credits	$ 74,696,880

DAVIDSON COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
Year Ended June 30, 2017

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	$ 13,458,728,778	$ 0.54	$ 72,677,130	$ 65,202,015	$ 7,475,115
Penalties	-		45,738	45,738	-
Total	13,458,728,778		72,722,868	65,247,753	7,475,115
Discoveries:					
Current year taxes	450,820,741	0.54	2,434,432	2,430,308	4,125
Penalties	-		6,822	6,822	-
Total	450,820,741		2,441,254	2,437,130	4,125
Releases and discounts	(142,790,926)		(771,071)	(771,018)	(53)
Total property valuation	$ 13,766,758,593				
Net levy			74,393,051	66,913,865	7,479,187
Uncollected taxes at June 30, 2017			2,210,179	2,210,179	-
Current year's taxes collected			$ 72,182,872	$ 64,703,686	$ 7,479,187
Current levy collection percentage			97.03%	96.70%	100.00%

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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.

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

Table 1

Year Ended June 30,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Taxes:										
Property	$ 85,288,826	$ 83,807,209	$ 83,326,408	$ 83,425,629	$ 80,039,685	$ 78,720,749	$ 77,934,202	$ 77,822,786	$ 76,977,434	$ 75,321,835
Sales	28,948,404	24,297,053	22,084,870	18,402,633	17,655,035	16,706,730	15,620,565	16,256,379	21,772,914	27,451,631
Intangibles	-	-	-	-	-	-	-	-	-	-
Other	1,695,436	1,557,866	1,561,609	1,586,357	1,640,728	1,679,237	1,918,818	1,976,501	1,930,069	1,763,355
Total taxes	115,932,666	109,662,128	106,972,887	103,414,619	99,335,448	97,106,716	95,473,585	96,055,666	100,680,417	104,536,821
Licenses and permits	1,871,569	1,749,285	1,782,533	1,616,029	1,278,851	1,468,794	1,412,721	1,465,327	1,533,632	2,426,939
Intergovernmental	26,423,195	27,318,416	27,154,545	28,421,008	25,432,342	25,431,103	24,866,041	27,667,976	27,092,154	23,776,817
Charges for services	8,325,743	7,871,865	7,026,361	7,779,388	7,553,279	8,210,177	7,567,247	7,109,202	7,297,063	5,478,345
Interest on investments	512,871	419,838	307,954	316,229	270,151	314,058	443,548	599,323	1,303,577	3,641,846
Miscellaneous	1,472,424	1,994,306	1,311,808	4,078,647	1,777,522	1,149,335	2,686,496	268,436	430,173	206,610
Total revenues	154,538,468	149,015,838	144,556,088	145,625,920	135,647,593	133,680,183	132,449,638	133,165,930	138,337,016	140,067,378
Current:										
General government	12,919,812	12,120,665	11,786,828	11,420,647	11,023,150	11,403,563	11,310,267	12,086,461	10,008,687	10,040,290
Human services	31,835,789	31,861,201	31,231,497	30,332,397	29,861,622	29,006,001	29,230,665	28,933,412	31,953,498	34,500,918
Public safety	36,071,569	34,116,669	32,928,019	32,808,556	31,760,065	32,219,722	30,740,569	30,612,510	30,254,889	29,896,785
Environmental protection	1,584,244	1,388,599	1,275,458	1,372,998	1,417,664	1,579,284	1,704,488	1,727,439	1,717,458	1,759,973
Economic and physical development	2,945,272	3,274,105	3,085,366	3,499,050	3,518,568	4,118,858	5,614,418	3,956,643	3,605,809	3,914,259
Culture and recreation	4,327,772	4,069,309	3,919,950	3,848,852	4,098,986	3,755,084	3,794,533	3,630,001	3,645,444	3,404,949
Transportation	821,032	756,840	882,718	1,490,487	1,581,662	1,343,245	875,222	922,092	1,080,014	1,129,074
Intergovernmental:										
Education	67,942,556	56,368,424	40,468,138	38,622,558	40,901,214	53,670,822	46,591,652	45,977,031	65,710,811	66,755,742
Capital outlay	1,815,427	1,374,518	13,011,128	1,992,053	310,047	649,672	51,063	716,660	1,010,590	229,819
Debt service:										
Principal	7,933,465	6,193,465	7,218,465	6,163,465	6,136,115	6,329,065	6,294,065	5,965,600	4,515,600	3,205,600
Interest and fiscal charges	4,881,757	7,139,113	3,642,924	3,852,226	4,070,085	4,493,390	4,154,425	4,197,129	3,639,631	3,256,024
Total expenditures	173,078,695	158,662,908	149,450,491	135,403,289	134,679,178	148,568,706	140,361,367	138,724,978	157,142,431	158,093,433
Other financing sources (uses)										
Transfers in	9,640,908	8,482,050	11,080,659	9,652,509	6,000,873	6,137,127	5,021,250	6,195,342	7,612,995	11,404,498
Transfers out	(11,250,852)	(8,969,768)	(12,096,702)	(10,754,131)	(7,413,209)	(7,335,369)	(8,023,374)	(7,237,355)	(7,752,789)	(11,616,909)
Debt issued	7,000,000	43,455,000	-	-	-	-	13,050,000	5,076,971	29,600,000	-
Premium on debt issued	-	14,187,278	-	-	-	-	149,543	-	554,399	-
Refunding bonds issued	-	39,525,000	-	-	9,080,000	-	4,915,000	-	-	-
Payments to refunded bond escrow agent	-	(43,710,000)	-	-	(9,219,209)	-	(4,965,000)	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	6,400	8,150	-
Special item	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	5,390,056	52,969,560	(1,016,043)	(1,101,622)	(1,551,545)	(1,198,242)	10,147,419	4,041,358	30,022,755	(212,411)
Net change in fund balances	$ (13,150,171)	$ 43,322,490	$ (5,910,446)	$ 9,121,009	$ (583,130)	$ (16,086,765)	$ 2,235,690	$ (1,517,690)	$ 11,217,340	$ (18,238,466)
Debt service as a percentage of noncapital expenditures	7.5%	8.5%	8.0%	7.5%	7.6%	7.3%	7.4%	7.4%	5.2%	4.1%

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

Table 2

Year Ended June 30,	Total Tax Levy	Less Discounts and Releases	Adjusted Net Levy	Collections of Current Year's Taxes During Fiscal Year (1)	Percentage of Levy Collected During Fiscal Year	Total Collections on Prior Year's Taxes	Percentage of Total Tax Collections to Adjusted Net Levy	Total Collections	Accumulated Total Delinquent Taxes	Ratio of Total Delinquent Taxes to Current Tax Levy
2008	$ 68,050,734	$ 1,066,954	$ 66,983,780	$ 64,621,474	96.47%	$ 1,808,658	99.17%	$ 66,430,132	$ 3,712,868	5.54%
2009	69,932,159	930,158	69,002,001	65,974,390	95.61%	1,813,347	98.24%	67,787,737	4,285,529	6.21%
2010	70,141,530	800,584	69,340,946	66,247,055	95.54%	2,190,304	98.70%	68,437,359	5,119,416	7.38%
2011	70,236,091	807,936	69,428,155	66,399,133	95.64%	2,109,308	98.68%	68,508,441	6,130,127	8.83%
2012	70,943,189	757,156	70,186,033	67,020,098	95.49%	2,124,036	98.52%	69,144,134	7,086,236	10.10%
2013	71,699,938	783,871	70,916,067	67,863,493	95.70%	2,387,797	99.06%	70,251,290	7,864,374	11.09%
2014	74,395,585	781,957	73,613,628	70,861,962	96.26%	2,171,076	99.21%	73,033,038	7,297,922	9.91%
2015	73,166,179	718,881	72,447,298	70,400,546	97.17%	2,402,737	100.49%	72,803,283	7,465,189	10.30%
2016	74,117,317	790,896	73,326,421	71,166,409	97.05%	2,339,913	100.25%	73,506,322	6,953,565	9.48%
2017	75,164,122	771,071	74,393,051	72,182,872	97.03%	2,284,436	100.10%	74,467,308	6,599,570	8.87%

(1) Collections do not include interest.

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

Table 3

Year Ended June 30,	Assessed Value: Real Property (1)	Assessed Value: Individual Personal (2)	Assessed Value: Business Personal (1)	Assessed Value: Motor Vehicles (2)	Assessed Value: Public Service Companies (3)	Total	Total Direct Tax Rate
2008	$ 10,186,197,400	$ 52,453,186	$ 707,605,727	$ 1,172,035,633	$ 370,205,652	$ 12,488,497,598	0.54
2009	10,539,366,996	54,220,116	736,262,071	1,139,990,926	397,981,937	12,867,822,046	0.54
2010	10,705,278,310	52,874,992	717,998,624	1,066,520,996	388,516,648	12,931,189,570	0.54
2011	10,813,916,630	49,018,736	665,644,277	1,035,675,555	383,598,882	12,947,854,080	0.54
2012	10,907,215,885	49,468,990	671,768,962	1,076,760,000	385,251,952	13,090,465,789	0.54
2013	10,937,949,307	52,243,732	709,448,845	1,140,013,889	388,764,960	13,228,420,733	0.54
2014	11,010,529,658	53,991,982	733,189,369	1,548,177,407	382,637,062	13,728,525,478	0.54
2015	11,075,289,751	56,349,740	748,646,544	1,262,548,519	375,103,408	13,517,937,962	0.54
2016	10,985,234,859	59,984,166	796,932,495	1,319,261,111	417,554,221	13,578,966,852	0.54
2017	11,042,109,445	55,254,140	870,213,972	1,385,044,444	414,136,592	13,766,758,593	0.54

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

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

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

Table 4

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

June 30,	2017	2016	2015 (2)	2014	2013	2012	2011	2010	2009	2008 (1)
County direct rate:										
General-operating	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540
City of Lexington	0.650	0.600	0.600	0.600	0.600	0.560	0.560	0.560	0.560	0.535
Lexington Special Schools District	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120	0.120
Lexington Main Street District	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200	0.200
City of Thomasville	0.560	0.560	0.560	0.560	0.560	0.560	0.560	0.560	0.560	0.560
Thomasville Special Schools District	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.180	0.1725
Town of Denton	0.600	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550
City of High Point	0.6475	0.650	0.664	0.675	0.675	0.662	0.633	0.633	0.633	0.633
Town of Wallburg	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Town of Midway	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Fire Protection Districts:										
Central	0.090	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Pilot	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
Hasty	0.080	0.080	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.065
West Lexington	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Wallburg	0.100	0.100	0.100	0.100	0.080	0.080	0.080	0.080	0.080	0.080
Holly Grove	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
North Lexington	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Welcome	0.110	0.110	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.080
Reeds	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040	0.040
Tyro	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Linwood	0.085	0.085	0.085	0.075	0.075	0.075	0.075	0.075	0.075	0.060
Churchland	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070	0.070
Arcadia - Reedy Creek - Hampton	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Healing Springs	0.090	0.090	0.090	0.090	0.090	0.090	0.090	0.090	0.070	0.070
Southmont	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
Fairgrove	0.080	0.080	0.080	0.080	0.075	0.075	0.060	0.060	0.060	0.055
South Lexington	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Silver Valley	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Midway	0.108	0.108	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Gumtree	0.100	0.100	0.100	0.100	0.085	0.085	0.085	0.085	0.085	0.085
South Emmons	0.060	0.060	0.060	0.050	0.050	0.050	0.050	0.050	0.050	0.050
South Davidson	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Horneytown	0.110	0.110	0.110	0.110	0.100	0.100	0.100	0.100	0.100	0.100
Griffith	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080	0.080
Clemmons	0.060	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Badin	0.055	0.055	0.060	0.060	0.060	0.060	0.060	0.060	0.060	0.060

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

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

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

Table 5

Assessed Value	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)	2012 (1)	2011 (1)	2010 (1)	2009 (1)	2008 (1)(2)
Davidson County	$ 13,766,758,593	$ 13,578,966,852	$ 13,517,937,962	$ 13,728,525,478	$ 13,228,420,733	$ 13,090,465,789	$ 12,947,854,080	$ 12,931,189,570	$ 12,867,822,046	$ 12,488,497,598
City of Lexington	1,533,123,598	1,519,628,108	1,546,064,567	1,585,300,795	1,496,604,452	1,473,679,696	1,473,672,255	1,492,980,321	1,510,345,430	1,476,846,553
Lexington Special Schools District	1,281,347,117	1,272,862,258	1,309,372,675	1,334,494,099	1,295,118,808	1,292,605,883	1,291,604,908	1,318,384,117	1,318,552,842	1,475,984,017
Lexington Main Street District	50,564,995	50,675,125	47,392,525	48,882,615	48,113,685	50,357,620	51,490,750	47,262,355	50,716,805	49,553,550
City of Thomasville	1,754,998,452	1,719,559,093	1,684,071,925	1,711,250,293	1,671,545,270	1,663,695,796	1,631,688,204	1,618,601,777	1,651,223,607	1,590,725,830
Thomasville Special Schools District	793,505,933	798,274,172	778,390,528	814,743,859	773,230,611	773,927,656	749,911,389	751,942,511	759,035,500	755,303,484
Town of Denton	123,833,632	125,563,340	119,736,702	123,396,626	117,688,245	117,615,820	116,439,524	117,874,584	114,632,407	113,585,395
City of High Point	437,712,161	428,524,528	447,912,474	449,696,165	425,268,619	413,762,953	409,138,859	405,298,123	405,727,368	40,516,058
Town of Wallburg	269,825,320	266,496,780	267,107,600	257,510,607	245,439,840	239,976,700	246,426,080	249,863,520	246,490,980	239,477,600
Town of Midway	368,133,720	363,781,840	351,873,300	361,575,547	344,521,320	340,756,920	341,185,220	329,544,760	327,011,120	318,684,420
Fire Protection Districts:										
Central	365,127,067	364,670,600	364,672,943	373,291,425	356,960,371	355,625,929	354,197,100	347,912,214	346,260,400	342,546,200
Pilot	351,831,306	347,315,882	329,829,776	338,024,345	326,796,306	324,510,894	324,601,176	352,563,753	356,487,859	351,866,894
Hasty	535,777,775	529,555,425	525,507,229	536,477,107	519,756,357	513,700,371	508,090,571	496,509,986	494,207,271	479,244,615
West Lexington	263,962,250	257,654,900	258,540,720	264,217,938	250,462,040	247,698,160	242,734,750	243,747,980	244,370,920	241,299,190
Wallburg	800,964,870	784,766,230	768,312,280	775,697,517	749,852,763	738,998,888	735,350,700	744,359,763	732,307,363	673,664,713
Holly Grove	289,842,738	287,223,400	280,665,588	286,271,486	273,833,650	273,026,725	274,369,675	273,476,238	276,519,900	271,544,000
North Lexington	207,218,291	203,238,373	204,070,927	209,259,497	201,437,591	198,694,291	196,519,718	192,939,864	194,155,345	196,009,618
Welcome	539,687,300	544,187,900	521,800,530	534,173,466	510,816,790	503,931,220	493,415,430	486,896,450	484,822,890	474,940,238
Reeds	491,057,425	483,730,350	483,364,150	496,052,283	471,817,575	462,550,325	470,628,225	453,950,875	493,419,325	447,402,275
Tyro	428,230,123	419,757,738	416,728,938	423,107,162	391,710,500	404,373,450	396,789,138	402,760,913	394,994,875	379,545,063
Linwood	335,197,941	333,268,412	327,640,059	326,167,791	318,905,680	319,234,533	298,656,427	303,999,253	305,953,947	295,138,350
Churchland	268,698,357	264,907,900	264,800,214	269,204,478	253,605,586	248,386,971	245,488,343	231,714,814	233,403,514	226,844,457
Arcadia - Reedy Creek - Hampton	982,069,975	970,328,175	955,146,963	970,257,096	934,399,200	921,676,300	910,201,613	931,328,850	906,152,638	883,832,775
Healing Springs	323,001,233	318,304,589	321,200,378	326,283,414	320,755,956	318,687,456	315,181,767	327,104,044	314,755,143	298,608,871
Southmont	826,755,188	818,630,541	790,498,106	801,462,631	781,667,729	773,318,059	767,148,376	780,622,706	769,648,788	754,652,800
Fairgrove	432,795,688	427,165,013	422,249,450	430,049,187	415,204,800	409,622,387	410,337,817	400,471,167	402,986,883	407,130,545
South Lexington	243,805,518	241,924,355	190,946,091	205,347,722	188,468,600	187,256,100	187,228,109	179,402,182	201,630,964	188,129,018
Silver Valley	385,758,718	382,596,300	372,798,818	379,019,868	358,643,282	358,041,082	356,209,473	356,273,891	351,100,527	347,660,791
Midway	889,242,953	865,985,283	875,267,840	887,087,782	851,930,200	850,736,980	835,903,950	825,496,830	816,695,080	808,735,050
Gumtree	139,215,200	137,034,740	137,403,470	139,229,328	134,404,871	135,596,165	130,897,882	121,944,282	124,643,459	119,693,400
South Emmons	126,105,500	125,520,800	122,565,233	124,455,412	120,678,440	121,445,840	119,643,580	120,967,140	123,567,640	119,038,240
South Davidson	116,927,960	117,298,360	107,769,840	110,438,096	105,120,620	104,516,700	103,562,980	103,329,050	101,752,810	99,722,040
Horneytown	133,457,364	128,269,509	126,878,155	125,937,244	122,327,410	121,228,920	119,410,440	119,136,710	118,345,310	108,324,730
Griffith	304,758,063	293,384,575	286,821,388	290,192,158	276,750,450	269,479,375	265,095,663	246,154,450	237,858,425	207,695,988
Clemmons	115,444,767	109,352,300	100,312,860	98,636,360	92,097,600	90,971,960	90,460,020	78,820,120	78,153,500	73,894,780
Badin	77,113,345	77,366,855	63,234,217	64,326,069	63,280,767	61,822,133	60,953,283	54,340,017	52,209,250	50,396,050

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

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

Table 6

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

Year Ended June 30,	Population (1)	Assessed Value (000,000's)	Bonded Debt (000's)	Ratio of Bonded Debt to Assessed Value	Bonded Debt Per Capita
2008	156,530	$ 12,488	$ 53,000	0.42%	339
2009	159,865	12,868	80,780	0.63%	505
2010	159,947	12,931	76,425	0.59%	478
2011	162,878	12,948	72,105	0.56%	443
2012	162,697	13,090	67,825	0.52%	417
2013	163,683	13,228	63,585	0.48%	388
2014	163,770	13,729	59,380	0.43%	363
2015	164,454	13,519	55,210	0.41%	363
2016	164,622	13,579	46,780	0.35%	284
2017	164,926	13,767	43,010	0.31%	261

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
2008	999,080	75,661	923,419	7.57%
2009	1,029,426	111,594	917,831	10.84%
2010	1,034,495	110,481	924,014	10.68%
2011	1,035,828	118,779	917,049	11.47%
2012	1,047,237	111,898	935,339	10.69%
2013	1,058,274	105,688	952,586	9.99%
2014	1,098,282	98,934	999,348	9.01%
2015	1,081,435	91,107	990,328	8.42%
2016	1,086,317	122,211	964,106	11.25%
2017	1,101,341	113,718	987,623	10.33%

Legal Debt Margin Calculation for Fiscal Year 2017

Assessed value of taxable property		$ 13,766,758,593
Debt limit - eight percent (8%) of assessed value		$ 1,101,340,686
Amount of debt applicable to debt limit:		
Bonded debt	$ 43,010,000	
Certificates of participation	5,965,000	
Limited Obligation Bonds	48,985,000	
Qualified School Construction Bonds	15,757,716	
Total amount of debt applicable to legal debt limit		113,717,716
Legal debt margin		$ 987,622,970

DAVIDSON COUNTY, NORTH CAROLINA

Table 8

COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2017

	Net Debt Outstanding	Percentage Applicable to Davidson County	Amount Applicable to Davidson County
Davidson County	$ 113,717,716	100%	$ 113,717,716
Total direct debt	113,717,716		113,717,716
Town of Midway	65,801	100%	190,801
City of Thomasville	53,333	100%	160,000
City of Lexington	5,663,686	100%	5,663,686
Total overlapping debt	5,729,487		5,854,487
Total direct and overlapping debt	$ 119,447,203		$ 119,572,203

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

Table 9

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

Year	Principal	Interest and Fiscal Charges	Total Debt Service	General Government Expenditures	Ratio (1)
2008	$ 1,595,000	$ 363,850	$ 1,958,850	$ 158,093,433	1.24%
2009	2,880,000	2,256,800	5,136,800	157,142,431	3.27%
2010	5,965,600	4,197,129	10,162,729	138,724,978	7.33%
2011	6,294,065	4,154,425	10,448,490	140,361,367	7.44%
2012	6,329,065	4,493,390	10,822,455	148,568,706	7.28%
2013	6,136,115	4,070,085	10,206,200	134,679,178	7.58%
2014	6,163,465	3,852,226	10,015,691	135,403,289	7.40%
2015	7,218,465	3,642,924	10,861,389	149,450,491	7.27%
2016	6,193,465	4,041,731	10,235,196	158,662,908	6.45%
2017	7,933,465	4,881,757	12,815,222	173,078,695	7.40%

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

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

Year Ended June 30,	Population (1)	Personal Income (thousands of dollars)(1)	Per Capita Income (1)	Public School Enrollment (1)	Unemployment Rate (2)
2008	156,530	4,502,585	28,765	26,239	6.7%
2009	159,865	3,593,286	22,477	26,200	12.5%
2010	159,947	3,540,907	22,138	25,953	12.1%
2011	162,878	3,590,157	22,042	25,524	11.3%
2012	162,697	3,622,937	22,268	25,519	10.6%
2013	163,683	3,502,653	21,399	25,555	9.8%
2014	163,770	3,567,402	21,783	25,231	6.7%
2015	164,454	3,582,301	21,783	25,141	5.9%
2016	164,622	3,585,961	21,783	24,549	4.9%
2017	164,926	3,920,456	23,771	24,246	4.1%

Sources:

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

(2) Employment Security Commission

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

Table 11

	Fiscal Year									
Expenses	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
General government	$ 11,099,650	$ 10,590,021	$ 10,867,828	$ 10,045,788	$ 10,417,389	$ 11,601,662	$ 11,816,668	$ 12,562,051	$ 12,723,736	$ 12,865,686
Human Services	34,742,655	31,577,050	29,065,775	28,866,973	29,293,613	29,811,107	30,605,201	30,715,679	32,549,001	32,463,815
Public Safety	30,182,148	30,422,383	30,806,090	31,010,651	33,269,734	32,297,095	33,180,756	32,104,612	34,748,009	36,618,677
Environmental protection	1,837,069	1,698,515	1,760,905	1,726,887	1,655,611	1,468,508	1,427,514	1,289,409	1,455,850	1,593,432
Economic and physical development	4,040,692	3,754,120	3,973,291	5,614,594	4,443,602	3,560,619	3,945,583	3,331,921	4,311,784	3,905,566
Culture and recreation	3,538,489	3,480,617	4,212,050	3,789,100	3,819,300	4,040,662	4,533,019	3,814,191	4,197,177	5,258,102
Transportation	989,779	974,361	1,000,759	999,233	1,259,372	1,547,832	1,616,226	933,502	846,392	898,341
Education	66,755,742	65,639,516	45,943,736	46,591,652	53,670,822	40,842,201	38,622,558	40,468,138	56,368,424	67,942,556
Interest and fiscal charges	3,486,511	3,119,835	4,086,543	4,083,566	4,480,052	4,674,120	3,779,260	3,567,558	7,198,002	4,087,591
Total governmental activities expense	156,672,735	151,256,418	131,716,977	132,728,444	142,309,495	129,843,806	129,526,785	128,787,061	154,398,375	165,633,766
Business-type activities:										
Landfill	3,936,995	4,520,628	6,455,668	4,823,470	4,835,957	4,344,483	2,920,376	6,827,440	3,267,010	5,426,859
Sewer	369,895	389,144	1,218,918	1,184,169	1,187,092	1,290,728	1,202,660	1,126,483	1,450,796	1,233,717
Total business-type activities	4,306,890	4,909,772	7,674,586	6,007,639	6,023,049	5,635,211	4,123,036	7,953,923	4,717,806	6,660,576
Total primary governmental expenses	$ 160,979,625	$ 156,166,190	$ 139,391,563	$ 138,736,083	$ 148,332,544	$ 135,479,017	$ 133,649,821	$ 136,740,984	$ 159,116,181	$ 172,294,342
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 1,719,113	$ 1,237,892	$ 1,445,391	$ 1,352,649	$ 1,267,587	$ 1,243,862	$ 1,310,018	$ 1,453,612	$ 1,547,032	$ 1,659,209
Human services	826,455	836,737	785,087	836,868	657,926	571,525	538,060	543,002	624,828	588,531
Public safety	4,657,416	5,792,104	5,541,529	5,611,966	6,468,111	5,282,995	5,967,552	5,417,271	6,410,928	6,887,828
Culture and recreation	171,709	250,513	246,687	203,182	232,024	273,406	198,135	191,837	184,527	227,897
Other activities	619,258	911,875	477,911	575,590	725,388	1,697,266	1,021,421	640,920	1,232,263	927,832
Operating grants and contributions	23,312,408	24,990,993	25,134,600	24,375,540	25,119,643	25,235,796	24,096,069	26,955,897	26,376,734	26,614,948
Capital grants and contributions	284,869	2,387,802	2,316,754	2,255,619	110,778	-	6,432,288	-	1,460,682	500,092
Total governmental activities program revenue	31,591,228	36,407,916	35,947,959	35,211,414	34,581,457	34,304,850	39,563,543	35,202,539	37,836,994	37,406,337
Business-type activities										
Charges for services:										
Landfill	4,229,943	4,082,577	3,951,772	4,250,794	4,256,502	3,754,832	3,992,416	4,120,887	4,159,049	4,452,466
Sewer	124,188	176,861	234,286	290,018	325,704	355,319	446,165	477,487	543,388	613,849
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	4,354,131	4,259,438	4,186,058	4,540,812	4,582,206	4,110,151	4,438,581	4,598,374	4,702,437	5,066,315
Total primary governmental program revenues	$ 35,945,359	$ 40,667,354	$ 40,134,017	$ 39,752,226	$ 39,163,663	$ 38,415,001	$ 44,002,124	$ 39,800,913	$ 42,539,431	$ 42,472,652
Net (expense)/revenue										
Governmental activities	$ (125,081,507)	$ (114,848,502)	$ (95,769,018)	$ (97,517,030)	$(107,728,038)	$ (95,538,956)	$ (89,963,242)	$ (93,584,522)	$ (116,561,381)	$ (128,227,429)
Business-type activities	47,241	(650,334)	(3,488,528)	(1,466,827)	(1,440,843)	(1,525,060)	315,545	(3,355,549)	(15,369)	(1,594,261)
Total primary governmental net expense	$ (125,034,266)	$ (115,498,836)	$ (99,257,546)	$ (98,983,857)	$(109,168,881)	$ (97,064,016)	$ (89,647,697)	$ (96,940,071)	$ (116,576,750)	$ (129,821,690)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 75,346,979	$ 77,530,749	$ 77,678,303	$ 78,319,729	$ 78,774,693	$ 80,193,327	$ 82,230,762	$ 82,927,734	$ 83,986,076	$ 85,133,095
Sales taxes	27,451,631	21,772,914	16,256,379	15,620,565	16,706,730	17,655,035	18,402,633	22,084,870	24,297,053	28,948,404
Other taxes	1,763,355	1,930,069	1,976,501	1,918,818	1,679,237	1,640,728	1,586,357	1,561,609	1,557,866	1,695,436
Investment earnings	3,641,846	1,303,577	599,323	443,548	314,058	270,151	316,229	307,954	419,838	512,871
Miscellaneous	429,467	429,587	465,271	1,929,082	2,571,249	1,359,476	2,328,908	1,282,400	998,267	978,148
Contributions of general capital assets	-	-	-	-	-	-	-	-	6,632,793	-
Transfers	(212,411)	(139,794)	(1,042,013)	(3,002,124)	(1,198,242)	(1,412,336)	(1,101,622)	(1,016,043)	(487,718)	(1,609,944)
Total governmental activities	108,420,867	102,827,102	95,933,764	95,229,618	98,847,725	99,706,381	103,763,267	107,148,524	117,404,175	115,658,010
Business-type activities:										
Other taxes	250,061	259,029	291,769	331,070	329,205	329,416	334,919	353,211	345,643	350,099
Investment earnings	441,134	176,328	65,616	49,723	31,539	26,870	35,600	44,091	50,592	72,878
Other	42,741	8,345	183,412	148,168	-	-	-	-	-	104,765
Contributions of general capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	212,411	139,794	1,042,013	3,002,124	1,198,242	1,412,336	1,101,622	1,016,043	487,718	1,609,944
Total business-type activities	946,347	583,496	1,582,810	3,531,085	1,558,986	1,768,622	1,472,141	1,413,345	883,953	2,137,686
Total primary government	$ 109,367,214	$ 103,410,598	$ 97,516,574	$ 98,760,703	$ 100,406,711	$ 101,475,003	$ 105,235,408	$ 108,561,869	$ 118,288,128	$ 117,795,696
Change in Net Position										
Governmental activities	$ (16,660,640)	$ (12,021,400)	$ 164,746	$ (2,287,412)	$ (8,880,313)	$ 4,167,425	$ 13,800,025	$ 13,564,002	$ 842,794	$ (12,569,419)
Business-type activities	993,588	(66,838)	(1,905,718)	2,064,258	118,143	243,562	1,787,686	(1,942,204)	868,584	543,425
Total primary government	$ (15,667,052)	$ (12,088,238)	$ (1,740,972)	$ (223,154)	$ (8,762,170)	$ 4,410,987	$ 15,587,711	$ 11,621,798	$ 1,711,378	$ (12,025,994)

Table 12

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved	$ 12,045,020	$ 11,708,044	$ 12,699,217	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	35,181,660	38,839,394	41,040,720	-	-	-	-	-	-	-
Nonspendable	-	-	-	1,816,031	1,766,306	1,671,149	1,572,352	1,469,723	1,363,064	1,252,163
Restricted	-	-	-	14,334,997	13,543,115	13,613,571	16,864,563	27,611,649	20,928,380	22,058,268
Committed	-	-	-	75,997	79,000	79,000	79,000	79,000	375,340	375,340
Assigned	-	-	-	3,029,478	2,937,952	2,938,423	3,090,362	2,700,105	2,740,602	3,054,098
Unassigned	-	-	-	32,425,675	33,955,171	35,638,723	34,131,198	27,141,583	39,451,906	44,325,243
Total General Fund	$ 47,226,680	$ 50,547,438	$ 53,739,937	$ 51,682,178	$ 52,281,544	$ 53,940,866	$ 55,737,475	$ 59,002,060	$ 64,859,292	$ 71,065,112
All other governmental funds										
Reserved	$ 235,997	$ 257,919	$ 97,005	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	23,207,524	31,391,030	27,263,442	-	-	-	-	-	-	-
Capital projects funds	1,411,040	1,102,194	680,507	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	18,329,666	3,417,894	3,033,902	2,621,157	2,515,444	40,682,624	8,434,530
Committed	-	-	-	14,004,737	12,230,378	10,371,918	18,109,063	15,430,081	8,673,267	21,565,370
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	(6,390,336)	-	-
Total all other governmental funds	$ 24,854,561	$ 32,751,143	$ 28,040,954	$ 32,334,403	$ 15,648,272	$ 13,405,820	$ 20,730,220	$ 11,555,189	$ 49,355,891	$ 29,999,900

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

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

Table 13

	Fiscal Year									
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Governmental activities										
Net investment in capital assets	$ 23,307,122	$ 23,541,704	$ 25,424,830	$ 27,327,101	$ 28,990,559	$ 28,831,557	$ 29,836,571	$ 42,200,503	$ 42,032,142	$ 44,100,295
Restricted	14,989,076	192,196	254,896	32,664,663	16,961,009	16,647,473	15,603,971	26,646,082	18,975,711	21,718,561
Unrestricted	(12,568,065)	(10,027,167)	(11,808,247)	(48,407,697)	(43,247,814)	(38,757,681)	(24,919,168)	(38,788,323)	(29,771,353)	(49,015,655)
Total Governmental activities net position	$ 25,728,133	$ 13,706,733	$ 13,871,479	$ 11,584,067	$ 2,703,754	$ 6,721,349	$ 20,521,374	$ 30,058,262	$ 31,236,500	$ 16,803,201
Business-type activities										
Net investment in capital assets	$ 19,208,365	$ 12,118,884	$ 10,603,866	$ 10,016,688	$ 10,014,021	$ 9,829,830	$ 11,072,741	$ 9,643,520	$ 10,093,419	$ 8,940,176
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	(3,214,203)	3,808,440	3,417,740	6,069,176	6,189,986	6,617,739	7,162,514	6,570,204	6,988,889	8,685,557
Total business-type activities net position	$ 15,994,162	$ 15,927,324	$ 14,021,606	$ 16,085,864	$ 16,204,007	$ 16,447,569	$ 18,235,255	$ 16,213,724	$ 17,082,308	$ 17,625,733
Primary government										
Net investment in capital assets	$ 42,515,487	$ 35,660,588	$ 36,028,696	$ 37,343,789	$ 39,004,580	$ 38,661,387	$ 40,909,312	$ 51,844,023	$ 52,125,561	$ 53,040,471
Restricted	14,989,076	192,196	254,896	32,664,663	16,961,009	16,647,473	15,603,971	26,646,082	18,975,711	21,718,561
Unrestricted	(15,782,268)	(6,218,727)	(8,390,507)	(42,338,521)	(37,057,828)	(32,139,942)	(17,756,654)	(32,218,119)	(22,782,464)	(40,330,098)
Total primary government net position	$ 41,722,295	$ 29,634,057	$ 27,893,085	$ 27,669,931	$ 18,907,761	$ 23,168,918	$ 38,756,629	$ 46,271,986	$ 48,318,808	$ 34,428,934

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

	Governmental Activities						Business-type activities					
Fiscal Year	General Obligation Bonds	Qualified Zone Academy Bonds	Qualified School Construction Bonds	Installment Purchases	Limited Obligation Bonds	Certificates of Participation	General Obligation Bonds	Limited Obligation Bonds	Installment Purchases	Total Primary Government	Percentage of Personal Income	Per Capita
2008	$ 53,000,000	$ 1,030,000	$ -	$ 895,050	$ -	$ 20,525,000	$ -	$ -	$ -	75,450,050	1.68%	482
2009	79,720,000	1,030,000	-	684,450	-	19,100,000	1,060,000	-	10,000,000	111,594,450	2.48%	698
2010	75,415,000	1,030,000	5,076,971	473,850	-	17,650,000	1,010,000	-	9,825,172	110,480,993	3.12%	691
2011	71,145,000	1,030,000	17,788,506	263,250	4,915,000	11,210,000	960,000	2,000,000	9,467,932	118,779,688	3.31%	729
2012	66,915,000	1,030,000	17,450,041	52,650	4,255,000	10,320,000	910,000	1,870,000	9,095,201	111,897,892	3.24%	688
2013	62,725,000	1,030,000	17,111,576	-	3,590,000	9,930,000	860,000	1,735,000	8,706,307	105,687,883	3.02%	646
2014	58,570,000	1,030,000	16,773,112	-	2,910,000	8,940,000	810,000	1,600,000	8,300,547	98,933,659	2.77%	604
2015	54,450,000	-	16,434,646	-	2,215,000	7,905,000	760,000	1,465,000	7,877,193	91,106,839	2.54%	554
2016	46,105,000	-	16,096,181	-	44,955,000	6,925,000	675,000	7,455,000	-	122,211,181	3.41%	742
2017	42,385,000	-	15,757,716	7,000,000	42,040,000	5,965,000	625,000	6,945,000	-	120,717,716	3.24%	732

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

	2017		2008	
Employer	**Employees**	**Percentage of Total County Employment**	**Employees**	**Percentage of Total County Employment**
Davidson County Schools	1000+	3.00%	1000+	3.00%
Bradley Personnel Inc.	1000+	1.00%		
Atrium Windows and Doors	500-999	1.00%	1000+	1.00%
County of Davidson	500-999	1.00%	500-999	1.00%
Old Dominion Freight Line	500-999	1.00%	500-999	1.00%
Wal-mart Associates, Inc.	500-999	1.00%	500-999	1.00%
Wake Forest Baptist Medical	500-999	1.00%	500-999	1.00%
Food Lion	500-999	1.00%		
Davidson County Community College	500-999	1.00%	500-999	1.00%
PPG Industries			500-999	1.00%
Jeld-Wen			500-999	1.00%
Thomasville City Schools			500-999	1.00%
Total County Employment	80,454		79,926	

Source: Principal employer data is from the NC Department of Commerce, labor market information. Total County employment is from the NC Department of Commerce civilian labor force estimates.

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

Table 16

Taxpayer	2017 Assessed Valuation	2017 Percentage of Total Assessed Valuation	2008 Assessed Valuation	2008 Percentage of Total Assessed Valuation
Halyard North Carolina	$ 104,897,175	0.76%	$ 92,429,254	0.74%
Duke Energy	100,178,000	0.73%	72,304,545	0.58%
PPG Industries, Inc.	79,765,572	0.58%	69,635,582	0.56%
Unilin Flooring NC LLC	74,904,615	0.54%	52,748,245	0.42%
Energy United	68,963,498	0.50%	-	-
Alcoa Power Generating	55,369,071	0.40%	37,950,981	0.30%
Norfolk Southern	44,575,633	0.32%	-	-
Windstream	42,008,695	0.31%	-	-
Old Dominion Freight Lines	41,881,732	0.30%	-	-
Walmart Stores East LP	38,799,953	0.28%	-	-
Owens-Brockway	-	-	32,715,642	0.26%
RCR Enterprises, LLC	-	-	31,748,491	0.25%
TFI Industries	-	-	26,408,817	0.21%
Jeld-wen Inc.	-	-	23,431,892	0.19%
North State Telephone	-	-	21,508,673	0.17%
	$ 651,343,944		$ 460,882,122	

Source - Davidson County Tax Department

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

	Full-time Equivalent Employees As of June 30									
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Function										
General government	117	115	114	115	109	110	110	111	111	111
Human Services	320	332	321	311	309	311	315	315	324	328
Public Safety	367	372	357	351	355	356	359	371	381	404
Environmental protection	27	27	26	26	25	21	21	20	21	21
Economic and physical development	41	39	41	38	38	39	38	37	36	36
Culture and recreation	71	70	73	74	74	74	75	73	73	73
Transportation	18	18	15	14	17	17	16	16	10	10
Landfill	32	32	33	34	34	28	17	15	15	15
Sewer	2	2	2	2	2	2	1	-	-	-
Garage	4	4	4	5	4	5	7	7	6	6
Total	999	1,011	986	970	967	963	959	965	977	1,004

Source: Davidson County Budget Office.

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

	Fiscal Year As of June 30									
Function	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Human Services (1):										
Public health occupied square footage	21,572	21,572	21,572	34,060	34,060	34,060	34,060	34,060	34,060	34,060
Social services occupied square footage	45,511	45,511	45,511	54,221	54,221	55,869	57,615	57,615	54,221	58,746
Public Safety (1):										
Number of Emergency medical stations	5	6	6	6	7	7	8	8	8	8
Number of volunteer fire stations	23	23	23	23	30	30	30	30	30	30
Culture & recreation (1):										
Number of libraries	5	5	5	5	5	5	5	5	5	5
Education (2):										
Number of schools	42	42	43	43	46	46	46	46	46	46

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

Table 19

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

Function	Fiscal Year As of June 30									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government (1):										
Number of tax bills per 1000 parcels	2,722	2,696	2,640	2,651	2,651	3,134	2,900	1,077	1,082	1,086
Registered motor vehicles per 1000 population	969	963	923	929	929	897	1,023	1,049	1,060	1,583
Human services (1):										
Children in Social Services custody	113	219	192	182	194	192	191	209	218	254
Active child support cases	5,625	5,789	6,009	6,132	5,310	6,361	6,229	6,026	6,260	6,127
Public Safety (1):										
Number of EMS calls dispatched	12,486	13,317	12,433	15,848	20,436	23,778	23,634	23,373	23,056	23,508
Number of emergency medical technicians	104	105	104	104	99	111	117	117	126	126
Building permits issued	7,458	4,789	4,740	4,776	4,640	4,391	4,883	6,173	7,041	7,431
Number of firemen	1,600	1,100	1,071	1,071	1,071	1,070	1,070	1,070	1,070	1,070
Number of fire inspections made	951	1,147	1,302	1,363	1,300	1,300	1,577	1,816	1,738	1,943
Economic and physical development (1):										
Number of individuals sponsored in WIA services	227	348	514	537	510	457	347	737	596	264
Education (2):										
Number of students	26,239	26,200	25,953	25,448	25,519	25,555	25,231	25,141	25,131	24,246
Number of teachers	1,956	1,900	1,828	1,879	1,779	1,755	2,385	2,385	2,332	2,203

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