Davidson County, North Carolina

Comprehensive Annual Financial Report

Year Ended June 30, 2018

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, 2018

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, 2018. 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. Electric Glass Fiber America LLC (formerly known as PPG Industries) is the producer of fiberglass products. Halyard North Carolina (formerly Kimberly-Clark Corporation), manufacturer of consumer-goods products 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 3.9 % employment rate which is .3 % below the state rate and .2% less than the County's rate in 2017.

The County experienced an increase of 1.28% in its tax base. With property tax being the major revenue source over which the County has control, a continued emphasis is being placed on economic development. The County's character and charm which has made it a natural choice for development in the past is no longer enough. Organizations such as Davidson County Economic Development Commission, Piedmont Triad Partnership, and local chambers of commerce will help ensure Davidson County's economic well-being by helping create and maintain employment opportunities, new capital investments, greater retail sales and a better quality of life.

Long-term financial planning. The County will continue its commitment to public schools by staying on course with the current plan to provide funding for roof and HVAC replacements as well as security needs. The County has completed extensive renovations and additions to existing schools and has constructed a new middle 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 Federal and State grants and loans have been committed for $15.2 million in site improvements. EGGER, headquartered in Austria and one of the world's leading wood-based materials suppliers for the furniture, wood construction and flooring industries, has started construction on its first U.S manufacturing plant at the I-85 Business Park. EGGER has promised a $700 million investment and 770 jobs. The ultramodern particleboard manufacturing plant is estimated to open in 2020. EGGER has already committed to its U.S presence through hiring 50 employees and officially kicking off its Apprentice Training Program with Davidson County Community College. The program is a key part of EGGER’s effort to develop a highly skilled workforce for its new facility, which will included 400 direct jobs over the next six years.

Another significant goal of Davidson County is to provide an upgraded emergency radio system that provides county-wide coverage. The County has partnered with the statewide VIPER system. The County is in the process of building 3 new VIPER towers which will allow all Davidson County first responders to communicate through their radios. This $7.2 million project will be funded by capital reserves and 911 surcharge revenues. The new system will replace a 40 year old analog system.

The County is in the process of designing a courthouse addition to provide additional space for the Clerk of Court, additional courtrooms, and judicial offices at an estimated cost of $17.3 million. Funding for this project will be from Limited Obligation Bonds.

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, 2018, 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, 2018. 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-one years (fiscal years ended 1987-2017). 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

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

DAVIDSON COUNTY, NORTH CAROLINA

Board of County Commissioners

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

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
Ricky Johnson	Veterans 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, 2017

Christopher P. Morrill

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, 2018, 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, 2018, 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.

Change in Accounting Principle

As discussed in Note VII to the financial statements, for the fiscal year ended June 30, 2018, Davidson County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 Changes in the Total OPEB Liability and Related Ratios, 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, 2018 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, 2018

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, 2018. 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 $21,247,356.
- As of the close of the current fiscal year, Davidson County's governmental funds reported combined ending fund balances of $102,199,462, after a net increase of $1,134,450. Approximately 31.41% of this total amount, or $34,901,104, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $50,252,240, or 37.8 % 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 $41,026,590. This is an increase of $6,597,656 over the prior year. The increase in net position is primarily due to the increase in net position of the Governmental Activities.
- The County maintained the following bond ratings:

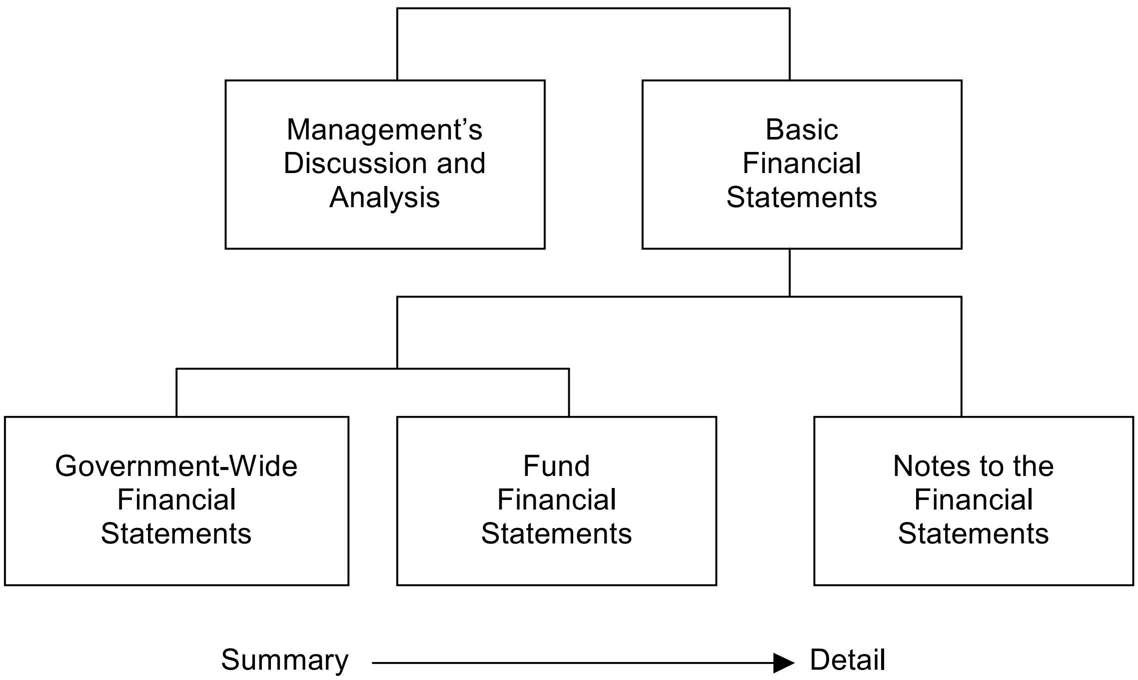
Moody's	Aa2
Standard & Poor's	AA

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Required Components of Annual Financial Report

Figure 1



BASIC FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Davidson County's progress in funding its obligation to provide pension benefits to its public safety employees. Required supplemental information can be found on pages 81 through 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 $41,026,590 as of June 30, 2018. As of June 30, 2017, the net position of Davidson County was restated at $25,109,147. The County's net position increased by $15,917,443 for the fiscal year ended June 30, 2018.

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, 2018 include outstanding general obligation debt of $38.9 million, outstanding qualified school construction bond debt of $15.4 million, and outstanding limited obligation bond debt of $32.9 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 $20,259,080 represents resources that are subject to external restrictions on how they are used. The remaining balance of ($35,627,551) 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	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Current and other assets	$ 115,419,125	$ 115,610,844	$ 21,680,973	$ 19,267,189	$ 137,100,098	$ 134,878,033
Capital assets	56,991,755	52,412,418	17,156,262	17,767,353	74,148,017	70,179,771
Construction in progress	-	-	-	-	-	-
Total assets	172,410,880	168,023,262	38,837,235	37,034,542	211,248,115	205,057,804
Deferred Outflows of Resources	7,234,367	10,683,457	49,519	83,594	7,283,886	-
Long-term liabilities outstanding	148,894,845	151,850,770	18,353,788	19,044,298	167,248,633	170,895,068
Other liabilities	5,597,583	7,009,620	735,320	445,151	6,332,903	7,454,771
Total liabilities	154,492,428	158,860,390	19,089,108	19,489,449	173,581,536	178,349,839
Deferred Inflows of Resources	3,905,463	3,043,128	18,412	2,954	3,923,875	-
Net position:						
Net investment in capital assets	47,386,211	44,100,295	9,008,850	8,940,176	56,395,061	53,040,471
Restricted	20,259,080	21,718,561	-	-	20,259,080	21,718,561
Unrestricted	(46,397,935)	(49,015,655)	10,770,384	8,685,557	(35,627,551)	(40,330,098)
Total net position	$ 21,247,356	$ 16,803,201	$ 19,779,234	$ 17,625,733	$ 41,026,590	$ 34,428,934

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 97.10%.
- Continued low cost of debt due to the County's high bond rating.
- Continued conservative spending initiatives through performance-based budgeting.

Davidson County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	$ 8,733,709	$ 10,291,297	$ 5,349,252	$ 5,066,315	$ 14,082,961	$ 15,357,612
Operating grants and contributions	20,804,373	26,614,948	-	-	20,804,373	26,614,948
Capital grants and contributions	3,485,556	500,092	-	-	3,485,556	500,092
General revenues:						
Property taxes	86,793,550	85,133,095	-	-	86,793,550	85,133,095
Other taxes	32,207,670	30,643,840	477,035	350,099	32,684,705	30,993,939
Other	2,959,275	1,491,019	338,597	177,643	3,297,872	1,668,662
Total revenues	154,984,133	154,674,291	6,164,884	5,594,057	161,149,017	160,268,348
Expenses:						
General government	8,206,672	12,865,686	-	-	8,206,672	12,865,686
Human services	26,624,427	32,463,815	-	-	26,624,427	32,463,815
Public safety	37,422,926	36,618,677	-	-	37,422,926	36,618,677
Environmental protection	1,259,949	1,593,432	-	-	1,259,949	1,593,432
Economic and physical development	8,804,661	3,905,566	-	-	8,804,661	3,905,566
Culture and recreation	4,465,349	5,258,102	-	-	4,465,349	5,258,102
Transportation	941,313	898,341	-	-	941,313	898,341
Education	48,892,280	67,942,556	-	-	48,892,280	67,942,556
Interest on long-term debt	3,930,486	4,087,591	-	-	3,930,486	4,087,591
Landfill	-	-	3,441,763	5,426,859	3,441,763	5,426,859
Sewer	-	-	1,241,748	1,233,717	1,241,748	1,233,717
Total expenses	140,548,063	165,633,766	4,683,511	6,660,576	145,231,574	172,294,342
Increase in net position before contributions and transfers	14,436,070	(10,959,475)	1,481,373	(1,066,519)	15,917,443	(12,025,994)
Contributions and transfers	(891,032)	(1,609,944)	891,032	1,609,944	-	-
Increase (decrease) in net position	13,545,038	(12,569,419)	2,372,405	543,425	15,917,443	(12,025,994)
Net position, beginning, previously reported	16,803,201	31,236,500	17,625,733	17,082,308	34,428,934	48,318,808
Restatement	(9,100,883)	(1,863,880)	(218,904)	-	(9,319,787)	(1,863,880)
Net position, beginning, restated	7,702,318	29,372,620	17,406,829	17,082,308	25,109,147	46,454,928
Net position, ending	$ 21,247,356	$ 16,803,201	$ 19,779,234	$ 17,625,733	$ 41,026,590	$ 34,428,934

Governmental activities. Of total net position, governmental activities accounted for $21,247,356 (52 percent). Operating and capital grants and contributions funded $24,289,929 of Davidson County's governmental activities. Operating grants decreased due to less funding received for human services programs. Capital grants increased due to one-time funding received in FY2018. Both sales tax and property taxes provided a large source of revenue. Sales tax increased due to an improved economy. Governmental activities increased the County's net position by $13,545,038 compared to a decrease of $12,569,419 in 2017. The key elements of the increase in 2018 were due to the reduction in school capital expenditures due to the completion of the new high school in 2017.

Business-type activities. Net position of Davidson County's business-type activities increased to $19,779,234. Net position increased by $2,372,405 in 2018 due to a decrease in landfill expenditures. Net position increased $543,425 in 2017.

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 $102,199,462, an increase of $1,134,450 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 $63,510,172, while total fund balance for the General Fund reached $78,505,524. 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 47.77% of general fund expenditures and transfers to other funds, while total fund balance represents 59.05% 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 $6,861,462 due to the completion of school projects. Sources of income included interest earnings of $82,424 and transfers from the General Fund of $3,532,885. The Capital Projects Fund decreased by $1,455,547 due to the increase in I-85 Business Park expenditures.

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 $6,291,838. $723,527 of the increase can be attributed to additional grant revenue for the Social Services and Health departments. $4,209,722 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 $9,048,682. Unrestricted net position of the Sewer operation at the end of the year totaled $2,099,237.

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, 2018 amounts to $74,148,017 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment. The total increase in Davidson County's investment in capital assets for the current fiscal year was 5.7 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, a Community Development Block Grant loan, and other state and federal grants. The new Oak Grove High School was constructed during 2017 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	
	2018	2017	2018	2017	2018	2017
Land and Improvements	$ 16,833,357	$ 11,562,882	$ 863,794	$ 863,794	$ 17,697,151	$ 12,426,676
Buildings	58,083,440	57,468,944	794,528	794,528	58,877,968	58,263,472
Furniture and equipment	12,894,611	12,716,733	7,853,302	7,765,368	20,747,913	20,482,101
Vehicles	9,989,298	9,602,990	668,004	848,404	10,657,302	10,451,394
Sew er line	-	-	16,850,903	16,850,903	16,850,903	16,850,903
Landfill cell construction	-	-	18,359,080	18,359,080	18,359,080	18,359,080
Improvements to landfill	-	-	2,443,350	2,443,350	2,443,350	2,443,350
Construction in progress	-	-	871,096	40,595	871,096	40,595
Subtotal	97,800,706	91,351,549	48,704,057	47,966,022	146,504,763	139,317,571
Less accumulated depreciation	40,808,951	38,939,131	31,547,795	30,198,669	72,356,746	69,137,800
Total	$ 56,991,755	$ 52,412,418	$ 17,156,262	$ 17,767,353	$ 74,148,017	$ 70,179,771

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 $39,420,000, 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 $1,003,013,117. 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 9.97.

The County's general obligation debt per capita is $237.27 as of June 30, 2018 while the County's gross debt per capita is $676.55 due to $72,979,251 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 $8,318,465.

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 3.9 percent, which .2 percent less than last year's rate. This rate is .3 percent below the state's average unemployment rate of 4.2 percent.
- Inflationary trends in the region compare favorably to national indices.
- Population of 166,137 has grown 3.9 percent from 2008 to 2018.

All of these factors were considered in preparing Davidson County's budget for Fiscal Year 2018-2019.

BUDGET HIGHLIGHTS FOR FISCAL YEAR 2018-2019

Governmental activities. Minimal growth of 1.0 percent in property tax revenue is anticipated over FY2018. An increase in the Sales tax revenues of 4.3 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 decrease by a net amount of 2.7 percent from FY2018. The largest decreases were due to the transfer of the processing of child day care public assistance to the state.

Business-type activities. Budgeted expenditures for the Landfill Fund will increase by $346,285. This is attributable to a cost of living increase for employees and increased costs for employee benefits and operating expenses.

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, 2018

Exhibit 1

	Primary Government			Component Unit
ASSETS	Governmental Activities	Business-Type Activities	Total	Davidson County Airport Authority
Cash and cash equivalents	$ 81,196,525	$ 20,594,759	$ 101,791,284	$ 349,007
Taxes receivable, net	1,196,187	-	1,196,187	-
Accounts receivable, net	1,934,958	957,755	2,892,713	-
Due from other governments	15,770,851	128,459	15,899,310	143,988
Inventory, at cost	38,471	-	38,471	-
Restricted cash and cash equivalents	13,879,159	-	13,879,159	-
Long-term note receivable	325,000	-	325,000	-
Long-term advance to component unit	811,798	-	811,798	-
Net pension asset	266,176	-	266,176	-
Capital assets				
Land and construction in progress	16,833,357	1,734,890	18,568,247	5,980,618
Other capital assets, net of accumulated				-
depreciation	40,158,398	15,421,372	55,579,770	5,222,276
Total capital assets	56,991,755	17,156,262	74,148,017	11,202,894
Total Assets	172,410,880	38,837,235	211,248,115	11,695,889
DEFERRED OUTFLOWS OF RESOURCES	7,234,367	49,519	7,283,886	-
LIABILITIES				
Liabilities:				
Accounts payable and accrued liabilities	5,254,533	735,320	5,989,853	132,719
Due to primary government	-	-	-	-
Accrued interest payable	343,050	-	343,050	-
Long-term liabilities:				
Due within one year	9,348,465	620,000	9,968,465	95,064
Due in more than one year	139,546,380	17,733,788	157,280,168	716,734
Total long-term liabilities	148,894,845	18,353,788	167,248,633	811,798
Total liabilities	154,492,428	19,089,108	173,581,536	944,517
DEFERRED INFLOWS OF RESOURCES	3,905,463	18,412	3,923,875	-
Net Position:				
Net investment in capital assets	47,386,211	9,008,850	56,395,061	10,391,096
Restricted for:				
Stablization by State Statute	13,954,339	-	13,954,339	-
Register of Deeds	477,283	-	477,283	-
Register of Deeds' pension plan	294,934	-	294,934	-
Public safety	2,405,589	-	2,405,589	-
Transportation	386,294	-	386,294	-
Human Services	2,740,641	-	2,740,641	-
Unrestricted	(46,397,935)	10,770,384	(35,627,551)	360,276
Total net position	$ 21,247,356	$ 19,779,234	$ 41,026,590	$ 10,751,372

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA **Exhibit 2**
STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

		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	$ 8,206,672	$ 1,618,873	$ -	$ -	$ (6,587,799)	$ -	$ (6,587,799)	$ -
Human services	26,624,427	639,725	14,872,149	-	(11,112,553)	-	(11,112,553)	-
Public safety	37,422,926	6,107,539	2,256,765	-	(29,058,622)	-	(29,058,622)	-
Environmental protection	1,259,949	-	26,550	-	(1,233,399)	-	(1,233,399)	-
Economic and physical development	8,804,661	106,713	1,022,478	3,485,556	(4,189,914)	-	(4,189,914)	-
Culture and recreation	4,465,349	203,952	238,323	-	(4,023,074)	-	(4,023,074)	-
Transportation	941,313	56,907	738,648	-	(145,758)	-	(145,758)	-
Intergovernmental:								
Education	48,892,280	-	-	-	(48,892,280)	-	(48,892,280)	-
Debt service:								
Interest and fiscal charges	3,930,486	-	1,649,460	-	(2,281,026)	-	(2,281,026)	-
Total governmental activities	140,548,063	8,733,709	20,804,373	3,485,556	(107,524,425)	-	(107,524,425)	-
Business-type activities:								
Landfill	3,441,763	4,691,387	-	-	-	1,249,624	1,249,624	-
Sewer	1,241,748	657,865	-	-	-	(583,883)	(583,883)	-
Total business-type activities	4,683,511	5,349,252	-	-	-	665,741	665,741	-
Total primary government	145,231,574	14,082,961	20,804,373	3,485,556	(107,524,425)	665,741	(106,858,684)	-
Component units:								
Airport	1,260,132	508,451	1,016,956	-	-	-	-	265,275
Total component units	1,260,132	508,451	1,016,956	-	-	-	-	265,275
General revenues:								
Taxes:								
Property taxes, levied for general purposes					86,793,550	-	86,793,550	-
Sales tax					30,179,230	-	30,179,230	-
Other taxes					2,028,440	477,035	2,505,475	-
Interest earnings					1,063,803	185,910	1,249,713	-
Other					1,895,472	152,687	2,048,159	-
Total General Revenues excluding transfers and special items					121,960,495	815,632	122,776,127	
					-	-	-	
Transfers					(891,032)	891,032	-	-
Total general revenues and transfers					121,069,463	1,706,664	122,776,127	-
Change in net position					13,545,038	2,372,405	15,917,443	265,275
Net position - beginning, previously reported					16,803,201	17,625,733	34,428,934	10,486,097
Restatement					(9,100,883)	(218,904)	(9,319,787)	-
Net position - beginning, restated					7,702,318	17,406,829	25,109,147	10,486,097
Net position, ending					$ 21,247,356	$ 19,779,234	$ 41,026,590	$ 10,751,372

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2018

	Major Funds			Other	Total
ASSETS	General Fund	School Capital Outlay Fund	Capital Projects Fund	Governmental Funds	Governmental Funds
Cash and cash equivalents	$ 60,410,299	$ 6,992,580	$ 606,932	$ 9,116,007	$ 77,125,818
Taxes receivable, net	908,038	-	-	288,149	1,196,187
Accounts receivable, net	1,934,958	-	-	-	1,934,958
Due from other governments	12,728,257	-	2,817,873	95,785	15,641,915
Due from component unit	-	-	-	-	-
Restricted cash and cash equivalents	6,251,842	-	7,627,317	-	13,879,159
Long tern note receivable	325,000	-	-	-	325,000
Long-term advance to component unit	811,798	-	-	-	811,798
Total Assets	$ 83,370,192	$ 6,992,580	$ 11,052,122	$ 9,499,941	$ 110,914,835
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	$ 3,151,969	$ 462,652	$ 506,188	$ 137,856	$ 4,258,665
Due to other funds	-	-	-	-	-
Total liabilities	3,151,969	462,652	506,188	137,856	4,258,665
DEFERRED INFLOWS OF RESOURCES	1,712,699	-	2,455,860	288,149	4,456,708
Fund balances:					
Nonspendable:					
Long term note receivable	325,000	-	-	-	325,000
Long-term advance to component unit	811,798	-	-	-	811,798
Restricted:					
Stabilization by State Statute	13,858,554	-	-	95,785	13,954,339
Register of deeds	477,283	-	-	-	477,283
Fire protection	-	-	-	1,098,028	1,098,028
Transportation	-	-	-	386,294	386,294
School capital	-	-	-	-	-
Public safety	439,319	-	-	868,242	1,307,561
Health	2,740,641	-	-	-	2,740,641
Culture and recreation	-	-	2,455,860	-	2,455,860
Economic and physical development	-	-	5,171,457	-	5,171,457
Debt service	6,172,843	-	-	-	6,172,843
Committed:					
Tax revaluation	79,000	-	-	-	79,000
LEO Special Separation Allowance	296,340	-	-	-	296,340
School capital	-	6,529,928	-	-	6,529,928
Capital projects funds	-	-	462,757	6,625,587	7,088,344
Assigned, for subsequent year's expenditures	3,052,506	-	-	-	3,052,506
Unassigned	50,252,240	-	-	-	50,252,240
Total fund balances	78,505,524	6,529,928	8,090,074	9,073,936	102,199,462
Total liabilities, deferred inflows of resources, and fund balances	$ 83,370,192	$ 6,992,580	$ 11,052,122	$ 9,499,941	

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.	56,831,861
Net pension asset	266,176
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position	2,824,671
Net pension liability	(8,345,825)
Total pension liability	(3,510,164)
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	275,993
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	86,613
Deferred inflows of resources for taxes and other receivables	2,000,848
Pension related deferrals	3,420,662
OPEB related deferrals	(823,175)
An internal service fund is used by management to charge the costs of fleet management and health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	3,391,915
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	(118,772,741)
Compensated absences	(2,078,945)
Total OPEB liability	(16,176,945)
Accrued interest payable	(343,050)
Net position of governmental activities	$ 21,247,356

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, 2018

	Major Funds			Other	Total
	General Fund	School Capital Outlay Fund	Capital Projects Fund	Governmental Funds	Governmental Funds
Revenues:					
Taxes	$ 108,047,453	$ -	$ -	$ 11,106,283	$ 119,153,736
Licenses and permits	1,989,475	-	-	-	1,989,475
Intergovernmental	20,284,040	-	3,485,556	738,648	24,508,244
Charges for services	7,582,469	-	-	56,907	7,639,376
Interest on investments	974,685	82,424	-	6,694	1,063,803
Miscellaneous	866,319	-	412,082	-	1,278,401
Total revenues	139,744,441	82,424	3,897,638	11,908,532	155,633,035
Expenditures:					
Current:					
General government	12,782,241	-	-	-	12,782,241
Human services	26,588,059	-	-	-	26,588,059
Public safety	28,060,704	-	-	9,102,339	37,163,043
Environmental protection	1,351,529	-	-	-	1,351,529
Economic and physical development	3,431,508	-	-	-	3,431,508
Culture and recreation	4,309,250	-	-	-	4,309,250
Transportation	-	-	-	1,050,950	1,050,950
Intergovernmental:					
Education	36,407,384	10,939,423	-	1,545,473	48,892,280
Capital outlay	-	-	5,569,820	-	5,569,820
Debt service:					
Principal	7,743,465	-	-	-	7,743,465
Interest and fiscal charges	4,725,408	-	-	-	4,725,408
Total expenditures	125,399,548	10,939,423	5,569,820	11,698,762	153,607,553
Excess (deficiency) of revenues over expenditures	14,344,893	(10,856,999)	(1,672,182)	209,770	2,025,482
Other financing sources (uses):					
Transfers from other funds	634,720	3,532,885	216,635	3,115,284	7,499,524
Transfers to other funds	(7,539,201)	-	-	(851,355)	(8,390,556)
Total other financing sources (uses)	(6,904,481)	3,532,885	216,635	2,263,929	(891,032)
Net change in fund balances	7,440,412	(7,324,114)	(1,455,547)	2,473,699	1,134,450
Fund balances at beginning of year	71,065,112	13,854,042	9,545,621	6,600,237	101,065,012
Fund balances at end of year	$ 78,505,524	$ 6,529,928	$ 8,090,074	$ 9,073,936	$ 102,199,462

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, 2018

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	$ 1,134,450
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.	4,595,961
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.	8,538,387
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	2,824,671
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	86,613
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position	275,993
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.	(3,910,056)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(648,902)
Internal service funds are used by management to charge the costs of fleet management and health insurance to individual funds. The net income of the internal service funds are reported with governmental activities.	647,921
Changes in net position of governmental activities	$ 13,545,038

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2018

Exhibit 5

	Budgeted Amounts		Actual	Variance With Final Positive
	Original	Final	Amounts	(Negative)
Revenues:				
Taxes	$ 99,661,242	$ 99,992,742	$ 108,047,453	$ 8,054,711
Licenses and permits	1,416,000	1,416,000	1,989,475	573,475
Intergovernmental	25,435,124	26,934,980	20,284,040	(6,650,940)
Charges for services	7,485,111	7,611,257	7,582,469	(28,788)
Interest on investments	275,000	275,000	974,685	699,685
Miscellaneous	771,894	857,008	866,319	9,311
Total revenues	135,044,371	137,086,987	139,744,441	2,657,454
Expenditures:				
Current:				
General government	13,027,005	13,938,550	12,782,241	1,156,309
Human services	33,819,413	34,722,443	26,588,059	8,134,384
Public safety	28,436,229	29,248,108	28,060,704	1,187,404
Environmental protection	1,386,451	1,457,648	1,351,529	106,119
Economic and physical development	2,710,445	3,708,361	3,431,508	276,853
Culture and recreation	4,364,273	4,455,544	4,309,250	146,294
Intergovernmental:				
Education	36,308,666	36,427,384	36,407,384	20,000
Debt service:				
Principal	9,846,864	8,771,864	7,743,465	1,028,399
Interest and fiscal charges	5,032,456	4,716,424	4,725,408	(8,984)
Total expenditures	134,931,802	137,446,326	125,399,548	12,046,778
Excess (deficiency) of revenues over expenditures	112,569	(359,339)	14,344,893	14,704,232
Other financing sources (uses):				
Transfers from other funds	595,220	634,720	634,720	-
Transfers to other funds	(3,761,887)	(7,539,201)	(7,539,201)	-
Total other financing sources (uses)	(3,166,667)	(6,904,481)	(6,904,481)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(3,054,098)	(7,263,820)	7,440,412	14,704,232
Fund balance appropriated	3,054,098	7,263,820	-	(7,263,820)
Net change in fund balance	$ -	$ -	7,440,412	$ 7,440,412
Fund balance at beginning of year			70,986,112	
Fund balance at end of year			$ 78,426,524	

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA

Exhibit 6

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2018

ASSETS	Major Fund Landfill	Major Fund Sewer	Total	Governmental Activities Internal Service
Current assets:				
Cash and investments	$ 18,913,943	$ 1,680,816	$ 20,594,759	$ 4,070,707
Accounts receivable, net	897,704	60,051	957,755	-
Due from other governments	128,459	-	128,459	128,936
Inventory, at cost	-	-	-	38,471
Restricted cash and cash equivalents	-	-	-	-
Total current assets	19,940,106	1,740,867	21,680,973	4,238,114
Noncurrent assets:				
Capital assets:				
Land and construction in progress	1,659,709	75,181	1,734,890	-
Other capital assets, net of depreciation	1,692,611	13,728,761	15,421,372	159,894
Total capital assets	3,352,320	13,803,942	17,156,262	159,894
Total noncurrent assets	3,352,320	13,803,942	17,156,262	159,894
Total Assets	23,292,426	15,544,809	38,837,235	4,398,008
DEFERRED OUTFLOWS OF RESOURCES	49,519	-	49,519	-
LIABILITIES				
Current liabilities:				
Current portion of accrued vacation benefits	25,000	-	25,000	-
Accounts payable and accrued liabilities	720,945	14,375	735,320	995,868
General obligation bonds payable	-	50,000	50,000	-
Limited obligation note payable	-	525,000	525,000	-
Total current liabilities	745,945	589,375	1,335,320	995,868
Noncurrent liabilities:				
Accrued landfill closure and postclosure costs	9,750,055	-	9,750,055	-
Total OPEB liability	330,141	-	330,141	-
Net pension liability	69,332	-	69,332	-
Accrued vacation benefits	27,058	4,790	31,848	10,225
General obligation bonds payable	-	525,000	525,000	-
Limited obligation note payable		5,895,000	5,895,000	-
Unamortized premium	-	1,152,412	1,152,412	-
Total noncurrent liabilities	10,176,586	7,577,202	17,753,788	10,225
Total liabilities	10,922,531	8,166,577	19,089,108	1,006,093
DEFERRED INFLOWS OF RESOURCES	18,412	-	18,412	-
NET POSITION				
Net investment in capital assets	3,352,320	5,278,995	8,631,315	159,894
Unrestricted	9,048,682	2,099,237	11,147,919	3,232,021
Total net position	$ 12,401,002	$ 7,378,232	$ 19,779,234	$ 3,391,915

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, 2018

Exhibit 7

	Major Fund Landfill	Major Fund Sewer	Total	Governmental Activities Internal Service
Operating revenues:				
Intergovernmental	$ 477,035	$ -	$ 477,035	$ -
Charges for sales and services	4,691,387	657,865	5,349,252	13,817,443
Miscellaneous	-	-	-	18,495
Total operating revenues	5,168,422	657,865	5,826,287	13,835,938
Operating expenses:				
Salaries and benefits	1,023,249	79,901	1,103,150	291,772
Operating	1,406,320	508,999	1,915,319	12,879,621
Depreciation	1,174,153	336,816	1,510,969	16,624
Closure and postclosure costs	(161,959)	-	(161,959)	-
Total operating expenses	3,441,763	925,716	4,367,479	13,188,017
Operating income (loss)	1,726,659	(267,851)	1,458,808	647,921
Nonoperating revenues(expenses):				
Gain on sale of capital assets	47,922	-	47,922	-
Amortization of premium	-	104,765	104,765	-
Interest earned	185,910	-	185,910	-
Interest expense	-	(316,032)	(316,032)	-
Total nonoperating revenues (expenses)	233,832	(211,267)	22,565	-
Income (loss) before transfers	1,960,491	(479,118)	1,481,373	647,921
Transfers:				
Transfers from other funds	-	891,032	891,032	-
Total transfers	-	891,032	891,032	-
Change in net position	1,960,491	411,914	2,372,405	647,921
Total net position, beginning	10,659,415	6,966,318	17,625,733	2,743,994
Restatement	(218,904)	-	(218,904)	-
Net position - beginning restated	10,440,511	6,966,318	17,406,829	2,743,994
Total net position, ending	$ 12,401,002	$ 7,378,232	$ 19,779,234	$ 3,391,915

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2018

Exhibit 8

	Major Fund Landfill	Major Fund Sewer	Total	Governmental Activities Internal Service
Cash flows from operating activities:				
Cash received from customers	$ 4,533,256	$ 648,207	$ 5,181,463	$ 13,818,916
Cash paid for goods and services	(1,112,918)	(552,974)	(1,665,892)	(12,799,681)
Cash paid to employees for services	(1,001,335)	(79,230)	(1,080,565)	(291,214)
Other operating revenues	475,644	-	475,644	18,495
Net cash provided (used) by operating activities	2,894,647	16,003	2,910,650	746,516
Cash flows (to) from noncapital financing activities:				
Transfers from other funds	-	891,032	891,032	-
Net cash provided (used) by noncapital financing activities	-	891,032	891,032	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(946,621)	(34,586)	(981,207)	-
Proceeds from sale of capital assets	129,251	-	129,251	-
Principal payments on debt	-	(575,000)	(575,000)	-
Interest payments on debt	-	(316,032)	(316,032)	-
Net cash provided (used) by capital and related financing activities	(817,370)	(925,618)	(1,742,988)	-
Cash flows from investing activities:				
Interest on investments	185,910	-	185,910	-
Net cash provided by investing activities	185,910	-	185,910	-
Net increase (decrease) in cash and cash equivalents	2,263,187	(18,583)	2,244,604	746,516
Cash and cash equivalents at beginning of year	16,650,756	1,699,399	18,350,155	3,324,191
Cash and cash equivalents at end of year	$ 18,913,943	$ 1,680,816	$ 20,594,759	$ 4,070,707

	Major Fund Landfill	Major Fund Sewer	Total	Governmental Activities Internal Service
Reconciliation of operating income (loss) to net cash used by operating activities:				
Operating income (loss)	$ 1,726,659	$ (267,851)	$ 1,458,808	$ 647,921
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	1,174,153	336,816	1,510,969	16,624
Change in assets and liabilities and deferred outflows and inflows of resources:				
(Increase) decrease in accounts receivable	(158,131)	(9,658)	(167,789)	-
(Increase) decrease in due from other governments	(1,391)	-	(1,391)	1,473
(Increase) decrease in inventory	-	-	-	1,617
Increase (decrease) in accounts payable and accrued liabilities	334,144	(43,975)	290,169	78,323
Increase (decrease) in accrued landfill closure and postclosure costs	(202,701)	-	(202,701)	-
(Increase) decrease in deferred outflows of resources for pensions	39,708	-	39,708	-
(Increase) decrease in deferred outflows of resources for OPEB	(5,633)	-	(5,633)	-
Increase (decrease) in net pension liability	(38,055)	-	(38,055)	-
Increase (decrease) in deferred inflows of resources for pensions	(1,342)	-	(1,342)	-
Increase (decrease) in deferred inflows of resources for OPEB	16,800	-	16,800	-
Increase (decrease) in net accrued OPEB liability	695	-	695	-
Increase (decrease) in accrued vacation benefits	9,741	671	10,412	558
Net cash provided (used) by operating activities	$ 2,894,647	$ 16,003	$ 2,910,650	$ 746,516

The accompanying notes are an integral part of this statement.

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
June 30, 2018

Exhibit 9

	Agency Funds
ASSETS	
Cash	$ 413,362
Due from other governments	1,032,906
Total Assets	$ 1,446,268
LIABILITIES	
Accounts payable and accrued liabilities	$ 1,446,268

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, 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, and the Agriculture Tour Fund which accounts for funds held on behalf of our Cooperative Extension service for an agriculture tour.

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 $723,527 were necessary to appropriate intergovernmental revenues for human services expenditures. Additional fund balance of $3,777,314 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) government money market, 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, 2018:

	General Fund	Capital Projects Fund
Sinking fund for the repayment of Qualified School Construction Bonds	$ 6,172,842	$ -
Tax Revaluation Fund	79,000	-
Unexpended grant proceeds for Wilcox Bridge	-	2,455,860
Unexpended proceeds from a Community Development Block Grant loan	-	5,171,457
	$ 6,251,842	$ 7,627,317

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, 2017. 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 and OPEB 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 and OPEB 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 Economic and Physical Development-portion of fund balance that is restricted by revenue source to pay I-85 Business Park project expenditures.

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

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 by the amount of $6,172,843 restricted for QSCB debt service, the amount of $294,934 restricted for the Register of Deeds pension plan, and the unspent grant and debt proceeds of $7,627,317.

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

I. Summary of Significant Accounting Policies (Continued)

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

11. Net Position/Fund Balances (Continued)

Fund Balances (Continued)

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.

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)	$ 78,426,524
Property Revaluation Fund:	
Expenditures:	
General government	-
Transfers in – General Fund	-
Fund Balance, beginning	79,000
Fund balance, ending (Exhibit 4)	$ 78,505,524

I. Summary of Significant Accounting Policies (Continued)

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

12. Defined Benefit Cost Sharing Plans

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

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 $12,410,588 are as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	$ 7,283,828
Depreciation expense, the allocation of those assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(2,666,940)
Loss on disposal of capital assets not recorded in the fund statements.	(20,927)

I. Summary of Significant Accounting Policies (Continued)

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

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

Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	647,921
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	2,824,671
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position	86,613
Contributions to the OPEB plan are deferred outflows of resources on the Statement of Net Position	275,993
Pension related deferrals are reported in the government-wide statements but not the fund statements	(3,083,140)
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.	7,743,465
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).	24,802
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	30,328
OPEB liability is accrued in the government-wide statements but not in the fund statements because it does not use current resources.	(857,244)
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	(648,902)
Total adjustment	$12,410,588

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, 2018, the County deposits had a carrying amount of $38,081,000 and a bank balance of $40,283,857. Of the bank balance, $590,447 was covered by federal depository insurance and $39,693,410 in both interest-bearing and non interest-bearing deposits were covered by collateral held under the Pooling Method. Of the County's carrying amount, $413,362 is held on behalf of others in the Agency Funds. At June 30, 2018, Davidson County had $4,601 cash on hand.

At June 30, 2018, the Airport Authority had a carrying amount of $349,007 and a bank balance of $349,007. 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, 2018, 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	$ 36,062,027	$ N/A	$ N/A
North Carolina Capital Management Trust - Term Portfolio	Fair value-Level 1	$ 10,166,222	$ N/A	$ N/A
Commercial Paper	Fair value-Level 2	21,878,651	21,878,651	-
U.S. Government Agencies	Fair value-Level 2	9,891,304	4,972,519	4,918,785
Total		$ 77,998,204	$ 26,851,170	$ 4,918,785

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, 2018, the County's investments in commercial paper were rate A1 or better by Moody's Investors Service and P1 by Standard and Poor's 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, 2018. 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, 2018, the following investment categories account for more than 5% of the County's investment portfolio (excluding interest-bearing deposits): Federal Farm Credit Bank (FFCB), 6.9%, Federal Home Loan Bank (FHLB), 6.8%, National Security Clearing Corp. commercial paper, 5.6%, General Electric Company commercial paper, 5.5%.

3. Receivables

Receivables at the government-wide level at June 30, 2018 were as follows:

	Taxes	Accounts	Due from Other Governments	Total
Governmental activities:				
General	$ 8,314,017	$ 24,811,580	$ 12,857,193	$ 45,982,790
Other governmental	588,962	-	2,913,658	3,502,620
Total receivables	8,902,979	24,811,580	15,770,851	49,485,410
Allowance for doubtful accounts	(7,706,792)	(22,876,622)	-	(30,583,414)
Total - governmental activities	$ 1,196,187	$ 1,934,958	$ 15,770,851	$ 18,901,996
Business-type activities:				
Landfill	$ -	$ 950,391	$ 128,459	$ 1,078,850
Sewer	-	60,050	-	60,050
Total receivables	-	1,010,441	128,459	1,138,900
Allowance for doubtful accounts	-	(52,686)	-	(52,686)
Total - business-type activities	$ -	$ 957,755	$ 128,459	$ 1,086,214

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

3. Receivables (Continued)

Due from other governments consists of the following at June 30, 2018:

	General	Other Governmental	Landfill
Local option sales tax allocation	$ 8,200,773	$ -	$ -
Sales tax refund	577,191	-	-
Grant reimbursements	3,494,391	2,867,593	-
Other	584,838	46,065	128,459
	$12,857,193	$ 2,913,658	$ 128,459

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 $811,798 at June 30, 2018.

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 $325,000 at June 30, 2018.

II. Detail Notes on All Funds (Continued)

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 11,562,882	$ 5,270,475	$ -	$ 16,833,357
Construction in progress	-	-	-	-
Total capital assets not being depreciated	11,562,882	5,270,475	-	16,833,357
Capital assets being depreciated:				
Buildings and improvements	57,468,944	614,496	-	58,083,440
Furniture and equipment	12,716,733	493,906	316,028	12,894,611
Vehicles and motor equipment	9,602,990	904,951	518,643	9.989.298
Total capital assets being depreciated	79,788,667	2,013,353	834,671	80,967,349
Less accumulated depreciation for:				
Buildings	20,852,800	1,367,163	-	22,219,963
Furniture and equipment	11,052,084	407,917	316,028	11,143,973
Vehicles and motor equipment	7,034,247	908,484	497,716	7,445,015
Total accumulated depreciation	38,939,131	$ 2,683,564	$ 813,744	40,808,951
Total capital assets being depreciated, net	40,849,536			40,158,398
Governmental activity capital assets, net	$ 52,412,418			$ 56,991,755

General government	$ 1,586,070
Human services	85,408
Public safety	909,268
Environmental protection	31,395
Culture and recreation	30,318
Transportation	24,481
Capital assets held by the County’s internal service fund are charged to the various functions based on their usage of the assets	16,624
Total depreciation expense	$ 2,683,564

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	-	795,915	-	795.915
Total capital assets not being depreciated	863,794	795,915	-	1,659,709
Capital assets being depreciated:				
Buildings	794,528	-	-	794,528
Furniture and equipment	8,544,577	150,706	243,172	8,452,111
Landfill cell construction	18,359,080	-	-	18,359,080
Improvements	2,443,350	-	-	2,443,350
Total capital assets being depreciated	30,141,535	150,706	243,172	30,049,069
Less accumulated depreciation for:				
Buildings	448,593	27,724	-	476,317
Furniture and equipment	7,162,693	410,664	161,843	7,411,514
Landfill cell construction	17,560,489	669,427	-	18,229,916
Improvements	2,172,373	66,338	-	2,238,711
Total accumulated depreciation	27,344,148	$ 1,174,153	$ 161,843	28,356,458
Total capital assets being depreciated, net	2,797,387			1,692,611
Landfill capital assets, net	$ 3,661,181			$ 3,352,320

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	$ 34,586	$ -	$ 75,181
Total capital assets not being depreciated	40,595	34,586	-	75,181
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	2,785,327	336,816	-	3,122,143
Total accumulated depreciation	2.854,521	$ 336,816	$ -	3,191,337
Total capital assets being depreciated, net	14,065,577			13,728,761
Sewer capital assets, net	14,106,172			13,803,942
Business-type activities capital assets, net	$17,767,353			$ 17,156,262

Construction commitments

The Landfill fund has active construction projects at June 30, 2018. At year-end, the commitments with contractors was $1,464,410.

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, 2018 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 4,742,641	$ 862,501	$ -	$ 5,605,142
Construction in progress	334,038	41,438	-	375,476
Total capital assets no, being depreciated	5,076,679	903,939	-	5,980,618
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	959,210	81,840	-	1,041,050
Land improvements	61,255	9,812	-	71,067
Equipment	377,495	-	-	377,495
Paving & Grading	1,249,864	103,281	-	1,353,145
Runways	8,865,352	558,448	-	9,423,800
Total accumulated depreciation	11,513,176	$ 753,381	$ -	12,266,557
Total capital assets being depreciated, net	5,975,657			5,222,276
Airport Authority capital assets, net	$ 11,052,336			$11,202,894

II. Detail Notes on All Funds (Continued)

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2018, were as follows:

	Vendors	Salaries and benefits	Other	Total
Governmental Activities:				
General	$ 1,289,076	$ 1,849,103	$ 1,009,659	$ 4,147,838
Other governmental	1,106,696	-	-	1,106,695
Total - government activities	$ 2,395,772	$ 1,849,103	1,009,659	$ 5,254,533
Business-type activities:				
Landfill	$ 720,945	$ -	$ -	$ 720,945
Sewer	14,375	-	-	14,375
Total - business-type activities	$ 735,320	$ -	$ -	$ 735,320
Discretely presented component unit:				
Davidson County Airport Authority	$ 132,719	$ -	$ -	$ 132,719

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, 2018, was 8.25% of compensation for law enforcement officers and 7.58% 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 $2,813,348 for the year ended June 30, 2018.

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, 2018, the County reported a liability of $8,415,157 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 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, 2017, the County's proportion was .55083%, which was a decrease of .02498% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of $2,844,572. At June 30, 2018, 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	$ 484,791	$ 238,206
Changes of assumptions	1,201,801	
Net difference between projected and actual earnings on pension plan investments	2,043,211	-
Changes in proportion and differences between County contributions and proportionate share of contributions	65,697	124,949
County contributions subsequent to the measurement date	2,813,348	-
Total	$ 6,608,848	$ 363,155

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)

$2,813,348 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, 2019. 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:	
2019	$ 454,061
2020	2,427,826
2021	1,196,006
2022	(645,548)
2023	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2016 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	7.20 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, 2016 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, 2017 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 2017 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 7.20%. 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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)	$ 25,262,490	$ 8,415,157	$ (5,647,049)

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, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	11
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	126
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 normal actuarial cost method was used in the December 31, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

The discount rate is based on the yield of the S & P Municipal Bond 20-year High Grade Rate Index as of June 30, 2017.

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 $143,401 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, 2018, the County reported a liability of $3,510,164. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of $278,924.

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	$ -	$ 131,514
Changes of assumptions	203,233	58,573
Benefit payments and administrative expenses subsequent to the measurement date	86,613	-
Total	$ 289,846	$ 190,087

$86,613 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	$ 1,869
2020	1,869
2021	1,869
2022	1,869
2023	5,670
Thereafter	-

$86,613 paid as benefits came due 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 3.16 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 (2.16 percent) or 1 percentage point higher (4.16 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 (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
County's proportionate share of the net pension liability (asset)	$ 3,829,474	$ 3,510,164	$ 3,217,997

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

	2018
Beginning balance	$ 3,290,281
Service cost	151,838
Interest on the total pension liability	124,237
Changes of benefit terms	-
Difference between expected and actual experience in the measurement of the total pension liability	(159,919)
Changes of assumptions or other inputs	247,128
Benefit payments	(143,401)
Other changes	-
Total pension obligation, end of year	$ 3,510,164

Changes of assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.86% at December 31, 2016 to 3.16% at December 31, 2017. The assumed inflation rate has been reduced from 3.00% to 2.50% and assumed wage inflation has been increased from 0.5% to 1.0% for the same time periods.

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, 2016 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, 2018 were $422,291, which consisted of $305,881 from the County and $116,410 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 $11,323 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of $266,176 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. 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, 2017 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, 2017, the County's proportion was 1.55941%, which was an increase of 0.47222% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of $26,365. At June 30, 2018, 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	$ 4,569	$ 858
Changes of assumptions	44,911	
Net difference between projected and actual earnings on pension plan investments	22,627	-
Changes in proportion and differences between County contributions and proportionate share of contributions	20,126	73,940
County contributions subsequent to the measurement date	11,323	-
Total	$ 103,556	$ 74,798

$11,323 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, 2019. 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:	
2019	$ 19,008
2020	(9,931)
2021	2,589
2022	5,769
2023	-
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, 2016 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, 2016 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, 2017 is 1.4%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 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 3.05%. 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)

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)	$ 209,210	$ 266,176	$ 314,081

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

The net pension liability for LGERS and ROD was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as December 31, 2016. The total pension liability for LEOSSA was measured as of December 31, 2017, with an actuarial valuation date of December 31, 2016. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

f. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate Share of Net Pension Liability (Asset)	$ 8,415,157	$ (266,176)	$ -	$ 8,148,981
Proportion of the Net Pension Liability (Asset)	0.55083%	1.55941%	n/a	
Total Pension Liability	-	-	$ 3,510,164	$ 3,510,164
Pension Expense	$ 2,844,572	$ 26,365	$ 278,924	$ 3,149,861

At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	$ 484,791	$ 4,569	$ -	$ 489,360
Changes of assumptions	1,201,801	44,911	203,233	1,449,945
Net difference between projected and actual earnings on pension plan investments	2,043,221	22,627	-	2,065,848
Changes in proportion and differences between County contributions and proportionate share of contributions	65,697	20,126	-	85,823
County contributions (LGERS,ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	2,813,348	11,323	86,613	2,911,284
Deferred Inflows of Resources				-
Differences between expected and actual experience	$ 238,206	$ 858	$ 131,514	$ 370,578
Changes of assumptions	-	-	58,573	58,573
Changes in proportion and differences between County contributions and proportionate share of contributions	124,949	73,940	-	198,889

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

f. Other Postemployment Benefits (OPEB)

Healthcare Benefits

Plan Description. Under the terms of a County resolution, the County administers a single-employer defined benefit Retiree Health Insurance Plan (the RHI Plan). The County board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. Employees hired prior to July 1, 2009, who retire under the NC Local Governmental Retirement System (NCLGRS) with at least twenty years of credited service, of which the last ten years must have been consecutive with Davidson County, and are age 55 or older and/or have thirty years of service, and are actively employed with the County at the time of retirement are eligible to participate in the County's Retiree Health Insurance Plan until they reach age 65 or obtain Medicare, whichever comes first. Retirees hired prior to July 1, 2009 receive the same benefits as active employees. The cost of insurance is borne by the retirees at a pro rata share based on years of service. The County obtains health care coverage through private insurers. The County may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the RHI Plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

	Employees
Retirees receiving benefits	45
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	430
Total	475

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.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

f. Other Postemployment Benefits (OPEB) (Continued)

Healthcare Benefits (Continued)

Total OPEB Liability

The County's total OPEB liability of $16,507,086 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 %
Real wage growth	1.00 %
Wage inflation	3.50 %
Salary increases, including wage inflation	3.50% - 7.75%
Municipal Bond Index Rate	
Prior Measurement Date	3.01 %
Measurement Date	3.56 %
Healthcare cost trend rates	
Pre-Medicare	7.50 % for 2017 decreasing to an ultimate rate of 5.00% by 2023

The discount rate is based on the yield of the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017	16,808,764
Changes for the year	
Service cost	528,228
Interest	500,918
Changes of benefit terms	-
Differences between expected and actual experience	(125,884)
Changes in assumptions or other inputs	(868,498)
Benefit payments	(336,442)
Net changes	(301,678)
Balance at June 30, 2018	16,507,086

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56% due to a change in the Municipal Bond Rate.

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

f. Other Postemployment Benefits (OPEB) (Continued)

Healthcare Benefits (Continued)

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP - 2015.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014, adopted by the LGERS.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	$ 18,121,118	$ 16,507,086	$ 15,044,166

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current	1% Increase
Total OPEB liability	$ 14,769,272	$ 16,507,086	$ 18,521,138

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

f. Other Postemployment Benefits (OPEB) (Continued)

Healthcare Benefits (Continued)

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

For the year ended June 30, 2018, the County recognized OPEB expense of $874,739. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual	$ -	$ 106,337
Changes of assumptions	-	733,638
Benefit payments and administrative costs made subsequent to the measurement date	281,626	
Total	$ 281,626	$ 839,975

$281,626 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 OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	$ (154,407)
2020	(154,407)
2021	(154,407)
2022	(154,407)
2023	(154,407)
Thereafter	(67,940)

II. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

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

g. 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. The total of $9,750,055 reported as landfill closure and postclosure care liability at June 30, 2018 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, 96% 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. The County will recognize the remaining estimated cost of closure and postclosure care of $272,247 as the remaining estimated capacity of Phase II is filled (estimated to be approximately 6 months). These amounts are based on what it would cost to perform all closure and postclosure care in 2018. 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, OPEB) – difference between expected and actual experience		
LGERS	$ 484,791	$ 238,206
Register of Deeds	4,569	858
LEOSSA	-	131,514
OPEB	-	106,337
(Pensions, OPEB) – difference between projected and actual interest earnings	2,065,848	-
Pensions – change in proportion and difference between employer contributions and proportionate share of contributions	85,823	198,889
(Pensions, OPEB)- change in assumptions	1,449,945	792,211
Contributions to pension plan subsequent to measurement date	2,824,671	-
Benefit payments for the OPEB plan paid subsequent to the measurement date	281,626	
Benefit payments/administration costs paid subsequent to the measurement date (LEOSSA)	86,613	
Advance from grantor (Capital Projects)	-	2,455,860
Taxes receivable, net (General)	-	908,038
Taxes receivable, net (Special Revenue)	-	288,149
EMS receivables (General)	-	733,986
Other receivables (General)	-	70,675
Total	$ 7,283,886	$ 5,924,723

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:

	2017	2018
Balance, beginning of year	$ 687,000	$ 640,000
Incurred claims (including IBNRs) and changes in estimates	9,784,934	9,776,129
Less claims payments	(9,831,934)	(9,843,129)
Balance, end of year	$ 640,000	$ 573,000

6. Contingent Liabilities

At June 30, 2018, 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
2019	$ -	$ 140,000
2020	1,400,000	140,000
2021	1,400,000	112,000
2022	1,400,000	84,000
2023	1,400,000	56,000
2024	1,400,000	28,000
Total	$7,000,000	$560,000

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, 2018 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.	$ 37,370,000

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.	$ 1,475,000
. Sub-total	$ 38,845,000
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.	50,000
Total	$ 39,420,000

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
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	3,935,000	1,045,600	45,000	15,950	3,980,000	1,061,550
2024 -2028	18,575,000	2,433,450	335,000	47,950	18,910 000	2,481,400
Total	$ 38,845,000	$ 9,143,150	$ 575,000	$ 144,625	$ 39,420,000	$9,287,775

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%.	$ 5,035,000
Total	$ 5,035,000

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

Year Ending June 30,	Principal	Interest
2019	$905,000	$ 99,693
2020	880,000	81,774
2021	850,000	64,350
2022	825,000	47,520
2023	800,000	31,185
2024	775,000	15,345
Total	$ 5,035,000	$ 339,867

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, 2018, $ 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.	$2,369,253
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	$ 15,419,253

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

Year Ending June 30,	Principal	Interest
2019	$ 338,465	$ 767,741
2020	338,465	760,600
2021	338,465	753,458
2022	338,465	746,316
2023	338,465	739,175
2024-2026	13,726,926	2,174,675
Total	$ 15,419,251	$ 5,941,965

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 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.	$ 39,105,000

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.	$ 5,360,000
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%.	1,060,000
Total	$ 45,525,000

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

	Governmental Activities		Business Type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	2,175,000	1,346,800	620,000	203,575	2,795,000	1,550,375
2024-2028	10,860,000	5,104,500	3,245,000	544,100	14,105,000	5,648,600
2029-2033	10,865,000	2,388,750	265,000	13,250	11,130,000	2,402,000
2034-2036	6,510,000	390,600	-	-	6,510,000	390,600
Total	$ 39,105,000	$ 15,682,600	$6,420,000	$ 1,850,900	$45,525,000	$17,533,500

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, 2018:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Due Within One Year
Governmental activities:					
General obligation debt	$ 42,385,000	$ -	$ 3,540,000	$ 38,845,000	$ 4,230,000
Unamortized premium	14,138,610	-	770,120	13,368,490	-
Certificates of participation	5,965,000	-	930,000	5,035,000	905,000
Limited obligation bonds	42,040,000	-	2,935,000	39,105,000	2,175,000
Qualified School Construction Bonds	15,757,716	-	338,465	15,419,251	338,465
CDBG Loan	7,000,000	-	-	7,000,000	-
Total pension liability (LEOSSA)	3,290,281	219,883	-	3,510,164	-
Net pension liability (LGERS)	12,113,230	-	3,767,405	8,345,825	-
Total OPEB liability	7,041,993	9,430,596	295,644	16,176,945	-
Compensated absences	2,118,940	1,694,462	1,724,232	2,089,170	1,700,000
Total governmental activities	$151,850,770	$ 11,344,941	$ 14,300,866	$148,894,845	$9,348,465
Business-type activities:					
Landfill					
Accrued landfill closure and postclosure costs	$ 9,952,756	$ -	$ 202,701	$ 9,750,055	$ -
Net pension liability (LGERS)	107,387	-	38,055	69,332	-
Total OPEB liability	110,542	225,633	6,034	330,141	-
Compensated absences	42,317	65,871	56,130	52,058	25,000
Total Landfill activities	10,213,002	291,504	302,920	10,201,586	25,000
Sewer					
General obligation debt	625,000	-	50,000	575,000	50,000
Unamortized premium	1,257,177	-	104,765	1,152,412	-
Limited obligation bonds	6,945,000	-	525,000	6,420,000	545,000
Compensated absences	4,119	3,826	3,155	4,790	-
Total Sewer activities	8,831,296	3,826	682,920	8,152,202	595,000
Total business-type activities	$ 19,044,298	$ 295,330	$ 985,840	$ 18,353,788	620,000
Discretely presented component units:					
Long-term advance from primary government	$ 902,163	$ -	$ 90,365	$ 811,798	$ 95,064
Total discretely presented component units	$ 902,163	$ -	$ 90,365	$ 811,798	$ 95,064

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, 2018, Davidson County had a legal debt margin of $1,003,013,117.

Debt Related to Capital Activities – Of the total Governmental Activities debt listed, only $14,777,001 relates to assets the County holds.

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2018 consist of the following:

From the General Fund to:	
The School Capital Outlay Fund for school construction	$3,532,885
The Capital Reserve Fund for future capital improvements	3,000,000
The Transportation fund for transportation services	115,284
The Sewer Enterprise Fund for debt service	891,032
Total transfers from the General Fund	$7,539,201
To the General Fund from:	
The Capital Reserve Fund for capital improvements	$634,720
To the County Capital Projects Fund from:	
The Capital Reserve Fund for capital improvements	$216,635

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 2018 fiscal year, the County made one-time transfers from the Capital Reserve Fund of $634,720 to the General Fund and $216,635 to the County Capital Projects Fund for capital improvement projects. The County made a one-time transfer from the General Fund of $3,000,000 to the Capital Reserve Fund for future county capital projects.

D. Net Investment in Capital Assets

	Governmental	Business-type
Capital asset	56,991,755	$17,156,262
Less: net long-term debt for capital related purposes	(9,605,544)	(8,147,412)
Net investment in capital assets	$47,386,211	$ 9,008,850

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	$ 78,505,524
Less:	
Long term note receivable	325,000
Long term advance to component unit	811,798
Stabilization by State Statute	13,858,554
Appropriated fund balance in 2018 budget	3,052,506
Register of Deeds	477,283
Sheriff operations	439,319
Health programs	2,740,641
Tax revaluation	79,000
LEO Special Separation Allowance	296,340
Debt service	6,172,843
Working capital/Fund Balance policy	24,490,558
Remaining fund balance	$ 25,761,682

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 $3,252,752 and $1,778,009 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2018. 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, 2018 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, 2018. 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, 2018.

Complete financial statements for the Davidson County Economic Development Commission can be obtained from the Commission's administrative office at P.O. Box 2013, Lexington, North Carolina 27293.

During the year, until November 2017, the County, in conjunction with the City of Lexington, participated in a joint venture to operate the Lexington Board of Education. Davidson County appointed one member of a nine-member board; the City of Lexington appointed the remaining eight members. Beginning with the November 2017 election, the Lexington City Board of Education will be composed of seven members elected on a nonpartisan plurality basis in odd-numbered years. Taxing authority falls under the Davidson County Commissioners. For the year ended June 30, 2018, 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, 2018. 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 $22,978 for the operations of the lake during the fiscal year ended June 30, 2018. 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, 2018. 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 $41,691 to the Council during the fiscal year ended June 30, 2018. The County was the sub-recipient of a grant for $119,385 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	$ 562,768	$ 362
Medicaid	147,278,232	74,512,880
Children's health insurance program	4,166,220	5,732
Adoption assistance	573,047	818,373
Adult assistance	-	902,785
Special supplemental food program, WIC	2,821,358	-
Total	$155,401,625	$ 76,240,132

VI. Contingent Liabilities

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

VII. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Financial Reporting for Postemployment Benefits Other than Pensions,* in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental and business-type activities decreased by $9,100,883 and 218,904, respectively.

Required Supplemental Financial Data

- Schedule of Changes in the Total OPEB Liability
- 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 Payroll (LEOSSA)

DAVIDSON COUNTY, NORTH CAROLINA
OPEB PLAN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	2018
Total OPEB Liability	
Service cost	528,228
Interest	500,918
Changes of benefit terms	-
Differences between expected and actual experience	(125,884)
Changes of assumptions	(868,498)
Benefit payments	(336,442)
Net change in total OPEB liability	(301,678)
Total OPEB liability - beginning	16,808,764
Total OPEB liability - ending	16,507,086
Covered payroll	18,791,506
Total OPEB liability as a percentage of covered payroll	87.84%

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Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period.

Fiscal year	Rate
2018	3.56%

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)
Local Governmental Employees' Retirement System
Last Five Fiscal Years*

	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	.55083%	.57581%	.5743%	.5620%	.5959%
County's proportionate share of the net pension liability (asset)	$8,415,157	$12,220,617	$ 2,577,379	$ (3,314,375)	$ 6,821,268
County's covered payroll	$35,473,882	$34,056,401	$33,406,656	$33,064,674	$31,048,726
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	23.722%	35.88%	7.57%	(9.92%)	20.63%
Plan fiduciary net position as a percentage of the total pension liability **	94.18%	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 Five Fiscal Years

	2018	2017	2016	2015	2014
Contractually required contribution	$2,813,348	$ 2,648,093	$ 2,338,397	$ 2,377,433	$ 2,349,496
Contributions in relation to the contractually required contribution	$2,813,348	$ 2,648,093	$ 2,338,397	$ 2,377,433	$ 2,349,496
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 36,553,384	$ 35,473,882	$ 34,056,401	$ 33,406,656	$ 33,064,674
Contributions as a percentage of covered-employee payroll	7.70%	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 Five Fiscal Years*

	2018	2017	2016	2015	2014
County's proportion of the net pension liability (asset) %	1.55941%	1.087%	1.291%	1.306%	1.707%
County's proportionate share of the net pension liability (asset)	$(266,176)	$ (203,261)	$ (299,144)	$ (295,954)	$ (364,637)
County's covered payroll	$ 67,171	$ 66,006	$ 61,742	$ 60,830	$ 59,930
County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(387.53%)	(302.60%)	(453.21%)	(479.33%)	(599.44%)
Plan fiduciary net position as a percentage of the total pension liability	153.77%	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 Five Fiscal Years

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

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
Last Two Fiscal Years

	2018	2017
Beginning balance	$3,290,281	$3,240,922
Service cost	151,838	167,504
Interest on the total pension liability	124,237	113,105
Changes of benefit terms	-	-
Difference between expected and actual experience in the measurement of the total pension liability	(159,919)	-
Changes of assumptions or other inputs	247,128	(85,815)
Benefit payments	(143,401)	(145,435)
Other changes	-	-
Total pension liability, end of year	$3,510,164	$3,290,281

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

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

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
Last Two Fiscal Years

	2018	2017
Total pension liability	$ 3,510,164	$ 3,290,281
Covered payroll	$ 6,110,807	$ 6,205,042
Total pension liability as a percentage of covered payroll	57.44%	53.03%

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

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

DAVIDSON COUNTY, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - ACTUAL - GENERAL FUND CONSOLIDATED
Year Ended June 30, 2018

Schedule 1

	General Fund	Revaluation Fund	Eliminations	Total General Fund
Revenues:				
Taxes	$ 108,047,453	$ -	$ -	$ 108,047,453
Licenses and permits	1,989,475	-	-	1,989,475
Intergovernmental	20,284,040	-	-	20,284,040
Charges for services	7,582,469	-	-	7,582,469
Interest on investments	974,685	-	-	974,685
Miscellaneous	866,319	-	-	866,319
Total revenues	139,744,441	-	-	139,744,441
Expenditures:				
Current:				
General government	12,782,241	-	-	12,782,241
Human services	26,588,059	-	-	26,588,059
Public safety	28,060,704	-	-	28,060,704
Environmental protection	1,351,529	-	-	1,351,529
Economic and physical development	3,431,508	-	-	3,431,508
Culture and recreation	4,309,250	-	-	4,309,250
Intergovernmental:				
Education	36,407,384	-	-	36,407,384
Debt service:	-			
Principal	7,743,465	-	-	7,743,465
Interest and fiscal charges	4,725,408	-	-	4,725,408
Total expenditures	125,399,548	-	-	125,399,548
Excess (deficiency) of revenues over expenditures	14,344,893	-	-	14,344,893
Other financing sources (uses):				
Transfers from other funds	634,720	-	-	634,720
Transfers to other funds	(7,539,201)	-	-	(7,539,201)
Total other financing sources (uses)	(6,904,481)	-	-	(6,904,481)
Net change in fund balance	7,440,412	-	$ -	7,440,412
Fund balance:				
Beginning of year - July 1	70,986,112	79,000		71,065,112
		-		-
End of year, - June 30	$ 78,426,524	$ 79,000		$ 78,505,524

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Taxes:			
Property taxes	$ 73,156,927	$ 75,557,090	$ 2,400,163
Tax penalty and interest	550,000	835,471	285,471
Local option sales tax	25,014,815	30,179,230	5,164,415
Other taxes	1,271,000	1,475,662	204,662
Total taxes	99,992,742	108,047,453	8,054,711
Licenses and permits	1,416,000	1,989,475	573,475
Intergovernmental	26,934,980	20,284,040	(6,650,940)
Charges for services	7,611,257	7,582,469	(28,788)
Interest on investments	275,000	974,685	699,685
Miscellaneous	857,008	866,319	9,311
Total revenues	137,086,987	139,744,441	2,657,454
Expenditures:			
Current:			
General government:			
County commissioners	353,524	348,368	5,156
County manager	718,093	687,134	30,959
Legal	578,825	560,826	17,999
Human Resources	991,471	951,616	39,855
Finance	803,645	785,240	18,405
Purchasing	419,235	412,689	6,546
Tax Assessor and Collector	2,769,004	2,548,240	220,764
Board of Elections	584,915	511,613	73,302
Register of Deeds	815,867	473,254	342,613
State agencies	190,977	157,218	33,759
Public works and services	4,079,262	3,774,721	304,541
Information Technology	1,633,448	1,571,322	62,126
Contingency	284	-	284
Total general government	13,938,550	12,782,241	1,156,309
Human services:			
Health	7,400,208	6,933,606	466,602
Mental health	824,344	824,340	4
Social services	12,010,918	11,830,499	180,419
Public assistance	11,613,350	4,253,414	7,359,936
Senior services	2,305,906	2,194,575	111,331
Veterans services	133,337	130,508	2,829
Contributions	434,380	421,117	13,263
Total human services	34,722,443	26,588,059	8,134,384

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance Positive (Negative)
Public safety:			
Sheriff	$ 11,448,502	$ 10,997,203	$ 451,299
School resource officers	949,246	892,059	57,187
Jail	4,870,825	4,452,120	418,705
Emergency communications	2,009,059	2,009,059	-
Inspections	977,164	970,453	6,711
Animal shelter	601,155	595,260	5,895
Medical examiner	180,000	177,450	2,550
Emergency Management	123,314	116,984	6,330
Fire Marshal	411,723	403,617	8,106
Ambulance	7,442,451	7,240,231	202,220
Contributions	234,669	206,268	28,401
Total public safety	29,248,108	28,060,704	1,187,404
Environmental protection:			
Sanitation	1,229,736	1,129,887	99,849
Soil and water	227,912	221,642	6,270
Total environmental protection	1,457,648	1,351,529	106,119
Economic and physical development:			
Planning	514,103	505,045	9,058
GIS	211,769	201,744	10,025
Cooperative extension	300,064	265,380	34,684
Economic development	1,279,797	1,272,470	7,327
Job Training	1,402,628	1,186,869	215,759
Total economic and physical development	3,708,361	3,431,508	276,853
Culture and recreation:			
Recreation	809,445	776,531	32,914
Library	3,288,727	3,178,669	110,058
Museum	147,771	145,220	2,551
Lake Thom-A-Lex	150,701	149,930	771
Tourism	58,900	58,900	-
Total culture and recreation	4,455,544	4,309,250	146,294
Intergovernmental:			
Public schools -current	30,728,164	30,728,164	-
Public schools - capital	1,994,468	1,994,468	-
Public schools - scholarships	50,000	30,000	20,000
Community college - current	3,252,752	3,252,752	-
Community college - capital	402,000	402,000	-
Total intergovernmental	36,427,384	36,407,384	20,000

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance Positive (Negative)
Debt service:			
Principal	$ 8,771,864	$ 8,613,465	$ 158,399
Interest and fiscal charges	4,716,424	4,725,408	(8,984)
Total debt service	13,488,288	13,338,873	149,415
Total expenditures	137,446,326	126,269,548	11,176,778
Excess (deficiency) of revenues over expenditures	(359,339)	13,474,893	13,834,232
Other financing sources (uses):			
Transfers from other funds	634,720	634,720	-
Transfers to other funds	(7,539,201)	(7,539,201)	-
Total other financing sources (uses)	(6,904,481)	(6,904,481)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(7,263,820)	6,570,412	13,834,232
Fund balance appropriated	7,263,820	-	(7,263,820)
Net change in fund balance	$ -	6,570,412	$ 6,570,412
Fund balance, beginning		70,986,112	
Reconciliation from Budgetary basis to Modified Accrual basis:			
Debt service payment to sinking fund		870,000	
Fund balance at end of year		$ 78,426,524	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - REVALUATION FUND
Year Ended June 30, 2018

Schedule 3

	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	

Schedule 4

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SCHOOL CAPITAL OUTLAY FUND
From Inception and for the Year Ended June 30, 2018

	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	$ 18,735,456	$ -	$ 18,735,456	$ (209,094)
Public School Building Bond Act of 1996	29,198,056	29,198,056	-	29,198,056	-
	48,142,606	47,933,512	-	47,933,512	(209,094)
Interest on investments	3,754,879	5,436,757	82,424	5,519,181	1,764,302
Miscellaneous	10,807,922	10,144,362	-	10,144,362	(663,560)
Total revenues	62,705,407	63,514,631	82,424	63,597,055	891,648
Expenditures:					
Intergovernmental:					
Education:					
Capital outlay:					
Davidson County School System	224,617,015	212,974,002	8,390,554	221,364,556	3,252,459
Lexington City School System	30,433,481	29,792,894	498,839	30,291,733	141,748
Thomasville City School System	35,827,029	32,199,221	674,021	32,873,242	2,953,787
Davidson County Community College	7,200,000	5,199,931	1,376,009	6,575,940	624,060
Other	811,810	800,515	-	800,515	11,295
Total expenditures	298,889,335	280,966,563	10,939,423	291,905,986	6,983,349
Excess (deficiency) of revenues over expenditures	(236,183,928)	(217,451,932)	(10,856,999)	(228,308,931)	7,874,997
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	84,594,245	85,625,703	3,532,885	89,158,588	4,564,343
Transfers to other funds	(2,155,934)	(4,969,529)	-	(4,969,529)	(2,813,595)
Total other financing sources	236,183,928	231,305,974	3,532,885	234,838,859	(1,345,069)
Net change in fund balance	$ -	$ 13,854,042	(7,324,114)	$ 6,529,928	$ 6,529,928
Fund balance at beginning of year			13,854,042		
Fund balance at end of year			$ 6,529,928		

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, 2018

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Intergovernmental	$ 11,447,198	$ 2,113,667	$ 3,485,556	$ 5,599,223	$ (5,847,975)
Miscellaneous	985,797	732,977	412,082	1,145,059	159,262
Total revenues	12,432,995	2,846,644	3,897,638	6,744,282	(5,688,713)
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	20,096,382	4,483,017	5,271,600	9,754,617	10,341,765
Old Salisbury Road sewer	322,359	302,295	-	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	142,104	-	142,104	-
Governmental building renovation	1,259,125	177,637	-	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	9,549,246	-	9,549,246	1,028,849
Surface Source CDBG project	400,000	400,000	-	400,000	-
Elite Tube & Fab	750,000	-	-	-	750,000
Thomson Plastics CDBG project	750,000	447,307	110,854	558,161	191,839
Lolly Wolly Doodle CDBG project	750,000	750,000	-	750,000	-
Wilcox Bridge improvements	1,101,500	376,757	60,806	437,563	663,937
Hughes Park improvements	346,700	341,584	-	341,584	5,116
Southmont Park improvements	107,000	103,671	48	103,719	3,281
Bombay Park improvements	117,777	-	108,162	108,162	9,615
911 Radio System upgrade	7,248,452	-	18,350	18,350	7,230,102
911 Center expansion	344,505	336,872	-	336,872	7,633
Total expenditures	49,436,690	21,858,668	5,569,820	27,428,488	22,008,202
Excess (deficiency) of revenues over expenditures	(37,003,695)	(19,012,024)	(1,672,182)	(20,684,206)	16,319,489
Other financing (uses) sources:					
Debt issued	23,452,159	13,885,000	-	13,885,000	(9,567,159)
Premium on debt issued	-	1,086,445	-	1,086,445	1,086,445
Transfers to other funds	(70,521)	(70,521)	-	(70,521)	-
Transfers from other funds	13,622,057	13,656,721	216,635	13,873,356	251,299
Total other financing sources	37,003,695	28,557,645	216,635	28,774,280	(8,229,415)
Net change in fund balance	$ -	$ 9,545,621	(1,455,547)	$ 8,090,074	$ 8,090,074
Fund balance at beginning of year			9,545,621		
Fund balance at end of year			$ 8,090,074		

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2018

Schedule 6

	Special Revenue Funds						Total Nonmajor Governmental Funds
ASSETS	Fire Districts	Transportation	Emergency Telephone	Special School Districts	Total Special Revenue	Capital Reserve	
Cash and investments	$ 1,163,579	$ 431,292	$ 873,863	$ 21,686	$ 2,490,420	$ 6,625,587	$ 9,116,007
Taxes receivable, net	220,277	-	-	67,872	288,149	-	288,149
Due from other governments	-	49,720	46,065	-	95,785	-	95,785
Total Assets	$ 1,383,856	$ 481,012	$ 919,928	$ 89,558	$ 2,874,354	$ 6,625,587	$ 9,499,941
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	$ 65,551	$ 44,998	$ 5,621	$ 21,686	$ 137,856	$ -	$ 137,856
Total liabilities	65,551	44,998	5,621	21,686	137,856	-	137,856
Deferred Inflows of Resources	220,277	-	-	67,872	288,149	-	288,149
Fund balances:							
Restricted:							
Stabilization by state statute	-	49,720	46,065	-	95,785	-	95,785
Fire protection	1,098,028	-	-	-	1,098,028	-	1,098,028
Transportation	-	386,294	-	-	386,294	-	386,294
Public safety	-	-	868,242	-	868,242	-	868,242
Committed:							
Capital projects	-	-	-	-	-	6,625,587	6,625,587
Unassigned	-	-	-	-	-	-	-
Total fund balances	1,098,028	436,014	914,307	-	2,448,349	6,625,587	9,073,936
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 1,383,856	$ 481,012	$ 919,928	$ 89,558	$ 2,874,354	$ 6,625,587	$ 9,499,941

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2018

Schedule 7

	Special Revenue Funds						
	Fire Districts	Transportation	Emergency Telephone	Special School Districts	Total Special Revenue	Capital Reserve	Total Nonmajor Governmental Funds
Revenues:							
Taxes	$ 9,008,032	$ -	$ 552,778	$ 1,545,473	$ 11,106,283	$ -	$ 11,106,283
Intergovernmental	-	738,648	-	-	738,648	-	738,648
Charges for services	-	56,907	-	-	56,907	-	56,907
Interest on investments	-	-	6,694	-	6,694	-	6,694
Miscellaneous	-	-	-	-	-	-	-
Total revenues	9,008,032	795,555	559,472	1,545,473	11,908,532	-	11,908,532
Expenditures:							
Current:							
Public safety	8,801,770	-	300,569	-	9,102,339	-	9,102,339
Transportation	-	1,050,950	-	-	1,050,950	-	1,050,950
Intergovernmental:							
Education	-	-	-	1,545,473	1,545,473	-	1,545,473
Capital outlay	-	-	-	-	-	-	-
Total expenditures	8,801,770	1,050,950	300,569	1,545,473	11,698,762	-	11,698,762
Excess (deficiency) of revenues over expenditures	206,262	(255,395)	258,903	-	209,770	-	209,770
Other financing sources:							
Transfers from other funds	-	115,284	-	-	115,284	3,000,000	3,115,284
Transfers to other funds	-	-	-	-	-	(851,355)	(851,355)
Total other financing sources	-	115,284	-	-	115,284	2,148,645	2,263,929
Net change in fund balances	206,262	(140,111)	258,903	-	325,054	2,148,645	2,473,699
Fund balances at beginning of year	891,766	576,125	655,404	-	2,123,295	4,476,942	6,600,237
Fund balances at end of year	$ 1,098,028	$ 436,014	$ 914,307	$ -	$ 2,448,349	$ 6,625,587	$ 9,073,936

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, 2018

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Taxes:			
Property taxes	$ 8,801,941	$ 8,964,510	$ 162,569
Tax penalty and interest	-	43,522	43,522
Total taxes	8,801,941	9,008,032	206,091
Interest on investments	-	-	-
Total revenues	8,801,941	9,008,032	206,091
Expenditures:			
Public safety	8,801,941	8,801,770	171
Net change in fund balance	$ -	206,262	$ 206,262
Fund balance at beginning of year		891,766	
Fund balance at end of year		$ 1,098,028	

Schedule 9

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - TRANSPORTATION FUND
Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Intergovernmental	$ 787,133	$ 738,648	$ (48,485)
Charges for services	39,521	56,907	17,386
Total revenues	826,654	795,555	(31,099)
Expenditures:			
Transportation	1,061,275	1,050,950	10,325
Excess (deficiency) of revenues over expenditures	(234,621)	(255,395)	(20,774)
Other financing sources:			
Transfers from other funds	115,284	115,284	-
Excess (deficiency) of revenues and other financing sources over expenditures	(119,337)	(140,111)	(20,774)
Fund balance appropriated	119,337	-	(119,337)
Net change in fund balance	$ -	(140,111)	$ (140,111)
Fund balance at beginning of year		576,125	
Fund balance at end of year		$ 436,014	

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - EMERGENCY TELEPHONE FUND
Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Taxes:			
Other taxes	$ 552,778	$ 552,778	$ -
Interest on investments	-	6,694	6,694
Total revenues	552,778	559,472	6,694
Expenditures:			
Public safety:			
Emergency telephone	552,778	300,569	252,209
Net change in fund balance	$ -	258,903	$ 258,903
Fund balance at beginning of year		655,404	
Fund balance at end of year		$ 914,307	

Schedule 11

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL SCHOOL DISTRICTS FUND
Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Taxes:			
Property taxes	$ 1,539,298	$ 1,534,904	$ (4,394)
Tax penalty and interest	-	10,569	10,569
Total taxes	1,539,298	1,545,473	6,175
Interest on investments		-	-
Total revenues	1,539,298	1,545,473	6,175
Expenditures:			
Special School Districts:			
Education	1,539,298	1,545,473	(6,175)
Net change in fund balance	$ -	-	$ -
Fund balance at beginning of year		-	
Fund balance at end of year		$ -	

Schedule 12

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL RESERVE FUND
Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance Positive (Negative)
Expenditures:			
Transfers to other funds	$ 851,355	$ (851,355)	$ (1,702,710)
Other financing sources:			
Transfers from other funds	-	3,000,000	3,000,000
Excess of other financing sources over expenditures	851,355	2,148,645	
Fund balance appropriated	851,355	-	851,355
Net change in fund balance	$ -	2,148,645	$ 2,148,645
Fund balance at beginning of year		4,476,942	
Fund balance at end of year		$ 6,625,587	

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, 2018

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Intergovernmental	$ 219,800	$ 477,035	$ 257,235
Charges for services	2,233,006	4,739,309	2,506,303
Interest on investments	-	185,910	185,910
Total revenues	2,452,806	5,402,254	2,949,448
Expenditures:			
Salaries	988,136	1,023,249	(35,113)
Operating	1,343,895	1,406,320	(62,425)
Capital outlay	3,044,676	948,679	2,095,997
Total expenditures	5,376,707	3,378,248	1,998,459
Excess (deficiency) of revenues over expenditures	(2,923,901)	2,024,006	4,947,907
Appropriated net position	2,923,901	-	(2,923,901)
Excess of revenues and appropriated net position over expenditures and other financing uses	$ -	2,024,006	$ 2,024,006

Reconciliation from budgetary basis (modified accrual) to full accrual:	
Reconciling items:	
Capital outlay	946,621
Depreciation	(1,174,153)
Decrease in deferred outflows of resources-pensions	(39,708)
Increase in deferred outflows of resources-OPEB	5,633
Decrease in net pension liability	38,055
Decrease in deferred inflows of resources-pensions	1,342
Increase in deferred inflows of resources-OPEB	(16,800)
Decrease in accrued landfill closure and postclosure costs	202,701
Increase in OPEB costs	(17,495)
Increase in accrued vacation pay	(9,741)
Total reconciling items	(63,545)
Change in net position	$ 1,960,461

DAVIDSON COUNTY, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL (NON-GAAP) - SEWER FUND
Year Ended June 30, 2018

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Charges for services	$ 627,244	$ 657,865	$ 30,621
Total revenues	627,244	657,865	30,621
Expenditures:			
Salaries	77,592	79,901	(2,309)
Sewer operations	549,652	508,999	40,653
Debt service	891,032	891,032	-
Total expenditures	1,518,276	1,479,932	38,344
Excess (deficiency) of revenues over expenditures	(891,032)	(822,067)	68,965
Other financing sources:			
Operating transfers in	891,032	891,032	-
Total other financing sources	891,032	891,032	-
Excess (deficiency) of revenues and other financing sources over expenditures	$ -	68,965	$ 68,965
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling item:			
Depreciation		(336,816)	
Debt principal		575,000	
Amortization of premium on refunding bonds issued		104,765	
Change in net position		$ 411,914	

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, 2018

Schedule 15

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Interest on investments	$ -	$ 52,157	$ -	$ 52,157	$ (52,157)
Expenditures:					
Sewer projects	17,642,809	12,237,898	34,586	12,272,484	5,370,325
Excess (deficiency) of revenues over expenditures	(17,642,809)	(12,185,741)	(34,586)	(12,220,327)	(5,422,482)
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	3,308,240	-	3,308,240	-
Transfers to other funds	(419,675)	(419,675)	-	(419,675)	-
Total other financing sources	17,642,809	15,948,565	-	15,948,565	(1,694,244)
Excess (deficiency) of revenues and other financing sources over expenditures	$ -	$ 3,762,824	(34,586)	$ 3,728,238	$ 3,728,238

Schedule 16

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2018

ASSETS	Garage Fund	Insurance Fund	Total
Current assets:			
Cash and investments	$ 879,384	$ 3,191,323	$ 4,070,707
Due from other governments	1,012	127,924	128,936
Inventory, at cost	38,471	-	38,471
Total current assets	918,867	3,319,247	4,238,114
Noncurrent assets:			
Capital assets:			
Other capital assets, net of depreciation	159,894	-	159,894
Total Assets	1,078,761	3,319,247	4,398,008
LIABILTIES AND NET POSITION			
Current liabilities:			
Accounts payable and accrued liabilities	35,248	960,620	995,868
Noncurrent liabilities:			
Accrued vacation benefits	10,225	-	10,225
Total liabilities	45,473	960,620	1,006,093
Net position:			
Net investment in capital assets	159,894	-	159,894
Unrestricted	873,394	2,358,627	3,232,021
Total net position	$ 1,033,288	$ 2,358,627	$ 3,391,915

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2018

Schedule 17

	Garage Fund	Insurance Fund	Total
Revenues:			
Charges for services	$ 1,669,364	$ 12,148,079	$ 13,817,443
Miscellaneous	18,495	-	18,495
Total revenues	1,687,859	12,148,079	13,835,938
Expenditures:			
Salaries	291,772	-	291,772
Operating	1,271,649	11,607,972	12,879,621
Depreciation	16,624	-	16,624
Total expenses	1,580,045	11,607,972	13,188,017
Operating income	107,814	540,107	647,921
Total net position, beginning	925,474	1,818,520	2,743,994
Total net position, ending	$ 1,033,288	$ 2,358,627	$ 3,391,915

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2018

Schedule 18

	Garage Fund	Insurance Fund	Total
Cash flows from operating activities:			
Cash received from customers	$ 1,676,433	$ 12,142,483	$ 13,818,916
Cash paid for goods and services	(1,286,194)	(11,513,487)	(12,799,681)
Cash paid to employees for services	(291,214)	-	(291,214)
Other operating revenues	18,495	-	18,495
Net cash provided by operating activities	117,520	628,996	746,516
Net increase in cash and cash equivalents	117,520	628,996	746,516
Cash and cash equivalents at beginning of year	761,864	2,562,327	3,324,191
Cash and cash equivalents at end of year	$ 879,384	$ 3,191,323	$ 4,070,707
Reconciliation of operating income to net cash used by operating activities:			
Operating income	$ 107,814	$ 540,107	$ 647,921
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	16,624	-	16,624
Change in assets and liabilities:			
(Increase) decrease in due from other governments	7,069	(5,596)	1,473
(Increase) decrease in inventory	1,617	-	1,617
Increase (decrease) in accounts payable and accrued liabilities	- (16,162)	94,485	78,323
Increase (decrease) in accrued vacation benefits	558	-	558
Net cash provided by operating activities	$ 117,520	$ 628,996	$ 746,516

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, 2018

Schedule 19

	Financial Plan	Actual Amounts	Variance Positive (Negative)
Revenues:			
Charges for services	$ 1,698,014	$ 1,669,364	$ (28,650)
Miscellaneous	-	18,495	18,495
Total revenues	1,698,014	1,687,859	(10,155)
Expenditures:			
Garage:			
Salaries	304,699	291,772	12,927
Operating	1,390,615	1,271,649	118,966
Capital outlay	2,700	-	2,700
Total expenditures	1,698,014	1,563,421	134,593
Excess of revenues over expenditures	$ -	124,438	$ 124,438
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(16,624)	
Change in net position		$ 107,814	

DAVIDSON COUNTY, NORTH CAROLINA **Schedule 20**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - FINANCIAL PLAN AND ACTUAL (NON-GAAP) - INTERNAL SERVICE - INSURANCE FUND

Year Ended June 30, 2018

	Financial Plan	Actual Amounts	Variance Positive (Negative)
Revenues:			
Charges for services	$ 11,320,378	$ 12,148,079	$ 827,701
Total revenues	11,320,378	12,148,079	827,701
Expenditures:			
Insurance:			
Operating	11,320,378	11,607,972	(287,594)
Total expenditures	11,320,378	11,607,972	(287,594)
Excess of revenues over expenditures	$ -	540,107	$ 540,107
Change in net position		$ 540,107	

DAVIDSON COUNTY, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN
ASSETS AND LIABILITIES - AGENCY FUNDS
Year Ended June 30, 2018

AGENCY FUNDS

	Balance, July 1, 2017	Additions	Deductions	Balance, June 30, 2018
Property Tax Fund				
ASSETS				
Cash and cash equivalents	$ -	$ 113,857,054	$ 113,679,851	$ 177,203
Due from other governments	1,015,894	17,012	-	1,032,906
	$ 1,015,894	$ 113,874,066	$ 113,679,851	$ 1,210,109
LIABILITIES				
Miscellaneous liabilities	$ 1,015,894	$ 113,874,066	$ 113,679,851	$ 1,210,109
	$ 1,015,894	$ 113,874,066	$ 113,679,851	$ 1,210,109
Fines and Forfeitures Fund				
ASSETS				
Cash and cash equivalents	$ -	$ 636,256	$ 636,256	$ -
LIABILITIES				
Miscellaneous liabilities	$ -	$ 636,256	$ 636,256	$ -
P.I.C. Fund				
ASSETS				
Cash and cash equivalents	$ 1,606	$ -	$ -	$ 1,606
LIABILITIES				
Miscellaneous liabilities	$ 1,606	$ -	$ -	$ 1,606
United Way Fund				
ASSETS				
Cash and cash equivalents	$ 921	$ 1,789	$ 2,248	$ 462
LIABILITIES				
Miscellaneous liabilities	$ 921	$ 1,789	$ 2,248	$ 462
Sheriff-Execution and Evidence Account				
ASSETS				
Cash and cash equivalents	$ 68,499	$ 103,743	$ 7,798	$ 164,444
LIABILITIES				
Miscellaneous liabilities	$ 68,499	$ 103,743	$ 7,798	$ 164,444
Sheriff-Inmate Account				
ASSETS				
Cash and cash equivalents	$ 31,698	$ -	$ 3,431	$ 28,267
LIABILITIES				
Miscellaneous liabilities	$ 31,698	$ -	$ 3,431	$ 28,267
Social Services Designated Payee Account Fund				
ASSETS				
Cash and cash equivalents	$ 36,392	$ 112,508	$ 129,781	$ 19,119
LIABILITIES				
Miscellaneous liabilities	$ 36,392	$ 112,508	$ 129,781	$ 19,119
Agriculture Tour				
ASSETS				
Cash and cash equivalents	$ -	$ 12,445	$ 7,049	$ 5,396
LIABILITIES				
Miscellaneous liabilities	$ -	$ 12,445	$ 7,049	$ 5,396
Bid Bond Deposit Fund				
ASSETS				
Cash and cash equivalents	$ 16,865	$ -	$ -	$ 16,865
LIABILITIES				
Miscellaneous liabilities	$ 16,865	$ -	$ -	$ 16,865
Total All Agency Funds				
ASSETS				
Cash and cash equivalents	$ 155,981	$ 114,711,350	$ 114,448,136	$ 413,362
Due from other governments	1,015,894	17,012	-	1,032,906
	$ 1,171,875	$ 114,728,362	$ 114,448,136	$ 1,446,268
LIABILITIES				
Miscellaneous liabilities	$ 1,171,875	$ 114,728,362	$ 114,448,136	$ 1,446,268
	$ 1,171,875	$ 114,728,362	$ 114,448,136	$ 1,446,268

DAVIDSON COUNTY, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2018

Fiscal Year	Uncollected Balance June 30, 2017	Additions	Collections And Credits	Uncollected Balance June 30, 2018
2016-2018	$ -	$ 75,362,099	$ 73,174,602	$ 2,187,497
2016-2017	2,210,179	-	989,666	1,220,513
2015-2016	1,259,739	-	467,872	791,867
2014-2015	776,802	-	184,805	591,997
2013-2014	845,327	-	209,770	635,557
2012-2013	734,638	-	159,666	574,972
2011-2012	631,218	-	125,385	505,833
2010-2011	517,798	-	97,092	420,706
2009-2010	518,267	-	70,090	448,177
2008-2009	435,335	-	42,773	392,562
2007-2008	649,911	-	105,575	544,336
	$ 8,579,214	$ 75,362,099	$ 75,627,296	8,314,017

Less: allowance for uncollectible accounts:	
General Fund	7,405,979
Ad valorem taxes receivable- net:	
General Fund	$ 908,038

Reconcilement with revenues:

Ad valorem taxes - General fund	$ 75,507,178
Penalties collected on ad valorem taxes- General Fund	49,912
Interest collected on ad valorem taxes- General Fund	835,471
Reconciling items:	
Interest collected	(835,471)
Discounts allowed	626,330
Taxes written off	(556,124)
Total reconciling items	(765,265)
Total collections and credits	$ 75,627,296

DAVIDSON COUNTY, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
COUNTY-WIDE LEVY
Year Ended June 30, 2018

Schedule 23

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	$ 13,615,557,037	$ 0.54	$ 73,524,008	$ 65,937,068	$ 7,586,940
Penalties	-		62,391	62,391	-
Total	13,615,557,037		73,586,399	65,999,459	7,586,940
Discoveries:					
Current year taxes	467,655,000	0.54	2,525,337	2,523,524	1,813
Penalties	-		9,373	9,373	-
Total	467,655,000		2,534,710	2,532,897	1,813
Releases and discounts	(140,557,407)		(759,010)	(758,977)	(33)
Total property valuation	$ 13,942,654,630				
Net levy			75,362,099	67,773,379	7,588,720
Uncollected taxes at June 30, 2018			2,187,497	2,187,497	-
Current year's taxes collected			$ 73,174,602	$ 65,585,882	$ 7,588,720
Current levy collection percentage			97.10%	96.77%	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,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Taxes:										
Property	$ 86,946,066	$ 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
Sales	30,179,230	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
Intangibles	-	-	-	-	-	-	-	-	-	-
Other	2,028,440	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
Total taxes	119,153,736	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
Licenses and permits	1,989,475	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
Intergovernmental	24,508,244	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
Charges for services	7,639,376	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
Interest on investments	1,063,803	512,871	419,838	307,954	316,229	270,151	314,058	443,548	599,323	1,303,577
Miscellaneous	1,278,401	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
Total revenues	155,633,035	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
Current:										
General government	12,782,241	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
Human services	26,588,059	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
Public safety	37,163,043	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
Environmental protection	1,351,529	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
Economic and physical development	3,431,508	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
Culture and recreation	4,309,250	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
Transportation	1,050,950	821,032	756,840	882,718	1,490,487	1,581,662	1,343,245	875,222	922,092	1,080,014
Intergovernmental:										
Education	48,892,280	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
Capital outlay	5,569,820	1,815,427	1,374,518	13,011,128	1,992,053	310,047	649,672	51,063	716,660	1,010,590
Debt service:										
Principal	7,743,465	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
Interest and fiscal charges	4,725,408	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
Total expenditures	153,607,553	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
Other financing sources (uses)										
Transfers in	7,499,524	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
Transfers out	(8,390,556)	(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)
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)	(891,032)	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
Net change in fund balances	$ 1,134,450	$ (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
Debt service as a percentage of noncapital expenditures	8.4%	7.5%	8.5%	8.0%	7.5%	7.6%	7.3%	7.4%	7.4%	5.2%

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
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%
2018	76,121,109	759,010	75,362,099	73,174,602	97.10%	2,418,673	100.31%	75,593,275	6,126,520	8.13%

(1) Collections do not include interest.

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

Table 3

	Assessed Value		Assessed Value				
Year Ended June 30,	**Real Property (1)**	**Individual Personal (2)**	**Business Personal (1)**	**Motor Vehicles (2)**	**Public Service Companies (3)**	**Total**	**Total Direct Tax Rate**
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
2018	11,195,009,577	54,966,057	872,874,586	1,405,318,519	414,485,891	13,942,654,630	0.54

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

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

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

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

Table 4

June 30,	2018	2017	2016	2015 (1)	2014	2013	2012	2011	2010	2009
County direct rate:										
General-operating	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540	$ 0.540
City of Lexington	0.650	0.650	0.600	0.600	0.600	0.600	0.560	0.560	0.560	0.560
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	0.600	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	0.180
Town of Denton	0.600	0.600	0.550	0.550	0.550	0.550	0.550	0.550	0.550	0.550
City of High Point	0.6475	0.6475	0.650	0.664	0.675	0.675	0.662	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	0.090	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	0.080	0.070	0.070	0.070	0.070	0.070	0.070	0.070
West Lexington	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Wallburg	0.100	0.100	0.100	0.100	0.100	0.080	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	0.110	0.100	0.100	0.100	0.100	0.100	0.100	0.100
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	0.090	0.085	0.085	0.085	0.075	0.075	0.075	0.075	0.075	0.075
Churchland	0.090	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	0.090	0.070
Southmont	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085	0.085
Fairgrove	0.100	0.080	0.080	0.080	0.080	0.075	0.075	0.060	0.060	0.060
South Lexington	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Silver Valley	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110	0.110
Midway	0.108	0.108	0.108	0.100	0.100	0.100	0.100	0.100	0.100	0.100
Gumtree	0.100	0.100	0.100	0.100	0.100	0.085	0.085	0.085	0.085	0.085
South Emmons	0.060	0.060	0.060	0.060	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	0.130	0.110	0.110	0.110	0.110	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	0.060	0.050	0.050	0.050	0.050	0.050	0.050	0.050	0.050
Badin	0.055	0.055	0.055	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, 2015.

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

Table 5

Assessed Value	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)	2012 (1)	2011 (1)	2010 (1)	2009 (1)
Davidson County	$ 13,942,654,630	$ 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
City of Lexington	1,547,290,175	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
Lexington Special Schools District	1,299,771,808	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
Lexington Main Street District	50,209,040	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
City of Thomasville	1,746,890,502	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
Thomasville Special Schools District	807,214,011	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
Town of Denton	124,376,007	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
City of High Point	451,922,687	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
Town of Wallburg	275,396,180	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
Town of Midway	372,504,140	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
Fire Protection Districts:										
Central	371,723,556	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
Pilot	354,094,953	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
Hasty	542,249,150	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
West Lexington	267,236,770	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
Wallburg	819,692,200	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
Holly Grove	296,449,600	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
North Lexington	208,391,545	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
Welcome	549,651,855	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
Reeds	499,749,800	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
Tyro	432,262,163	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
Linwood	330,754,311	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
Churchland	272,411,267	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
Arcadia - Reedy Creek - Hampton	1,003,939,588	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
Healing Springs	325,904,444	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
Southmont	834,158,929	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
Fairgrove	445,081,130	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
South Lexington	244,874,364	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
Silver Valley	392,856,055	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
Midway	907,102,943	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
Gumtree	139,029,550	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
South Emmons	127,777,533	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
South Davidson	119,023,790	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
Horneytown	135,008,954	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
Griffith	313,797,913	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
Clemmons	124,669,700	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
Badin	77,810,091	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

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.

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

Table 6

Year Ended June 30,	Population (1)	Assessed Value (000,000's)	Bonded Debt (000's)	Ratio of Bonded Debt to Assessed Value	Bonded Debt Per Capita
2009	159,865	$ 12,868	$ 80,780	63.00%	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
2018	166,137	13,943	39,420	0.28%	237

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.

Table 7

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

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
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%
2018	1,115,412	112,399	1,003,013	10.08%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value of taxable property		$ 13,942,654,630
Debt limit - eight percent (8%) of assessed value		$ 1,115,412,370
Amount of debt applicable to debt limit:		
Bonded debt	$ 39,420,000	
Certificates of participation	5,035,000	
Limited Obligation Bonds	45,525,000	
Installment Financing - CDBG	7,000,000	
Qualified School Construction Bonds	15,419,253	
Total amount of debt applicable to legal debt limit		112,399,253
Legal debt margin		$ 1,003,013,117

DAVIDSON COUNTY, NORTH CAROLINA
Table 8
COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2018

	Net Debt Outstanding	Percentage Applicable to Davidson County	Amount Applicable to Davidson County
Davidson County	$ 126,920,155	100%	$ 126,920,155
Total direct debt	126,920,155		126,920,155
City of Lexington	5,827,490	100%	5,827,490
Total overlapping debt	5,827,490		5,827,490
Total direct and overlapping debt	$ 132,747,645		$ 132,747,645

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

DAVIDSON COUNTY, NORTH CAROLINA

Table 9

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

Last Ten Fiscal Years

Year	Principal	Interest and Fiscal Charges	Total Debt Service	General Government Expenditures	Ratio (1)
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%
2018	7,743,465	4,585,408	12,328,873	153,607,553	8.03%

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

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

Table 10

Year Ended June 30,	Population (1)	Personal Income (thousands of dollars)(1)	Per Capita Income (1)	Public School Enrollment (1)	Unemployment Rate (2)
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%
2018	166,137	3,920,456	23,146	24,257	3.9%

Sources:

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

(2) Employment Security Commission

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

Table 11

	Fiscal Year									
Expenses	2009	2010	2011	2012	2013	2014	2015	2014	2017	2018
Governmental activities:										
General government	$ 10,590,021	$ 10,867,828	$ 10,045,788	$ 10,417,389	$ 11,601,662	$ 11,816,668	$ 12,562,051	$ 11,816,668	$ 12,865,686	$ 8,206,672
Human Services	31,577,050	29,065,775	28,866,973	29,293,613	29,811,107	30,605,201	30,715,679	30,605,201	32,463,815	26,624,427
Public Safety	30,422,383	30,806,090	31,010,651	33,269,734	32,297,095	33,180,756	32,104,612	33,180,756	36,618,677	37,422,926
Environmental protection	1,698,515	1,760,905	1,726,887	1,655,611	1,468,508	1,427,514	1,289,409	1,427,514	1,593,432	1,259,949
Economic and physical development	3,754,120	3,973,291	5,614,594	4,443,602	3,560,619	3,945,583	3,331,921	3,945,583	3,905,566	8,804,661
Culture and recreation	3,480,617	4,212,050	3,789,100	3,819,300	4,040,662	4,533,019	3,814,191	4,533,019	5,258,102	4,465,349
Transportation	974,361	1,000,759	999,233	1,259,372	1,547,832	1,616,226	933,502	1,616,226	898,341	941,313
Education	65,639,516	45,943,736	46,591,652	53,670,822	40,842,201	38,622,558	40,468,138	38,622,558	67,942,556	48,892,280
Interest and fiscal charges	3,119,835	4,086,543	4,083,566	4,480,052	4,674,120	3,779,260	3,567,558	3,779,260	4,087,591	3,930,486
Total governmental activities expense	151,256,418	131,716,977	132,728,444	142,309,495	129,843,806	129,526,785	128,787,061	129,526,785	165,633,766	140,548,063
Business-type activities:										
Landfill	4,520,628	6,455,668	4,823,470	4,835,957	4,344,483	2,920,376	6,827,440	2,920,376	5,426,859	3,441,763
Sewer	389,144	1,218,918	1,184,169	1,187,092	1,290,728	1,202,660	1,126,483	1,202,660	1,233,717	1,241,748
Total business-type activities	4,909,772	7,674,586	6,007,639	6,023,049	5,635,211	4,123,036	7,953,923	4,123,036	6,660,576	4,683,511
Total primary governmental expenses	$ 156,166,190	$ 139,391,563	$ 138,736,083	$ 148,332,544	$ 135,479,017	$ 133,649,821	$ 136,740,984	$ 133,649,821	$ 172,294,342	$ 145,231,574
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 1,237,892	$ 1,445,391	$ 1,352,649	$ 1,267,587	$ 1,243,862	$ 1,310,018	$ 1,453,612	$ 1,310,018	$ 1,659,209	$ 1,618,873
Human services	836,737	785,087	836,868	657,926	571,525	538,060	543,002	538,060	588,531	639,725
Public safety	5,792,104	5,541,529	5,611,966	6,468,111	5,282,995	5,967,552	5,417,271	5,967,552	6,887,828	6,107,539
Culture and recreation	250,513	246,687	203,182	232,024	273,406	198,135	191,837	198,135	227,897	203,952
Other activities	911,875	477,911	575,590	725,388	1,697,266	1,021,421	640,920	1,021,421	927,832	163,620
Operating grants and contributions	24,990,993	25,134,600	24,375,540	25,119,643	25,235,796	24,096,069	26,955,897	24,096,069	26,614,948	20,804,373
Capital grants and contributions	2,387,802	2,316,754	2,255,619	110,778	-	6,432,288	-	6,432,288	500,092	3,485,556
Total governmental activities program revenue	36,407,916	35,947,959	35,211,414	34,581,457	34,304,850	39,563,543	35,202,539	39,563,543	37,406,337	33,023,638
Business-type activities										
Charges for services:										
Landfill	4,082,577	3,951,772	4,250,794	4,256,502	3,754,832	3,992,416	4,120,887	3,992,416	4,452,466	4,691,387
Sewer	176,861	234,286	290,018	325,704	355,319	446,165	477,487	446,165	613,849	657,865
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenue	4,259,438	4,186,058	4,540,812	4,582,206	4,110,151	4,438,581	4,598,374	4,438,581	5,066,315	5,349,252
Total primary governmental program revenues	$ 40,667,354	$ 40,134,017	$ 39,752,226	$ 39,163,663	$ 38,415,001	$ 44,002,124	$ 39,800,913	$ 44,002,124	$ 42,472,652	$ 38,372,890
Net (expense)/revenue										
Governmental activities	$ (114,848,502)	$ (95,769,018)	$ (97,517,030)	$(107,728,038)	$ (95,538,956)	$ (89,963,242)	$ (93,584,522)	$ (89,963,242)	$ (128,227,429)	$ (107,524,425)
Business-type activities	(650,334)	(3,488,528)	(1,466,827)	(1,440,843)	(1,525,060)	315,545	(3,355,549)	315,545	(1,594,261)	665,741
Total primary governmental net expense	$ (115,498,836)	$ (99,257,546)	$ (98,983,857)	$(109,168,881)	$ (97,064,016)	$ (89,647,697)	$ (96,940,071)	$ (89,647,697)	$ (129,821,690)	$ (106,858,684)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 77,530,749	$ 77,678,303	$ 78,319,729	$ 78,774,693	$ 80,193,327	$ 82,230,762	$ 82,927,734	$ 82,230,762	$ 85,133,095	$ 86,793,550
Sales taxes	21,772,914	16,256,379	15,620,565	16,706,730	17,655,035	18,402,633	22,084,870	18,402,633	28,948,404	30,179,230
Other taxes	1,930,069	1,976,501	1,918,818	1,679,237	1,640,728	1,586,357	1,561,609	1,586,357	1,695,436	2,028,440
Investment earnings	1,303,577	599,323	443,548	314,058	270,151	316,229	307,954	316,229	512,871	1,063,803
Miscellaneous	429,587	465,271	1,929,082	2,571,249	1,359,476	2,328,908	1,282,400	2,328,908	978,148	1,895,472
Contributions of general capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	(139,794)	(1,042,013)	(3,002,124)	(1,198,242)	(1,412,336)	(1,101,622)	(1,016,043)	(1,101,622)	(1,609,944)	(891,032)
Total governmental activities	102,827,102	95,933,764	95,229,618	98,847,725	99,706,381	103,763,267	107,148,524	103,763,267	115,658,010	121,069,463
Business-type activities:										
Other taxes	259,029	291,769	331,070	329,205	329,416	334,919	353,211	334,919	350,099	477,035
Investment earnings	176,328	65,616	49,723	31,539	26,870	35,600	44,091	35,600	72,878	185,910
Other	8,345	183,412	148,168	-	-	-	-	-	104,765	152,687
Contributions of general capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	139,794	1,042,013	3,002,124	1,198,242	1,412,336	1,101,622	1,016,043	1,101,622	1,609,944	891,032
Total business-type activities	583,496	1,582,810	3,531,085	1,558,986	1,768,622	1,472,141	1,413,345	1,472,141	2,137,686	1,706,664
Total primary governmen	$ 103,410,598	$ 97,516,574	$ 98,760,703	$ 100,406,711	$ 101,475,003	$ 105,235,408	$ 108,561,869	$ 105,235,408	$ 117,795,696	$ 122,776,127
Change in Net Position										
Governmental activities	$ (12,021,400)	$ 164,746	$ (2,287,412)	$ (8,880,313)	$ 4,167,425	$ 13,800,025	$ 13,564,002	$ 13,800,025	$ (12,569,419)	$ 13,545,038
Business-type activities	(66,838)	(1,905,718)	2,064,258	118,143	243,562	1,787,686	(1,942,204)	1,787,686	543,425	2,372,405
Total primary governmen	$ (12,088,238)	$ (1,740,972)	$ (223,154)	$ (8,762,170)	$ 4,410,987	$ 15,587,711	$ 11,621,798	$ 15,587,711	$ (12,025,994)	$ 15,917,443

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

Table 12

	Fiscal Year									
	2009	**2010**	**2011**	**2012**	**2012**	**2014**	**2015**	**2016**	**2017**	**2018**
General Fund										
Reserved	$ 11,708,044	$ 12,699,217	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	38,839,394	41,040,720	-	-	-	-	-	-	-	-
Nonspendable	-	-	1,816,031	1,766,306	1,766,306	1,572,352	1,469,723	1,363,064	1,252,163	1,136,798
Restricted	-	-	14,334,997	13,543,115	13,543,115	16,864,563	27,611,649	20,928,380	22,058,268	23,688,640
Committed	-	-	75,997	79,000	79,000	79,000	79,000	375,340	375,340	375,340
Assigned	-	-	3,029,478	2,937,952	2,937,952	3,090,362	2,700,105	2,740,602	3,054,098	3,052,506
Unassigned	-	-	32,425,675	33,955,171	33,955,171	34,131,198	27,141,583	39,451,906	44,325,243	50,252,240
Total General Fund	$ 50,547,438	$ 53,739,937	$ 51,682,178	$ 52,281,544	$ 52,281,544	$ 55,737,475	$ 59,002,060	$ 64,859,292	$ 71,065,112	$ 78,505,524
All other governmental funds										
Reserved	$ 257,919	$ 97,005	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	31,391,030	27,263,442	-	-	-	-	-	-	-	-
Capital projects funds	1,102,194	680,507	-	-	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	18,329,666	3,417,894	3,417,894	2,621,157	2,515,444	40,682,624	8,434,530	10,075,666
Committed	-	-	14,004,737	12,230,378	12,230,378	18,109,063	15,430,081	8,673,267	21,565,370	13,618,272
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(6,390,336)	-	-	-
Total all other governmental funds	$ 32,751,143	$ 28,040,954	$ 32,334,403	$ 15,648,272	$ 15,648,272	$ 20,730,220	$ 11,555,189	$ 49,355,891	$ 29,999,900	$ 23,693,938

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	$ 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	$ 47,386,211
Restricted	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	20,259,080
Unrestricted	(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)	(46,397,935)
Total Governmental activities net position	$ 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	$ 21,247,356
Business-type activities										
Net investment in capital assets	$ 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	$ 9,008,850
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	10,770,384
Total business-type activities net position	$ 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	$ 19,779,234
Primary government										
Net investment in capital assets	$ 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	$ 56,395,061
Restricted	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	20,259,080
Unrestricted	(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)	(35,627,551)
Total primary government net position	$ 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	$ 41,026,590

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

	Governmental Activities							Business-type activities						
Fiscal Year	General Obligation Bonds	Unamortized Premium	Qualified Zone Academy Bonds	Qualified School Construction Bonds	Installment Purchases	Limited Obligation Bonds	Certificates of Participation	General Obligation Bonds	Unamortized Premium	Limited Obligation Bonds	Installment Purchases	Total Primary Government	Percentage of Personal Income	Per Capita
2009	$ 79,720,000	$ 1,146,744	$ 1,030,000	$ -	$ 684,450	$ -	$ 19,100,000	$ 1,060,000	$ -	$ -	$ 10,000,000	112,741,194	3.14%	705
2010	75,415,000	1,085,988	1,030,000	5,076,971	473,850	-	17,650,000	1,010,000	-	-	9,825,172	111,566,981	3.15%	698
2011	71,145,000	1,025,232	1,030,000	17,788,506	263,250	4,915,000	11,210,000	960,000	-	2,000,000	9,467,932	119,804,920	3.33%	736
2012	66,915,000	964,476	1,030,000	17,450,041	52,650	4,255,000	10,320,000	910,000	-	1,870,000	9,095,201	112,862,368	3.12%	694
2013	62,725,000	903,720	1,030,000	17,111,576	-	3,590,000	9,930,000	860,000	-	1,735,000	8,706,307	106,591,603	3.04%	651
2014	58,570,000	842,964	1,030,000	16,773,112	-	2,910,000	8,940,000	810,000	-	1,600,000	8,300,547	99,776,623	2.80%	609
2015	54,450,000	782,208	-	16,434,646	-	2,215,000	7,905,000	760,000	-	1,465,000	7,877,193	91,889,047	2.57%	559
2016	46,105,000	14,908,730	-	16,096,181	-	44,955,000	6,925,000	675,000	1,361,942	7,455,000	-	138,481,853	3.86%	841
2017	42,385,000	14,138,610	-	15,757,716	7,000,000	42,040,000	5,965,000	625,000	1,257,177	6,945,000	-	136,113,503	3.47%	825
2018	38,845,000	13,368,490	-	15,419,251	7,000,000	39,105,000	5,035,000	575,000	1,152,412	6,420,000	-	126,920,153	3.24%	764

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

	2018		2009	
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%	500-999	1.00%
County of Davidson	500-999	1.00%	500-999	1.00%
Old Dominion Freight Line	500-999	1.00%	500-999	1.00%
Wal-mart Associates, Inc.	500-999	1.00%	500-999	1.00%
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	81,448		77,969	

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	2018 Assessed Valuation	2018 Percentage of Total Assessed Valuation	2008 Assessed Valuation	2008 Percentage of Total Assessed Valuation
Duke Energy	$ 105,830,479	0.76%	$ 77,273,705	0.62%
Halyard North Carolina	101,464,116	0.73%	88,352,427	0.72%
Electric Glass Fiber America, LLC (formerly PPG industries)	74,952,212	0.54%	75,094,162	0.60%
Unilin Flooring NC LLC	73,081,889	0.52%	70,643,769	0.57%
Energy United	70,238,799	0.50%	-	-
Alcoa Power Generating	53,408,687	0.38%	41,551,313	3.30%
Norfolk Southern	44,088,895	0.32%	-	-
Walmart Stores East LP	37,981,783	0.27%	31,001,187	0.25%
Windstream	37,086,185	0.27%	-	-
Owens-Brockway	36,894,909	0.26%	27,681,286	0.22%
RCR Enterprises, LLC	-	-	37,466,742	0.30%
TFI Industries	-	-	23,216,343	0.19%
May Heavy Equipment Rental	-	-	25,827,630	0.19%
	$ 635,027,954		$ 498,108,564	

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function										
General government	115	114	115	109	110	110	111	111	108	109
Human Services	332	321	311	309	311	315	315	324	327	321
Public Safety	372	357	351	355	356	359	371	381	381	381
Environmental protection	27	26	26	25	21	21	20	21	19	19
Economic and physical development	39	41	38	38	39	38	37	36	31	30
Culture and recreation	70	73	74	74	74	75	73	73	73	73
Transportation	18	15	14	17	17	16	16	10	8	10
Landfill	32	33	34	34	28	17	15	15	13	17
Sewer	2	2	2	2	2	1	-	-	1	1
Garage	4	4	5	4	5	7	7	6	5	5
Total	1,011	986	970	967	963	959	965	977	966	966

Source: Davidson County Budget Office.

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

	Fiscal Year As of June 30									
Function	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Human Services (1):										
Public health occupied square footage	21,572	21,572	34,060	34,060	34,060	34,060	34,060	34,060	34,060	34,060
Social services occupied square footage	45,511	45,511	54,221	54,221	55,869	57,615	57,615	54,221	54,221	54,221
Public Safety (1):										
Number of Emergency medical stations	6	6	6	7	7	8	8	8	8	8
Number of volunteer fire stations	23	23	23	30	30	30	30	30	30	30
Culture & recreation (1):										
Number of libraries	5	5	5	5	5	5	5	5	5	5
Education (2):										
Number of schools	42	43	43	46	46	46	46	46	46	47

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

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

	Fiscal Year As of June 30									
Function	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
General government:										
Number of tax bills per 1000 parcels (1)	2,696	2,640	2,651	2,651	3,134	2,900	1,077	1,082	1,086	1,087
Registered motor vehicles per 1000 population (3)	963	923	929	929	897	1,023	1,049	1,060	1,583	1,058
Human services (1):										
Children in Social Services custody	219	192	182	194	192	191	209	218	254	253
Active child support cases	5,789	6,009	6,132	5,310	6,361	6,229	6,026	6,260	6,127	5,997
Public Safety (1):										
Number of EMS calls dispatched	13,317	12,433	15,848	20,436	23,778	23,634	23,373	23,056	23,508	25,095
Number of emergency medical technicians	105	104	104	99	111	117	117	138	138	138
Building permits issued	4,789	4,740	4,776	4,640	4,391	4,883	6,173	7,041	7,431	6,739
Number of firemen	1,100	1,071	1,071	1,071	1,070	1,070	1,070	1,070	1,070	1,070
Number of fire inspections made	1,147	1,302	1,363	1,300	1,300	1,577	1,816	1,738	1,943	1,766
Economic and physical development (1):										
Number of individuals sponsored in WIA services	348	514	537	510	457	347	737	596	264	419
Education (2):										
Number of students	26,200	25,953	25,448	25,519	25,555	25,231	25,141	25,131	24,246	24,257
Number of teachers	1,900	1,828	1,879	1,779	1,755	2,385	2,385	2,332	2,203	2,233

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