

**DAVIE COUNTY  
NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2014**

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# **DAVIE COUNTY NORTH CAROLINA**

## **BOARD OF COUNTY COMMISSIONERS**

Robert C. Wisecarver, Chairman

Mark S. Jones, Vice-Chairman

Carlyle P. Humphrey

Richard B. Poindexter

Terry Renegar

## **COUNTY OFFICIALS**

Cecil E. Wood	Interim County Manager
Robin M. West	Finance Director
E. Edward Vogler, Jr.	County Attorney
M. Brent Shoaf	Register of Deeds

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# DAVIE COUNTY, NORTH CAROLINA

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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  
Davie County  
Mocksville, 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 Davie County, North Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Davie 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 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. The financial statements of the Davie County Watershed Improvement Commission were not audited in accordance with *Government Auditing Standards*.

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davie County as of June 30, 2014, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and Other Post-Employment Benefits Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Davie County's basic financial statements. The individual fund financial statements, budget and actual schedules, and supplementary ad valorem tax schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014 on our consideration of Davie County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Davie County's internal control over financial reporting and compliance.

*Martin Starnes & Associates, CPAs, P.A.*

Martin Starnes & Associates, CPAs, P.A.  
Hickory, NC  
December 8, 2014

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## Management's Discussion and Analysis

As management of Davie County, we offer readers of Davie County's financial statements this narrative overview and analysis of the financial activities of Davie County for the fiscal year ended June 30, 2014. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follows this narrative.

### Financial Highlights

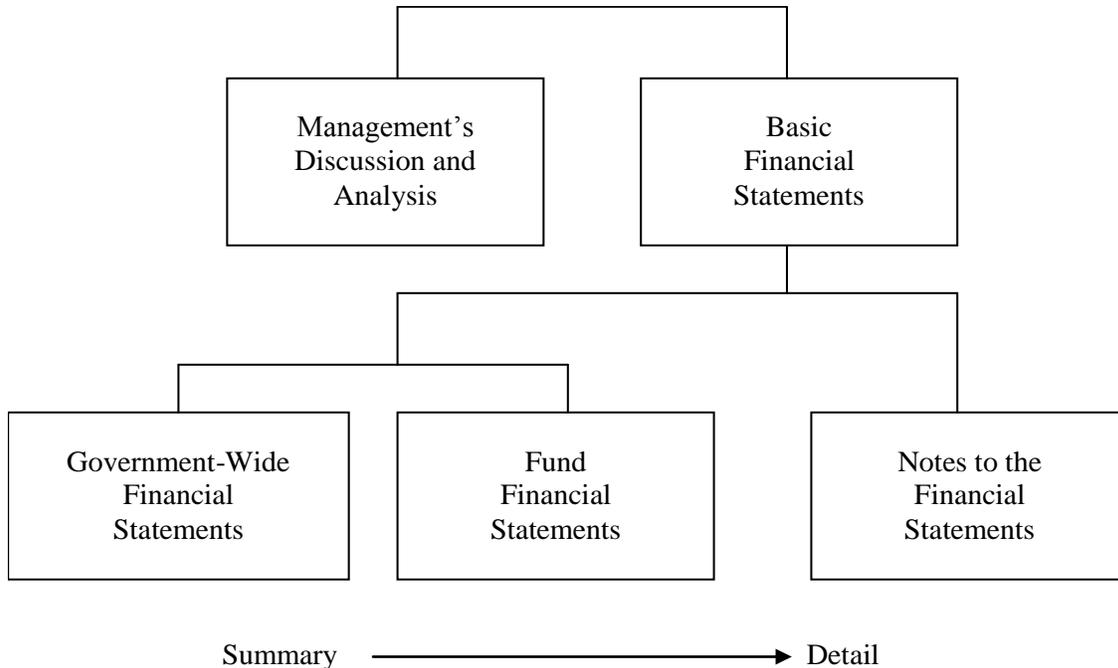
- The assets and deferred outflows of resources of Davie County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$47,888,322 (*net position*).
- The government's total net position increased by \$3,624,642, primarily due to the increase in net position in the governmental activities. Management has focused on monitoring spending and maximizing revenue collections.
- As of the close of the current fiscal year, Davie County's governmental funds reported combined ending fund balances of \$16,523,066, an increase of \$2,694,291 in comparison with the prior year. Approximately 26.4% of this total amount, or \$4,354,019, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,458,235, or 21.4%, of total General Fund expenditures for the fiscal year.
- Davie County has AA and Aa2 General Obligation bond ratings.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Davie County's basic financial statements. Davie County's basic financial statements consist 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 financial condition of Davie County.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the County's financial status.

The next statements (Exhibits C through J) are the **Fund Financial Statements**. These statements focus on the activities of the individual parts of the County's government. These statements provide 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 funds statements, and 4) the fiduciary funds statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the County's nonmajor governmental funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

Following the notes is the required supplemental information. This section contains funding information about the County's pension plans.

## **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of Davie County's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the County's financial status as a whole.

The two government-wide statements report the County's net position and how it has changed. Net position is the difference between the County's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the County's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component unit. The governmental activities include most of the County's basic services, such as public safety, parks and recreation, and general administration. Property taxes and Federal and State grant funds finance most of these activities. The business-type activities are those that the County charges customers to provide. These include the water and sewer and solid waste services offered by Davie County. The final category is the component unit. The government-wide financial statements include one component unit, the Davie County Watershed Improvement Commission, for which Davie County is financially accountable. The Commission operates to maintain a watershed improvement program in the County. The governing board members are appointed by the County.

The government-wide financial statements are on Exhibits A and B of this report.

## **Fund Financial Statements**

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. Davie County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Davie 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*. This method also has 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 governmental 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.

Davie 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.

**Proprietary Funds.** Davie County has one kind of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Davie County uses enterprise funds to account for its water and sewer activity and for its solid waste operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Davie County has five fiduciary funds, all of which are agency funds.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 26 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Davie County's progress in funding its obligation to provide pension benefits to its employees. Required supplemental information can be found beginning on page 61 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. The assets and deferred outflows of resources of Davie County exceeded its liabilities and deferred inflows of resources by \$47,888,322 as of June 30, 2014. The County's net position increased by \$3,624,642 for the fiscal year ended June 30, 2014. One of the largest portions, \$42,906,155 (89.60%), reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). Davie County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Davie County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Davie County's net position, \$4,326,357 (9.03%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$655,810 (1.37%) is unrestricted.

**Davie County's Net Position**  
**Figure 2**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Assets:</b>						
Current and						
other assets	\$ 19,363,690	\$ 16,929,372	\$ 8,182,201	\$ 7,933,935	\$ 27,545,891	\$ 24,863,307
Capital assets	<u>17,498,957</u>	<u>18,192,902</u>	<u>25,537,198</u>	<u>25,790,580</u>	<u>43,036,155</u>	<u>43,983,482</u>
Total assets	<u>36,862,647</u>	<u>35,122,274</u>	<u>33,719,399</u>	<u>33,724,515</u>	<u>70,582,046</u>	<u>68,846,789</u>
<b>Deferred Outflows</b>						
<b>of Resources</b>	<u>76,500</u>	<u>85,000</u>	<u>-</u>	<u>-</u>	<u>76,500</u>	<u>85,000</u>
<b>Liabilities:</b>						
Long-term liabilities	20,186,689	21,713,509	337,651	334,141	20,524,340	22,047,650
Other liabilities	<u>1,751,615</u>	<u>1,933,030</u>	<u>456,390</u>	<u>661,066</u>	<u>2,208,005</u>	<u>2,594,096</u>
Total liabilities	<u>21,938,304</u>	<u>23,646,539</u>	<u>794,041</u>	<u>995,207</u>	<u>22,732,345</u>	<u>24,641,746</u>
<b>Deferred Inflows</b>						
<b>of Resources</b>	<u>37,879</u>	<u>26,363</u>	<u>-</u>	<u>-</u>	<u>37,879</u>	<u>26,363</u>
<b>Net Position:</b>						
Net investment in						
capital assets	17,368,957	17,932,902	25,537,198	25,790,580	42,906,155	43,723,482
Restricted	4,326,357	5,583,497	-	-	4,326,357	5,583,497
Unrestricted	<u>(6,732,350)</u>	<u>(11,982,027)</u>	<u>7,388,160</u>	<u>6,938,728</u>	<u>655,810</u>	<u>(5,043,299)</u>
Total net position	<u>\$ 14,962,964</u>	<u>\$ 11,534,372</u>	<u>\$ 32,925,358</u>	<u>\$ 32,729,308</u>	<u>\$ 47,888,322</u>	<u>\$ 44,263,680</u>

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 97.98%.
- Continued low cost of debt due to the County's high bond rating.
- Decrease in long-term liabilities.
- Management's proactive stance on monitoring spending across County departments to ensure compliance with the budget.

**Davie County's Changes in Net Position**  
**Figure 3**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 4,419,009	\$ 4,440,920	\$ 5,009,471	\$ 5,036,239	\$ 9,428,480	\$ 9,477,159
Operating grants and contributions	7,691,204	8,570,885	-	-	7,691,204	8,570,885
Capital grants and contributions	210,046	4,680,833	125,138	874,862	335,184	5,555,695
General revenues:						
Property taxes	28,109,153	27,308,475	-	-	28,109,153	27,308,475
Other taxes	6,361,575	6,189,696	-	-	6,361,575	6,189,696
Other	896,223	1,557,835	1,378	1,345	897,601	1,559,180
<b>Total revenues</b>	<u>47,687,210</u>	<u>52,748,644</u>	<u>5,135,987</u>	<u>5,912,446</u>	<u>52,823,197</u>	<u>58,661,090</u>
<b>Expenses:</b>						
General government	6,157,763	5,899,015	-	-	6,157,763	5,899,015
Public safety	13,353,731	13,879,750	-	-	13,353,731	13,879,750
Environmental protection	47,979	53,069	-	-	47,979	53,069
Economic and physical development	714,028	5,027,639	-	-	714,028	5,027,639
Human services	10,296,870	10,904,555	-	-	10,296,870	10,904,555
Culture and recreation	1,187,430	1,174,922	-	-	1,187,430	1,174,922
Education	11,687,410	13,270,743	-	-	11,687,410	13,270,743
Interest and fiscal changes	645,975	1,159,379	-	-	645,975	1,159,379
Solid waste	-	-	229,524	250,214	229,524	250,214
Water and sewer	-	-	4,877,845	4,735,780	4,877,845	4,735,780
<b>Total expenses</b>	<u>44,091,186</u>	<u>51,369,072</u>	<u>5,107,369</u>	<u>4,985,994</u>	<u>49,198,555</u>	<u>56,355,066</u>
Increase (decrease) in net position before transfers	3,596,024	1,379,572	28,618	926,452	3,624,642	2,306,024
Transfers, net	(167,432)	(192,343)	167,432	192,343	-	-
Increase (decrease) in net position	3,428,592	1,187,229	196,050	1,118,795	3,624,642	2,306,024
Net position, July 1	11,534,372	10,536,284	32,729,308	31,610,513	44,263,680	42,146,797
Prior period adjustment	-	(189,141)	-	-	-	(189,141)
<b>Beginning of year - July 1 - restated</b>	<u>11,534,372</u>	<u>10,347,143</u>	<u>32,729,308</u>	<u>31,610,513</u>	<u>44,263,680</u>	<u>41,957,656</u>
<b>End of year - June 30</b>	<u>\$ 14,962,964</u>	<u>\$ 11,534,372</u>	<u>\$ 32,925,358</u>	<u>\$ 32,729,308</u>	<u>\$ 47,888,322</u>	<u>\$ 44,263,680</u>

**Governmental Activities.** Governmental activities increased the County's net position by \$3,428,592, thereby accounting for 95% of the total growth in the net position of Davie County. Key elements for the year are as follows:

- Revenues decreased by \$5,061,434 in total over the prior year. A decrease in Capital and Operating Grants accounts for most of this decrease, due to Economic Development projects in the prior year. Ad valorem tax and sales tax revenue increased.
- Expenditures decreased across in almost all County departments by \$7,277,886 from the prior year. A decrease of \$4,313,611 was due to the activity from the Ashley Furniture Economic Development projects occurring in the prior year. School construction totaling \$428,103 for the Davie County Early College High School occurred in the prior year.

**Business-Type Activities.** Business-type activities increased Davie County's net position by \$196,050, accounting for 5% of the total growth in the government's net position. A key element of this increase was that the water and sewer rates were increased to help cover the cost of providing the service.

### **Financial Analysis of the County's Funds**

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

**Governmental Funds.** The focus of Davie County's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of Davie County. At the end of the current fiscal year, fund balance available in the General Fund was \$12,690,348, while total fund balance reached \$15,744,083. Fund balance available represents 28.64% of total General Fund expenditures and transfers out, while total fund balance represents 35.53% of that same amount.

The Capital Projects Fund accounts for the activities of several capital projects going on within the County. The majority of the revenue to support these projects comes from Federal and State grants. At June 30, 2014, the net change in fund balance was a decrease of \$276,782 with an ending fund balance of \$355,977. There was a large transfer out to the General Fund during the current year.

At June 30, 2014, the governmental funds of Davie County reported a combined fund balance of \$16,523,066, an increase of 19% over the prior year. The primary reason for this increase in fund balance is in the General Fund.

**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 by \$1,968,314. A major portion of this increase was attributable to changes in amounts of funding received from the State of North Carolina and other grants. Budget-to-actual variances include an increase over budget for local property tax collections and a shortfall in Federal and State grants and charges for sales and services. Lower than expected expenditures of \$3,645,260 minimized the effect on changes in fund balance.

**Proprietary Funds.** Davie County’s proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year amounted to \$46,392, and those for the Water and Sewer Fund equaled \$7,341,768. The total growth in net position for both major funds were \$26,284 and \$169,766, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of Davie County’s business-type activities.

### Capital Assets and Debt Administration

**Capital Assets.** Davie County’s capital assets for its governmental and business-type activities as of June 30, 2014 total \$43,036,155 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include:

- Purchase of replacement vehicles for Sheriff’s Office, Emergency Medical Services, and Public Utilities.
- Computer switch upgrade and compellant upgrade for Information Technology.
- Radio Console purchase for Communications.

**Davie County's Capital Assets**  
**Figure 4**

	<u>Governmental</u> <u>Activities</u>		<u>Business-Type</u> <u>Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Land	\$ 681,358	\$ 621,225	\$ 366,731	\$ 366,731	\$ 1,048,089	\$ 987,956
Buildings	22,048,015	22,143,463	508,082	508,082	22,556,097	22,651,545
Furniture, equipment and computer	4,658,273	4,683,691	1,760,318	1,496,550	6,418,591	6,180,241
Vehicles and motor equipment	2,751,015	2,504,054	-	-	2,751,015	2,504,054
Water/sewer lines	-	-	36,452,971	36,452,971	36,452,971	36,452,971
Construction in progress	<u>1,318,592</u>	<u>1,264,706</u>	<u>2,978,418</u>	<u>2,658,868</u>	<u>4,297,010</u>	<u>3,923,574</u>
	31,457,253	31,217,139	42,066,520	41,483,202	73,523,773	72,700,341
Less:						
Accumulated depreciation	<u>13,958,296</u>	<u>13,024,237</u>	<u>16,529,322</u>	<u>15,692,622</u>	<u>30,487,618</u>	<u>\$ 28,716,859</u>
Capital assets, net	<u>\$ 17,498,957</u>	<u>\$ 18,192,902</u>	<u>\$ 25,537,198</u>	<u>\$ 25,790,580</u>	<u>\$ 43,036,155</u>	<u>\$ 43,983,482</u>

Additional information on Davie County’s capital assets can be found beginning on page 39 of the Basic Financial Statements.

**Long-Term Debt.** As of June 30, 2014, Davie County had total bonded debt outstanding of \$5,710,000, all of which is debt backed by the full faith and credit of the County.

**Davie County's Outstanding Debt**  
**Figure 5**

	<u>Governmental Activities</u>	
	<u>2014</u>	<u>2013</u>
General obligation debt	\$ 5,710,000	\$ 6,610,000
Installment purchase contracts	130,000	260,000
QZAB	602,600	602,600
COPS	9,305,000	10,155,000
Unamortized premiums	565,301	625,617
<b>Total</b>	<u><u>\$ 16,312,901</u></u>	<u><u>\$ 18,253,217</u></u>

Davie County's total debt decreased by \$1,940,316 (10.6%) during the fiscal year, primarily due to timely payments of debt service expenditures.

As mentioned in the financial highlights section of this document, Davie County maintained its Aa2 bond rating from Moody’s Investor Service and received an upgraded AA rating from Standard & Poor’s Corporation. This bond rating is a clear indication of the sound financial condition of Davie County. This achievement is a primary factor in keeping interest costs low on the County’s outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for Davie County is approximately \$345,750,000. The County has no authorized, unissued bonds at June 30, 2014.

Additional information regarding Davie County’s long-term debt can be found beginning on page 52 of this audited financial report.

**Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the County.

- The County’s unemployment rate of 5.8% is lower than the State average of 6.5%.
- Gildan Yarns, LLC intends to invest \$142 million to acquire real property located in the County and to construct and equip a yarn spinning facility. This project will add at least 290 new jobs.
- Ashley Furniture, a manufacturer and distributor of home furnishings based in Arcadia, WI, continues construction on their new facility in Davie County. As of June 30, Ashley Furniture has created over 450 new jobs and plans to invest \$80 million in land, building, machinery, and equipment.
- Davie Medical Center – Bermuda Run opened an outpatient healthplex in October 2013 with inpatient beds to be added in 2017. The Davie Medical Center now employs about 200 people.

## **Budget Highlights for the Fiscal Year Ending June 30, 2015**

**Governmental Activities.** A revenue neutral property tax rate of 66 cents has been approved. There are no major increases in County fees. A Pay and Classification Study was conducted and the recommendations were implemented in the budget. Eight full-time EMT's were approved to start in January 2015 and four Sheriff's deputies were approved to start July 2014. Budgeted expenditures in the General Fund are expected to increase by 4.4% to \$48,248,890.

**Business-Type Activities.** The water and sewer rates for all levels of usage increased beginning July 2014. The budget for General operating expenses changed only slightly, and decreased by 0.6%.

### **Requests for Information**

This financial report is designed to provide an overview of the County's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Davie County, 123 South Main Street, Mocksville, North Carolina 27028. Budget information and audited financial statements can also be found at <http://www.daviecountync.gov/index.aspx?nid=95>.

## DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Davie County Watershed Improvement Commission
<b>Assets:</b>				
Cash and cash equivalents	\$ 14,809,438	\$ 6,787,889	\$ 21,597,327	\$ 270,531
Taxes receivable, net	612,841	-	612,841	-
Accounts receivable, net	559,664	959,774	1,519,438	-
Due from other governments	3,004,071	65,175	3,069,246	-
Accrued interest on investments	190	-	190	-
Restricted cash and cash equivalents	349,824	165,521	515,345	-
Inventories	27,662	203,842	231,504	-
Capital assets:				
Land and construction in progress	1,999,950	3,345,149	5,345,099	-
Other capital assets, net of depreciation	15,499,007	22,192,049	37,691,056	-
Total capital assets	17,498,957	25,537,198	43,036,155	-
Total assets	36,862,647	33,719,399	70,582,046	270,531
<b>Deferred Outflows of Resources</b>	76,500	-	76,500	-
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	1,751,615	210,869	1,962,484	40
Liabilities to be paid from restricted assets:				
Customer deposits	-	165,521	165,521	-
Long-term liabilities:				
Due within one year	2,895,316	80,000	2,975,316	-
Due in more than one year	17,291,373	337,651	17,629,024	-
Total liabilities	21,938,304	794,041	22,732,345	40
<b>Deferred Inflows of Resources</b>	37,879	-	37,879	-
<b>Net Position:</b>				
Net investment in capital assets	17,368,957	25,537,198	42,906,155	-
Restricted for:				
Stabilization for State statute	3,115,798	-	3,115,798	-
Register of Deeds	171,477	-	171,477	-
Education	349,824	-	349,824	-
Public safety	401,075	-	401,075	-
Economic and physical development	288,183	-	288,183	-
Unrestricted (deficit)	(6,732,350)	7,388,160	655,810	257,558
Total net position	\$ 14,962,964	\$ 32,925,358	\$ 47,888,322	\$ 270,491

The accompanying notes are an integral part of the financial statements.

**DAVIE COUNTY, NORTH CAROLINA**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Functions/Programs:	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 6,157,763	\$ 434,785	\$ 1,120,232	\$ -
Public safety	13,353,731	1,797,332	1,027,233	-
Environmental protection	47,979	-	-	-
Economic and physical development	714,028	23,369	1,156,527	210,046
Human services	10,296,870	2,163,523	4,209,306	-
Cultural and recreational	1,187,430	-	177,906	-
Education	11,687,410	-	-	-
Interest and fiscal charges	645,975	-	-	-
Total governmental activities	<u>44,091,186</u>	<u>4,419,009</u>	<u>7,691,204</u>	<u>210,046</u>
<b>Business-Type Activities:</b>				
Water and Sewer Fund	4,877,845	4,889,095	-	125,138
Solid Waste Fund	229,524	120,376	-	-
Total business-type activities	<u>5,107,369</u>	<u>5,009,471</u>	<u>-</u>	<u>125,138</u>
Total primary government	<u>\$ 49,198,555</u>	<u>\$ 9,428,480</u>	<u>\$ 7,691,204</u>	<u>\$ 335,184</u>
<b>Component Unit:</b>				
Davie County Watershed Improvement Commission	<u>\$ 16,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**General Revenues:**

Taxes:

Property taxes, levied for general purpose

Local option sales tax

Other taxes

Investment earnings, unrestricted

Other unrestricted intergovernmental revenue

Total general revenues, excluding transfers

Transfers to/from other funds

Total general revenues and transfers

Change in net position

**Net Position:**

Beginning of year - July 1

End of year - June 30

*The accompanying notes are an integral part of the financial statements.*

Exhibit B

<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Unit</u>
<u>Primary Government</u>			
<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Davie County Watershed Improvement Commission</u>
\$ (4,602,746)	\$ -	\$ (4,602,746)	
(10,529,166)	-	(10,529,166)	
(47,979)	-	(47,979)	
675,914	-	675,914	
(3,924,041)	-	(3,924,041)	
(1,009,524)	-	(1,009,524)	
(11,687,410)	-	(11,687,410)	
(645,975)	-	(645,975)	
<u>(31,770,927)</u>	<u>-</u>	<u>(31,770,927)</u>	
-	136,388	136,388	
<u>-</u>	<u>(109,148)</u>	<u>(109,148)</u>	
<u>-</u>	<u>27,240</u>	<u>27,240</u>	
<u>(31,770,927)</u>	<u>27,240</u>	<u>(31,743,687)</u>	
			\$ <u>(16,956)</u>
28,109,153	-	28,109,153	-
6,258,539	-	6,258,539	-
103,036	-	103,036	-
48,764	1,378	50,142	489
847,459	-	847,459	29,400
<u>35,366,951</u>	<u>1,378</u>	<u>35,368,329</u>	<u>29,889</u>
<u>(167,432)</u>	<u>167,432</u>	<u>-</u>	<u>-</u>
<u>35,199,519</u>	<u>168,810</u>	<u>35,368,329</u>	<u>29,889</u>
3,428,592	196,050	3,624,642	12,933
<u>11,534,372</u>	<u>32,729,308</u>	<u>44,263,680</u>	<u>257,558</u>
<u>\$ 14,962,964</u>	<u>\$ 32,925,358</u>	<u>\$ 47,888,322</u>	<u>\$ 270,491</u>

The accompanying notes are an integral part of the financial statements.

**DAVIE COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2014**

	<b>Major Funds</b>		<b>Nonmajor Fund</b>	
	<b>General</b>	<b>Capital Projects Fund</b>	<b>Emergency Telephone System Fund</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 14,112,900	\$ 290,659	\$ 405,879	\$ 14,809,438
Taxes receivable, net	612,841	-	-	612,841
Accounts receivable, net	536,164	23,500	-	559,664
Due from other governments	2,937,846	44,294	21,931	3,004,071
Accrued interest on investments	190	-	-	190
Restricted cash and cash equivalents	349,824	-	-	349,824
Inventories	27,662	-	-	27,662
	<u>\$ 18,577,427</u>	<u>\$ 358,453</u>	<u>\$ 427,810</u>	<u>\$ 19,363,690</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,680,308	\$ 2,476	\$ 4,804	\$ 1,687,588
<b>Deferred Inflows of Resources:</b>				
Prepaid property taxes	37,879	-	-	37,879
Property taxes receivable	612,841	-	-	612,841
Other receivables	502,316	-	-	502,316
Total deferred inflows of resources	<u>1,153,036</u>	<u>-</u>	<u>-</u>	<u>1,153,036</u>
<b>Fund Balances:</b>				
Non-spendable:				
Inventories	27,662	-	-	27,662
Restricted:				
Stabilization by State statute	3,026,073	67,794	21,931	3,115,798
Restricted, all other	521,301	288,183	401,075	1,210,559
Assigned	2,710,812	-	-	2,710,812
Unassigned	9,458,235	-	-	9,458,235
Total fund balances	<u>15,744,083</u>	<u>355,977</u>	<u>423,006</u>	<u>16,523,066</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,577,427</u>	<u>\$ 358,453</u>	<u>\$ 427,810</u>	

*The accompanying notes are an integral part of the financial statements.*

**DAVIE COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2014**

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, are not reported in the funds.	17,498,957
Charges related to long-term debt issue	76,500
Deferred inflows of resources for taxes and other receivables	1,115,157
Some liabilities, including interest payable, net pension obligations, and other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(20,250,716)</u>
Net position of governmental activities, per Exhibit A	<u>\$ 14,962,964</u>

*The accompanying notes are an integral part of the financial statements.*

## DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	Major Funds		Nonmajor Fund	Total Governmental Funds
	General Fund	Capital Projects Fund	Emergency Telephone System Fund	
<b>Revenues:</b>				
Taxes	\$ 34,683,664	\$ -	\$ -	\$ 34,683,664
Intergovernmental	6,028,903	210,046	263,176	6,502,125
Charges for services	3,723,240	-	-	3,723,240
Permits and fees	620,523	-	-	620,523
Interest on investments	48,672	-	95	48,767
Miscellaneous	1,132,276	1,114,308	-	2,246,584
Total revenues	<u>46,237,278</u>	<u>1,324,354</u>	<u>263,271</u>	<u>47,824,903</u>
<b>Expenditures:</b>				
General government	5,443,675	-	-	5,443,675
Public safety	12,820,699	-	350,347	13,171,046
Environmental protection	47,979	53,886	-	101,865
Economic and physical development	446,271	264,780	-	711,051
Human services	9,946,331	166,226	-	10,112,557
Cultural and recreational	1,187,301	1,936	-	1,189,237
Education	11,687,410	-	-	11,687,410
Debt service:				
Principal	1,880,000	-	-	1,880,000
Interest and fees	685,094	-	-	685,094
Total expenditures	<u>44,144,760</u>	<u>486,828</u>	<u>350,347</u>	<u>44,981,935</u>
Revenues over (under) expenditures	<u>2,092,518</u>	<u>837,526</u>	<u>(87,076)</u>	<u>2,842,968</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,114,308	-	-	1,114,308
Transfers out	(167,432)	(1,114,308)	-	(1,281,740)
Proceeds from sale of capital assets	18,755	-	-	18,755
Total other financing sources (uses)	<u>965,631</u>	<u>(1,114,308)</u>	<u>-</u>	<u>(148,677)</u>
Net change in fund balances	3,058,149	(276,782)	(87,076)	2,694,291
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>12,685,934</u>	<u>632,759</u>	<u>510,082</u>	<u>13,828,775</u>
End of year - June 30	<u>\$ 15,744,083</u>	<u>\$ 355,977</u>	<u>\$ 423,006</u>	<u>\$ 16,523,066</u>

The accompanying notes are an integral part of the financial statements.

**DAVIE COUNTY, NORTH CAROLINA**

**RECONCILIATION OF THE STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Amounts reported for governmental activities in the Statement of Activities are different due to the following items:

Net change in fund balances - total governmental funds (Exhibit D)	\$ 2,694,291
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 capital outlays exceeded depreciation in the current period.	(364,966)
Cost of capital asset disposed of during the year, not recognized on modified accrual basis.	(328,979)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has any effect on net position.	1,880,000
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.	(314,064)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	<u>(137,690)</u>
Change in net position of governmental activities per Exhibit B	<u>\$ 3,428,592</u>

*The accompanying notes are an integral part of the financial statements.*

## DAVIE COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 33,060,055	\$ 33,090,055	\$ 34,683,664	\$ 1,593,609
Intergovernmental	5,440,441	6,106,920	6,028,903	(78,017)
Charges for sales and services	4,314,038	4,329,604	3,723,240	(606,364)
Permits and fees	532,760	532,760	620,523	87,763
Interest on investments	18,000	18,000	48,672	30,672
Miscellaneous	817,047	1,445,371	1,132,276	(313,095)
Total revenues	<u>44,182,341</u>	<u>45,522,710</u>	<u>46,237,278</u>	<u>714,568</u>
<b>Expenditures:</b>				
General government	5,578,191	5,945,941	5,443,675	502,266
Public safety	13,130,725	13,338,018	12,820,699	517,319
Environmental protection	50,509	50,509	47,979	2,530
Economic and physical development	735,139	807,413	446,271	361,142
Human services	10,836,757	11,587,687	9,946,331	1,641,356
Cultural and recreational	1,146,386	1,232,687	1,187,301	45,386
Education	11,510,911	12,016,427	11,687,410	329,017
Debt service:				
Principal	1,910,457	1,910,457	1,880,000	30,457
Interest and fees	692,490	727,490	685,094	42,396
Contingency	100,000	43,250	-	(43,250)
Total expenditures	<u>45,691,565</u>	<u>47,659,879</u>	<u>44,144,760</u>	<u>3,428,619</u>
Revenues over (under) expenditures	<u>(1,509,224)</u>	<u>(2,137,169)</u>	<u>2,092,518</u>	<u>4,229,687</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (to) other funds	(528,600)	(528,600)	(167,432)	361,168
Transfers from other funds	1,114,308	1,114,308	1,114,308	-
Proceeds from sale of capital assets	10,000	10,000	18,755	8,755
Total other financing sources (uses)	<u>595,708</u>	<u>595,708</u>	<u>965,631</u>	<u>369,923</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(913,516)</u>	<u>(1,541,461)</u>	<u>3,058,149</u>	<u>4,599,610</u>
Appropriated fund balance	<u>913,516</u>	<u>1,541,461</u>	<u>-</u>	<u>(1,541,461)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,058,149</u>	<u>\$ 3,058,149</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>12,685,934</u>	
End of year - June 30			<u>\$ 15,744,083</u>	

The accompanying notes are an integral part of the financial statements.

## DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014

	<b>Major</b>		<b>Total</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	
<b>Assets:</b>			
Current assets:			
Cash and cash equivalents	\$ 6,569,515	\$ 218,374	\$ 6,787,889
Accounts receivable, net	945,709	14,065	959,774
Due from other governments	43,756	21,419	65,175
Inventory, at cost	203,842	-	203,842
Cash and cash equivalents, restricted	165,521	-	165,521
Total current assets	<u>7,928,343</u>	<u>253,858</u>	<u>8,182,201</u>
Capital assets:			
Land and other non-depreciable assets	3,299,859	45,290	3,345,149
Other capital assets, net of depreciation	22,158,256	33,793	22,192,049
Total non-current assets	<u>25,458,115</u>	<u>79,083</u>	<u>25,537,198</u>
Total assets	<u>33,386,458</u>	<u>332,941</u>	<u>33,719,399</u>
<b>Liabilities and Net Position:</b>			
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	178,844	32,025	210,869
Liabilities to be paid from restricted assets:			
Customer deposits	165,521	-	165,521
Current portion of compensated absences	62,000	-	62,000
Accrued landfill post-closure liabilities	-	18,000	18,000
Total current liabilities	<u>406,365</u>	<u>50,025</u>	<u>456,390</u>
Non-current liabilities:			
Compensated absences payable	35,500	-	35,500
Other post-employment benefits	144,710	-	144,710
Accrued landfill post-closure liabilities	-	157,441	157,441
Total non-current liabilities	<u>180,210</u>	<u>157,441</u>	<u>337,651</u>
Total liabilities	<u>586,575</u>	<u>207,466</u>	<u>794,041</u>
<b>Net Position:</b>			
Net investment in capital assets	25,458,115	79,083	25,537,198
Unrestricted	7,341,768	46,392	7,388,160
Total net position	<u>\$ 32,799,883</u>	<u>\$ 125,475</u>	<u>\$ 32,925,358</u>

The accompanying notes are an integral part of the financial statements.

## DAVIE COUNTY, NORTH CAROLINA

### STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS FOR THE YEAR ENDED JUNE 30, 2014

	<u>Major</u>		<u>Total</u>
	<u>Water and Sewer Fund</u>	<u>Solid Waste Fund</u>	
<b>Operating Revenues:</b>			
Charges for sales and services	\$ 4,691,312	\$ 120,376	\$ 4,811,688
Miscellaneous	197,783	-	197,783
Total operating revenues	<u>4,889,095</u>	<u>120,376</u>	<u>5,009,471</u>
<b>Operating Expenses:</b>			
Salaries and benefits	1,143,411	-	1,143,411
Other operating expenses	2,872,750	228,358	3,101,108
Depreciation	<u>861,684</u>	<u>1,166</u>	<u>862,850</u>
Total operating expenses	<u>4,877,845</u>	<u>229,524</u>	<u>5,107,369</u>
Operating income (loss)	11,250	(109,148)	(97,898)
<b>Non-Operating Revenues (Expenses):</b>			
Interest on investments	<u>1,378</u>	<u>-</u>	<u>1,378</u>
Income (loss) before contributions and transfers	12,628	(109,148)	(96,520)
Capital contributions	125,138		125,138
Transfer from General Fund	<u>32,000</u>	<u>135,432</u>	<u>167,432</u>
Total contributions and transfers	<u>157,138</u>	<u>135,432</u>	<u>292,570</u>
Change in net position	169,766	26,284	196,050
<b>Net Position:</b>			
Beginning of year - July 1	<u>32,630,117</u>	<u>99,191</u>	<u>32,729,308</u>
End of year - June 30	<u>\$ 32,799,883</u>	<u>\$ 125,475</u>	<u>\$ 32,925,358</u>

*The accompanying notes are an integral part of the financial statements.*

## DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Major</u>		
	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>			
Cash received from customers	\$ 5,701,711	\$ 105,511	\$ 5,807,222
Cash paid for goods and services	(2,921,074)	(266,971)	(3,188,045)
Cash paid to employees for services	(1,118,451)	-	(1,118,451)
Customer deposits paid, net	9,363	-	9,363
Net cash provided (used) by operating activities	<u>1,671,549</u>	<u>(161,460)</u>	<u>1,510,089</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Interfund transfer in (out)	<u>32,000</u>	<u>135,432</u>	<u>167,432</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	(609,468)	-	(609,468)
Capital contributions	<u>125,138</u>	-	<u>125,138</u>
Net cash provided (used) by capital and related financing activities	<u>(484,330)</u>	<u>-</u>	<u>(484,330)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	<u>1,378</u>	-	<u>1,378</u>
Net increase (decrease) in cash and cash equivalents	1,220,597	(26,028)	1,194,569
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>5,514,439</u>	<u>244,402</u>	<u>5,758,841</u>
End of year - June 30	<u>\$ 6,735,036</u>	<u>\$ 218,374</u>	<u>\$ 6,953,410</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 11,250	\$ (109,148)	\$ (97,898)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	861,684	1,166	862,850
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	851,274	(14,865)	836,409
(Increase) decrease in inventory	109,894	-	109,894
Increase (decrease) in accounts payable and accrued liabilities	(158,219)	(11,163)	(169,382)
Increase (decrease) in customer deposits	9,363	-	9,363
Increase (decrease) in unearned revenues	(38,657)	-	(38,657)
Increase (decrease) in other post-employment benefits	32,245	-	32,245
Increase (decrease) in accrued landfill post-closure liabilities	-	(27,450)	(27,450)
Increase (decrease) in compensated absences payable	(7,285)	-	(7,285)
Net cash provided (used) by operating activities	<u>\$ 1,671,549</u>	<u>\$ (161,460)</u>	<u>\$ 1,510,089</u>

The accompanying notes are an integral part of the financial statements.

**DAVIE COUNTY, NORTH CAROLINA**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	\$ 36,725
Taxes receivable	<u>144,056</u>
Total assets	<u>\$ 180,781</u>
<b>Liabilities:</b>	
Accounts payable and accrued liabilities	\$ 34,133
Intergovernmental payable	<u>146,648</u>
Total liabilities	<u>\$ 180,781</u>

*The accompanying notes are an integral part of the financial statements.*

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 1. Summary of Significant Accounting Policies

The accounting policies of Davie County (the "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 five-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.

#### **Davie County Watershed Improvement Commission**

Davie County Watershed Improvement Commission (the "Commission") exists to operate and maintain a watershed improvement program in the County. The members of the Commission's governing board are appointed by the County. The Commission, which has a June 30 year-end, is presented as if it were a governmental fund.

#### **Davie County Industrial Facilities and Pollution Control Financing Authority**

Davie County Industrial Facilities 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 basic financial statements.

Component Unit	Reporting Method	Criteria for Inclusion	Separate Financial Statements
Davie County Watershed Improvement Commission	Discrete	The Commission's governing board is appointed by the County's Board of Commissioners.	Davie County Watershed Improvement Commission P.O. Box 413 Mocksville, NC 27028
Davie County Industrial Facilities and Pollution Control Financing Authority	Discrete	The Authority is governed by a 12-member Board of Commissioners that is appointed by the County Commissioners. The County can remove any Commissioner of the Authority with or without cause.	None issued

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### B. Basis of Presentation, Basis of Accounting

#### Basis of Presentation, Measurement Focus – Basis of Accounting

##### Government-Wide Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the "County") net position 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. 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.

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 of which is 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. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating items such as investment earnings are ancillary activities.

The County reports the following major governmental funds:

**General Fund** – The General Fund 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.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

**Capital Project Funds** – Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds). The County has one capital project fund within its governmental fund types.

The County reports the following major enterprise funds:

**Water and Sewer Fund** – This fund is used to account for the operations of water and sewer lines within the County.

**Solid Waste Fund** – This fund is used to account for the maintenance and operation of solid waste sites.

The County reports the following fund types:

**Agency Funds** – Agency funds are custodial in nature and do not involve measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following five agency funds: the Social Services Fund, which accounts for monies deposited with the Department of Social Services for the benefit of certain individuals; the Inmate Trust Fund, which accounts for the funds held on behalf of County inmates; the Property Tax Fund, which accounts for property taxes that are billed and collected by the County for various municipalities and special districts within the County; the NCDMV Interest Fund, which accounts for the 3% interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; and the Deed of Trust Fund, which accounts for the fees collected by the Register of Deeds for registering or filing a deed of trust or mortgage and remitted to the State Treasurer on a monthly basis.

**Nonmajor Funds** – The County maintains one legally budgeted fund. The Emergency Telephone System Fund is reported as a nonmajor special revenue fund.

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

**Government-Wide, Proprietary, and Fiduciary Fund Financial Statements** – The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds, which have no measurement focus. The government-wide, proprietary, 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.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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 non-operating 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 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 non-operating 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 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 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 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 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. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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 positions 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, then by general revenues.

### **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 Emergency Telephone System Fund, and the enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Projects Fund and the Enterprise Capital Projects Fund. The Enterprise Capital Projects Fund is consolidated with the enterprise operating fund for reporting purposes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for the General Fund and at the fund level for the Special Revenue Fund, enterprise funds, and Capital Projects Fund. The County Manager is authorized by the budget ordinance to transfer appropriations between departments of the same fund up to \$1,000 with an official report of such transfers to the Board at the next regular meeting of the Board of Commissioners. Amendments are required for any revisions that alter total expenditures of any fund or that change department appropriations by more than \$1,000. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. 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.

### **D. Use of Estimates**

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.

### **E. Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Fund Equity**

#### **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.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

### Cash and Cash Equivalents

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

### Restricted Assets

Restricted cash and cash equivalents held by the County is for sinking fund deposits and its interest earnings to fund the repayment of the Qualified Zone Academy Bonds at a future date. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected.

#### Governmental Activities:

General Fund	QZAB Sinking Fund	<u>\$ 349,824</u>
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#### Business-Type Activities:

Water and Sewer Fund	Customer deposits	<u>\$ 165,521</u>
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<b>Total restricted cash</b>		<u><u>\$ 515,345</u></u>
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### 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, 2013.

### 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.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Inventories

The inventories of the County are valued at cost (first-in, first-out method), which approximates market. The County's General Fund inventory consists of expendable supplies that are recorded as expenditures when consumed, rather than when purchased. The inventory of the County's enterprise funds consists of materials and supplies held for consumption. The cost of the inventory carried in the County's enterprise funds is recorded as an expense as it is consumed.

### Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. Minimum capitalization cost is \$5,000 for land, buildings, improvements, plant assets, furniture and equipment, vehicles and motor equipment, and computer equipment and software. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The County holds title to certain Davie 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 and to permit the County to receive refunds of sales tax paid for construction costs. Agreements between the County and the 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 after 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 Davie County Board of Education.

Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
<b>Governmental Activities:</b>	
Buildings	40 years
Furniture and equipment	5 - 10 years
Vehicles and motor equipment	5 years
Computer equipment and software	3 - 5 years
<b>Business-Type Activities:</b>	
Buildings	50 years
Equipment	5 - 10 years
Water/sewer lines	25 - 50 years

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **Deferred Outflows/Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows 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 one item that meets this criterion – a charge on refunding that had previously been classified as an asset. In addition to liabilities, the Statement of Net 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 three items that meet the criterion for this category – prepaid property taxes, other receivables, and property taxes receivable.

### **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 on the Statement of Net Position.

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

### **Compensated Absences**

The vacation policy of the County provides for the accumulation of up to thirty (30) 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 County's sick leave policy provides 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 the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

### **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 represents constraints on resources that are either a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or b) imposed by law through State statute.

#### **Fund Balances**

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

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

The governmental fund types classify fund balances as follows:

**Non-Spendable 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.

*Inventories* – portion of fund balance that is not an available resource because it represents the year-end balance of inventories, which are not spendable resources.

**Restricted Fund Balance**

This classification includes revenue sources that are restricted to specific purposes externally imposed or imposed by law.

*Restricted for Stabilization by State Statute* – portion of fund balance that is restricted by State statute [G.S. 159-8(a)].

*Restricted for Register of Deeds* – portion of fund balance that is restricted by State statute for automation enhancement (software) improvements. It is used to pay for the computer equipment and imaging technology for the Register of Deeds' office.

*Restricted for Public Safety* – portion of fund balance restricted by revenue source for public safety related activities such as police, fire, EMS, and Emergency Telephone System.

*Restricted for Education* – portion of fund balance restricted by revenue source (QZAB sinking funds) for educational purposes.

*Restricted for Economic and physical development* – portion of fund balance restricted by revenue sources to be used for capital projects of the County.

Restricted fund balance at June 30, 2014 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>
<b>Restricted, All Other:</b>			
Register of Deeds	\$ 171,477	\$ -	\$ -
Public safety	-	-	401,075
Education	349,824	-	-
Economic and physical development	-	288,183	-
<b>Total</b>	<u>\$ 521,301</u>	<u>\$ 288,183</u>	<u>\$ 401,075</u>

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Committed Fund Balance**

This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Davie County's governing body (highest level of decision making authority, Board of Commissioners). Any changes or removal of specific purpose restrictions requires majority action by the governing body.

**Assigned Fund Balance**

Assigned fund balance is the portion of fund balance that Davie County intends to use for specific purposes. The County's governing body has the authority to assign fund balance.

*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.

Assigned fund balance at June 30, 2014 is as follows:

<u>Purpose</u>	<u>General Fund</u>
Subsequent year's expenditures	\$ 2,710,812

**Unassigned Fund Balance**

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

Davie County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: debt 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 is in the best interest of the County or when required by grant or other contractual agreements.

The County has not officially adopted a fund balance policy.

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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	\$ 15,744,083
Less:	
Inventories	27,662
Stabilization by State statute	<u>3,026,073</u>
Fund balance available for appropriation	<u>\$ 12,690,348</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

	<u>General Fund</u>	<u>Water and Sewer Fund</u>	<u>W&amp;S Capital Project Fund</u>
Encumbrances	\$ 54,189	\$ 51,925	\$ 9,250

**2. Detail Notes On All Funds**

**A. Assets**

**Deposits**

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

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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. The County does not have a policy regarding custodial credit risk for deposits.

At June 30, 2014, the County's deposits had a carrying amount of \$16,968,340 and a bank balance of \$17,886,303. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$16,886,303 was covered by collateral held under the Pooling Method. Cash on hand was \$2,450.

### Investments

At June 30, 2014, the County's investments consisted of \$5,178,607 in the North Carolina Capital Management Trust's Cash Portfolio, which carried a credit rating of AAAM by Standard & Poor's. The County has no formal policy regarding credit risk or interest rate risk.

### Property Tax-Use-Value Assessment on Certain Lands

In accordance with the General Statutes, agriculture, horticulture, and forestland may be taxed by the County at the present-use-value as opposed to market value. When the property loses its eligibility for use-value taxation, the property tax is recomputed at market value for the current year and the three preceding fiscal years, along with the accrued interest from the original due date. This tax is immediately due and payable. The following are property taxes that could become due if present use-value eligibility is lost. These amounts have not been recorded in the financial statements.

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 2,396,698	\$ 784,919	\$ 3,181,617
2011	2,023,712	480,632	2,504,344
2012	2,421,698	357,200	2,778,898
2013	<u>2,595,747</u>	<u>149,255</u>	<u>2,745,002</u>
Total	<u>\$ 9,437,855</u>	<u>\$ 1,772,006</u>	<u>\$ 11,209,861</u>

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Receivables**

Receivables at the government-wide level at June 30, 2014 were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Accrued Interest</u>	<u>Total</u>
<b>Governmental Activities:</b>					
General	\$ 1,048,564	\$ 1,133,504	\$ 2,937,846	\$ 190	\$ 5,120,104
Other governmental	<u>23,500</u>	<u>-</u>	<u>66,225</u>	<u>-</u>	<u>89,725</u>
Total receivables	1,072,064	1,133,504	3,004,071	190	5,209,829
Allowance for doubtful accounts	<u>(512,400)</u>	<u>(520,663)</u>	<u>-</u>	<u>-</u>	<u>(1,033,063)</u>
Total governmental activities	<u>\$ 559,664</u>	<u>\$ 612,841</u>	<u>\$ 3,004,071</u>	<u>\$ 190</u>	<u>\$ 4,176,766</u>
<b>Business-Type Activities:</b>					
Solid Waste Fund	\$ 14,065	\$ -	\$ 21,419	\$ -	\$ 35,484
Water and Sewer Fund	<u>1,011,709</u>	<u>-</u>	<u>43,756</u>	<u>-</u>	<u>1,055,465</u>
Total receivables	1,025,774	-	65,175	-	1,090,949
Allowance for doubtful accounts	<u>(66,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,000)</u>
Total business-type activities	<u>\$ 959,774</u>	<u>\$ -</u>	<u>\$ 65,175</u>	<u>\$ -</u>	<u>\$ 1,024,949</u>

Due from other governments consisted of the following:

<b>Governmental Activities:</b>	
Sales tax refund reimbursement	\$ 698,668
Grants	434,254
Local option sales tax	1,466,076
Due from State - DMV MV taxes	224,295
Other	<u>180,778</u>
Total	<u>\$ 3,004,071</u>
<b>Business-Type Activities:</b>	
Due from City of Mocksville	\$ 43,756
Scrap tire tax and white goods disposal tax	<u>21,419</u>
Total	<u>\$ 65,175</u>

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Capital Assets**

**Governmental Capital Assets**

Capital asset activity for the year ended June 30, 2014 was as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Construction in progress	\$ 1,264,706	\$ 53,886	\$ -	\$ -	\$ 1,318,592
Land	<u>621,225</u>	<u>80,133</u>	<u>20,000</u>	<u>-</u>	<u>681,358</u>
Total non-depreciable capital assets	<u>1,885,931</u>	<u>134,019</u>	<u>20,000</u>	<u>-</u>	<u>1,999,950</u>
<b>Depreciable Capital Assets:</b>					
Buildings	22,143,463	18,750	114,198	-	22,048,015
Furniture and equipment, computer equipment, and software	4,683,691	458,586	484,004	-	4,658,273
Vehicles and motor equipment	<u>2,504,054</u>	<u>437,689</u>	<u>216,878</u>	<u>26,150</u>	<u>2,751,015</u>
Total depreciable capital assets	<u>29,331,208</u>	<u>915,025</u>	<u>815,080</u>	<u>26,150</u>	<u>29,457,303</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	7,808,965	565,650	54,720	-	8,319,895
Furniture and equipment, computer equipment, and software	3,789,748	363,292	337,493	-	3,815,547
Vehicles and motor equipment	<u>1,425,524</u>	<u>485,068</u>	<u>113,888</u>	<u>26,150</u>	<u>1,822,854</u>
Total accumulated depreciation	<u>13,024,237</u>	<u>\$ 1,414,010</u>	<u>\$ 506,101</u>	<u>\$ 26,150</u>	<u>13,958,296</u>
Total depreciable capital assets	<u>16,306,971</u>				<u>15,499,007</u>
Governmental activity capital assets, net	<u>\$ 18,192,902</u>				<u>\$ 17,498,957</u>

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
General government	\$ 631,379
Public safety	692,790
Human services	85,640
Cultural and recreation	<u>4,201</u>
Total	<u>\$ 1,414,010</u>

**Proprietary Capital Assets**

The capital asset activity of the proprietary funds at June 30, 2014 was as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>Business-Type Activities:</b>				
<b>Solid Waste:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	\$ 45,290	\$ -	\$ -	\$ 45,290
<b>Depreciable Capital Assets:</b>				
Buildings	58,300	-	-	58,300
Equipment	<u>36,797</u>	-	-	<u>36,797</u>
Total depreciable capital assets	<u>95,097</u>	-	-	<u>95,097</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	23,341	1,166	-	24,507
Equipment	<u>36,797</u>	-	-	<u>36,797</u>
Total accumulated depreciation	<u>60,138</u>	<u>\$ 1,166</u>	<u>\$ -</u>	<u>61,304</u>
Total depreciable capital assets	<u>34,959</u>			<u>33,793</u>
Solid waste capital assets, net	<u>\$ 80,249</u>			<u>\$ 79,083</u>

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Balance July 1, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance June 30, 2014</b>
<b>Water and Sewer Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 321,441	\$ -	\$ -	\$ -	\$ 321,441
Construction-in-progress	2,658,868	319,550	-	-	2,978,418
Total non-depreciable capital assets	2,980,309	319,550	-	-	3,299,859
<b>Depreciable Capital Assets:</b>					
Water/sewer lines	36,452,971	-	-	-	36,452,971
Buildings	449,782	-	-	-	449,782
Equipment and vehicles	1,459,753	289,918	-	(26,150)	1,723,521
Total depreciable capital assets	38,362,506	289,918	-	(26,150)	38,626,274
<b>Less Accumulated Depreciation:</b>					
Water/sewer lines	14,518,394	705,890	-	-	15,224,284
Buildings	150,666	8,688	-	-	159,354
Equipment and vehicles	963,424	147,106	-	(26,150)	1,084,380
Total accumulated depreciation	15,632,484	<u>\$ 861,684</u>	<u>\$ -</u>	<u>\$ (26,150)</u>	16,468,018
Total capital assets being depreciated, net	22,730,022				22,158,256
Water/Sewer capital assets, net	<u>\$ 25,710,331</u>				<u>\$ 25,458,115</u>
Business-type activities capital assets, net	<u>\$ 25,790,580</u>				<u>\$ 25,537,198</u>

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Net Investment in Capital Assets**

The total net investment in capital assets at June 30, 2014 is composed of the following elements:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Capital assets	\$ 17,498,957	\$ 25,537,198
Long-term debt	(16,312,901)	-
Long-term debt for assets not owned by the County	16,182,901	-
Net investment in capital assets	\$ 17,368,957	\$ 25,537,198

**B. Liabilities**

**Payables**

Payables at the government-wide level at June 30, 2014 were as follows:

	<b>Vendors</b>	<b>Accrued Interest</b>	<b>Total</b>
<b>Governmental Activities:</b>			
General	\$ 1,680,308	\$ 64,027	\$ 1,744,335
Other governmental	7,280	-	7,280
Total	\$ 1,687,588	\$ 64,027	\$ 1,751,615
<b>Business-Type Activities:</b>			
Solid waste	\$ 32,025	\$ -	\$ 32,025
Water and sewer	178,844	-	178,844
Total	\$ 210,869	\$ -	\$ 210,869

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Pension Plan and Other Post-employment Obligations

#### Local Governmental Employees' Retirement System

**Plan Description.** Davie County contributes to the State-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 7.07% and 7.28%, respectively, of annual covered payroll. The contribution requirements of members and of the County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2014, 2013, and 2012 were \$851,139, \$822,366, and \$817,521, respectively. The contributions made by the County equaled the required contributions for each year.

#### Law Enforcement Officers' Special Separation Allowance

**Plan Description.** Davie County administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to 0.85 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.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2013, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to, but not yet, receiving benefits	-
Active plan members	<u>52</u>
Total	<u>53</u>

A separate report was not issued for the plan.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**Contributions.** The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay-as-you-go basis through appropriations made in the General Fund operating budget. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. For the current year, the County contributed \$10,500, or 0.5% of annual covered payroll. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return, and (b) projected salary increases ranging from 4.25% to 7.85% per year. The inflation component was 3.00%. The assumptions do not include postretirement benefit increases. The actuarial value of assets was market value. The unfunded AAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

**Annual Pension Cost and Net Pension Obligation.** The County's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$ 67,777
Interest on net pension obligation	13,753
Adjustment to annual required contribution	<u>(22,411)</u>
Annual pension cost	59,119
Employer contributions made	<u>10,500</u>
Increase (decrease) in net pension obligation	48,619
Net pension:	
Beginning of year - July 1	<u>275,069</u>
End of year - June 30	<u>\$ 323,688</u>

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>Three-Year Trend Information</b>			
<b>Year Ended June 30</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
2012	\$ 51,834	52.82%	\$ 241,644
2013	56,296	40.63%	275,069
2014	59,119	17.76%	323,688

**Funded Status and Funding Progress.** As of December 31, 2013, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$501,013. The covered payroll (annual payroll of active employees covered by the plan) was \$2,037,947, and the ratio of the UAAL to the covered payroll was 24.58%.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Supplemental Retirement Income Plan for Law Enforcement Officers**

**Plan Description.** The County contributes to the Supplemental Retirement Income Plan (the “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 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. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Article 12E of G.S. Chapter 143 requires that the County 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, 2014 were \$130,113, which consisted of \$102,908 from the County and \$27,205 from the law enforcement officers.

**Deferred Compensation Plan**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all County employees, permits them to defer a portion of their salary until termination, retirement, death, or unforeseeable emergency.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### **401(k) Deferred Compensation Plan**

The County also has an approved 401(k) retirement plan covering substantially all employees not engaged in law enforcement. For the year ended June 30, 2014, the County contributed 3% of participating full-time employees' salaries for those employees who voluntarily contributed at least 1% of their salary. The County's contributions were calculated using a covered payroll of \$8,515,842; the County's total payroll was \$12,631,804. The total contribution for the fiscal year ended was \$557,222, which consisted of \$255,452 from the County and \$301,770 from the employees. The County's required contribution and the employees' voluntary contributions represented 3.00% and 3.54%, respectively, of the covered payroll amount.

### **Register of Deeds' Supplemental Pension Fund**

**Plan Description.** Davie County also contributes to the Register of Deeds' Supplemental Pension Fund (the "Fund"), a non-contributory, defined contribution plan administered by the North Carolina Department of State Treasurer. The fund provides supplemental pension benefits to any county Register of Deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers 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, or by calling (919) 981-5454.

**Funding Policy.** On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 3 of G.S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer to administer the Fund. For the fiscal year ended June 30, 2014, the County's required and actual contributions were \$3,266.

### **Other Post-Employment Benefits – Healthcare Benefits**

**Plan Description.** According to a County resolution, the County administers a single-employer defined benefit healthcare plan. At retirement, all employees who retire under the County's retirement plan have the option to purchase individual medical coverage at the County's group rate. The cost of insurance is borne by the retirees at a prorata share based on years of service. Also, retirees can purchase coverage for their dependents at the County's group rates. This benefit is available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. The County's contribution is dependent on the employee's number of years of creditable service and the employee's age at retirement.

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

<b>County Contributions Based on Years of Creditable Service</b>		
<b>Years of Service</b>	<b>Age at Retirement</b>	<b>Percent Paid</b>
20 years	60+	50%
25 years	Any	75%
30 years	Any	100%

Currently, 21 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2014, the County made payments for post-retirement health benefit premiums of \$103,098. The County obtains healthcare coverage through private insurers. The County Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the plan consisted of the following at December 31, 2012, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	21	-
Terminated plan members entitled to, but not yet receiving, benefits	-	-
Active plan members	245	49
Total	266	49

**Funding Policy.** The County pays 50% or more of the cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board. The County’s members pay the current active employee rate for dependent coverage, if the retiree elects to purchase the coverage. The County has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current ARC rate is 4.22% of annual covered payroll. For the current year, the County contributed \$103,098, or 0.87% of annual covered payroll. The County purchases insurance from a private carrier for healthcare coverage. The County’s required contributions, under a County resolution, for employees not engaged in law enforcement and for law enforcement officers represented 15.17% and 3.40% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$274,432. The County’s obligation to contribute to the Plan is established and may be amended by the County Board.

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

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation for the healthcare benefits:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Annual required contribution	\$ 467,579	\$ 32,039	\$ 499,618
Interest on net OPEB obligation	67,354	4,615	71,969
Adjustments to annual required contribution	(64,344)	(4,409)	(68,753)
Annual OPEB cost (expense)	470,589	32,245	502,834
Contributions made	(103,098)	-	(103,098)
Increase (decrease) in net OPEB obligation	367,491	32,245	399,736
Net OPEB obligation:			
Beginning of year - July 1	<u>1,686,756</u>	<u>112,465</u>	<u>1,799,221</u>
End of year - June 30	<u>\$ 2,054,247</u>	<u>\$ 144,710</u>	<u>\$ 2,198,957</u>

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

<u>Year Ended June 30</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2012	\$ 495,825	18.4%	\$ 1,538,893
2013	452,004	42.4%	1,799,221
2014	502,834	20.5%	2,198,957

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

**Funding Status and Funding Progress.** As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$4,799,578. The covered payroll (annual payroll of active employees covered by the plan) was \$11,833,725, and the ratio of the UAAL to the covered payroll was 40.6%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00% investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 8.50 to 5.00% annually. Both rates included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected unit credit on a level percent of pay, open basis. The remaining amortization period at December 31, 2012 was 30 years.

As of June 30, 2014, management has decided that OPEB will continue to be funded on a pay-as-you-go basis. Management will continue their efforts to find a way to fund the annual required contribution while maintaining the level of service as prioritized by the County Commissioners.

### **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 twelve highest months' salary in a row during the twenty-four months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

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 post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separation rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

Due to a surplus in the death benefit, a decision was made by the State to temporarily stop employer contributions to the LGERS Death Benefit Plan beginning July 1, 2012. A temporary relief period based on the number of years the employer has contributed as of December 31, 2010 was established. The period of reprieve is determined separately for law enforcement officers. Davie County will have a 3 year reprieved because it has been contributing for more than 20 years. Contributions will resume in the fiscal year beginning July 1, 2015.

### Closure and Post-Closure Care Costs – Landfill Facilities

State and federal laws and regulations require the County to place a final cover on its landfill facility when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County closed its landfill prior to April 4, 1994. The County continues the required monitoring during the post-closure care period for up to thirty years. Post-closure costs consist of water quality monitoring, maintenance of the landfill surface and vegetation, mowing, inspections, and recordkeeping. Costs during the monitoring period are estimated to be \$18,000 per year. A liability of \$175,441 is recorded on the books in the Solid Waste Fund to provide for future post-closure costs. Actual post-closure costs may be higher due to inflation, changes in technology, or changes in regulations.

### Deferred Outflows and Inflows of Resources

The amount of deferred outflows of resources is a charge on refunding of debt of \$76,500.

	<u>Unavailable Revenues</u>	<u>Unearned Revenues</u>
Prepaid taxes not yet earned (General Fund)	\$ -	\$ 37,879
Taxes receivable, net (General Fund)	612,841	-
Other receivables (General Fund)	502,316	-
Total	<u>\$ 1,115,157</u>	<u>\$ 37,879</u>

### Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in three self-funded risk financing pools administered by the North Carolina Association of County Commissioners. Through these pools, the County obtains property coverage equal to replacement cost values of owned property subject to a limit as outlined in the contract for any one occurrence, with an annual aggregate of \$50 million for flood and

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

earthquake, with sub-limits for other coverage per the County's contract. The County also purchases general, auto, public officials, law enforcement, and employment practices liability coverage of \$2 million per occurrence, auto physical damage coverage for owned autos at actual cash value or cost of repair, crime coverage of \$250,000 per occurrence, and workers' compensation coverage up to the statutory limits. The pools are audited annually by certified public accountants, and the audited financial statements are available to the County upon request. Two of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000 per occurrence and an additional \$500,000 annual aggregate up to a \$2 million limit for liability coverage, \$145 million of aggregate annual losses in excess of \$100,000 per occurrence and an additional \$1 million annual aggregate for property, auto physical damage, and crime coverage, and single occurrence losses of \$350,000 per occurrence and \$300,000 annual aggregate for workers' compensation. For health insurance, the County is reinsured through the pool for individual losses in excess of \$50,000 and aggregate annual losses in excess of 115% of expected claims. The pool is reinsured through commercial carrier for individual losses in excess of \$100,000.

Flood insurance is provided under the County's property policy up to \$25,000 per occurrence. The County has no property in areas designated "A" (an area close to a river, lake, or stream) by the Federal Emergency Management Agency (FEMA).

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. Individual bonds are as follows: Finance Director, \$50,000; Assistant Finance Director, Tax Administrator, and Tax Collections Supervisor, \$20,000; Payroll and Benefits Specialist, \$10,000. The remaining employees that have access to funds are bonded under a blanket bond with a commercial carrier.

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.

#### **Claims and Judgments**

At June 30, 2014, the County was defendant to various lawsuits. In the opinion of the County's management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

#### **Operating Leases**

The County is committed under various operating leases for land, buildings, and equipment. For the year ended June 30, 2014, total lease expenditures under these operating leases totaled \$22,914. For the current year, the operating leases were for storage spaces and the Cooleemee Branch Library. These are annual commitments that expire in June of each fiscal year. Therefore, there are no future obligations.

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Long-Term Obligations**

**Installment Purchases Contracts**

As authorized by State law [G.S. 160A-20 and 153A-158.1], the County financed various property acquisitions for use by Davie County Board of Education by installment purchase. The installment purchase was issued pursuant to a deed of trust that requires that legal title remain with the County as long as the debt is outstanding. The County has entered into a lease with Davie County Board of Education that transfers the rights and responsibilities for maintenance and insurance of the property to the Board of Education. The lease calls for nominal annual lease payments and also contains a bargain purchase option. The lease term is the same as that of the installment purchase obligation. Due to the economic substance of the transaction, the capital assets associated with the installment purchase obligation are recorded by the Board of Education.

On December 1, 2005, the County entered into an installment purchase contract for the acquisition and construction of a senior center. The installment purchase was issued pursuant to a deed of trust on the Senior Center.

Serviced by the County's General Fund:

Installment purchase contract due in installments of  
\$130,000 through May 1, 2015; interest at 3.39%;  
secured by Deed of Trust on the Senior Center \$ 130,000

For the County, the future minimum payments as of June 30, 2014 are:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2015	<u>\$ 130,000</u>	<u>\$ 8,814</u>

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**General Obligation Bonds Payable**

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 following bonds were issued to refund Series 1996 GO Bonds and 2004 GO Bonds, respectively. General obligation bonds payable at June 30, 2014 is comprised of the following individual issues:

**Serviced by the General Fund:**

\$2,590,000 refunding bonds due on December 1 and June 1 in installments of \$105,000 to \$525,000 through June 1, 2016; interest at 3.00% to 4.00%.	\$ 580,000
\$5,130,000 refunding bonds due on November 1 and May 1 in installments of \$455,000 to \$1,160,000; interest at 2.00% to 4.00%.	5,130,000
Total general obligation bonds	\$ 5,710,000

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

<b>Year Ending June 30</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2015	\$ 930,000	\$ 184,950
2016	570,000	156,850
2017	475,000	143,350
2018	485,000	129,100
2019	500,000	114,550
2020-2024	2,750,000	321,850
Total	\$ 5,710,000	\$ 1,050,650

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### Certificates of Participation

On January 24, 2006, the County issued \$17,050,000 in certificates of participation Series 2006, with an interest rate of 3.5% to 5.0% to finance the construction and equipping of a new middle school and the Davie Campus of Davidson County Community College. The debt is serviced by the General Fund and the principal amount outstanding as of June 30, 2014 is \$9,305,000. Debt service payments are due November 25 and May 25 in principal installments of \$850,000 plus interest from 3.5% to 5.0%.

Annual debt service requirements to maturity for the County's Certificates of Participation are as follows:

<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 850,000	\$ 418,725
2016	850,000	384,725
2017	845,000	342,225
2018	845,000	308,425
2019	845,000	274,625
2020-2024	4,225,000	824,931
2025	<u>845,000</u>	<u>42,250</u>
Total	<u>\$ 9,305,000</u>	<u>\$ 2,595,906</u>

### Qualified Zone Academy Bonds

On March 17, 2004, the County issued \$602,600 in Qualified Zone Academy Bonds to finance the renovation of certain qualifying school facilities. Bonds qualifying as "Qualified Zone Academy Bonds" under Section 1397E of the Internal Revenue Code are interest-free obligations of the issuer. The creditor receives federal tax credits in lieu of receiving interest payments from the issuer. The principal of \$602,600 is payable in full on March 17, 2020; however, beginning March 17, 2005, the County was required to make annual sinking fund deposits to a restricted bank account in the amount of \$30,456 to fully fund the retirement of these bonds at maturity.

### Debt Related to Capital Activities

General Obligation Bonds (\$6,151,775 including unamortized premium), QZAB (\$602,600), and Certificates of Participation (\$9,428,526 including unamortized premium) represent debt not considered in the calculation of net investment in capital assets for governmental activities, as these debt issues are not associated with capital assets owned by the County.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 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, 2014:

	<b>Balance June 30, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2014</b>	<b>Due Within One Year</b>
<b>Governmental Activities:</b>					
General obligation debt	\$ 6,610,000	\$ -	\$ 900,000	\$ 5,710,000	\$ 930,000
Unamortized premiums	490,861	-	49,086	441,775	49,086
Installment purchase contracts	260,000	-	130,000	130,000	130,000
Qualified Zone Academy Bonds	602,600	-	-	602,600	-
Certificates of participation	10,155,000	-	850,000	9,305,000	850,000
Unamortized premiums	134,756	-	11,230	123,526	11,230
Other post-employment benefits	1,686,756	470,589	103,098	2,054,247	-
Compensated absences	1,498,467	1,365,162	1,367,776	1,495,853	925,000
Net pension obligation	<u>275,069</u>	<u>81,530</u>	<u>32,911</u>	<u>323,688</u>	<u>-</u>
Total governmental activities	<u>\$ 21,713,509</u>	<u>\$ 1,917,281</u>	<u>\$ 3,444,101</u>	<u>\$ 20,186,689</u>	<u>\$ 2,895,316</u>
	<b>Balance June 30, 2013</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2014</b>	<b>Due Within One Year</b>
<b>Business-Type Activities:</b>					
<i>Solid Waste Fund</i>					
Accrued landfill post-closure care costs	<u>\$ 202,891</u>	<u>\$ -</u>	<u>\$ 27,450</u>	<u>\$ 175,441</u>	<u>\$ 18,000</u>
<i>Water and Sewer Fund</i>					
Other post-employment benefits	112,465	32,245	-	144,710	-
Compensated absences	<u>104,785</u>	<u>93,277</u>	<u>100,562</u>	<u>97,500</u>	<u>62,000</u>
Total Water and Sewer Fund	<u>217,250</u>	<u>125,522</u>	<u>100,562</u>	<u>242,210</u>	<u>62,000</u>
Total business-type activities	<u>\$ 420,141</u>	<u>\$ 125,522</u>	<u>\$ 128,012</u>	<u>\$ 417,651</u>	<u>\$ 80,000</u>

Compensated absences, OPEB, and net pension obligation for governmental activities typically have been liquidated in the General Fund. Compensated absences are accounted for on a FIFO basis.

At June 30, 2014, the County had a legal debt margin of approximately \$345,750,000.

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**Conduit Debt Obligations**

Davie County Industrial Facilities and Pollution Control Financing Authority have issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the State, nor any political subdivision, thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2014, there was one series of industrial revenue bond outstanding, with an aggregate principal amount payable of \$6,751,874.

**C. Interfund Balances and Activity**

	<b>Transfers</b>	
	<b>From</b>	<b>To</b>
<b>Transfers From/To Other Funds:</b>		
General Fund	\$ 167,432	\$ -
Water and Sewer Fund	-	32,000
Solid Waste Fund	-	135,432
Capital Projects Fund	1,114,308	-
General Fund	-	1,114,308
Total	<u>\$ 1,281,740</u>	<u>\$ 1,281,740</u>

All transfers in the current year were for operations.

**Transaction with Component Unit**

The County contributed \$29,400 to the Davie County Watershed Improvement Commission for operations.

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

#### 3. Benefit Payments Issued by the State

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

	<b>Federal</b>	<b>State</b>
Temporary Assistance for Needy Families	\$ 178,444	\$ -
Aid for Dependent Children (penalties)	(596)	(164)
Medical Assistance Program	26,426,008	14,331,974
Special Supplemental Nutrition Program for Women, Infants, and Children	613,837	-
Independent Living Grant	3,652	-
State/County Special Assistance for Adults	-	277,454
State Foster Care Benefits	-	35,084
F/C At Risk Maximization	-	3,359
SFHF Maximization	-	53,391
CWS Adoption Subsidy	-	182,732
Title IV-E Foster Care	119,499	33,128
Child Support Enforcement IV-D Offset Fees	908	-
State Children's Insurance Program - North Carolina Health Choice	924,475	291,591
Adoption Assistance	248,251	65,185
	\$ 28,514,478	\$ 15,273,734

#### 4. Related Organizations

The Council of Economic Development (Council) was established to coordinate and promote the economic development of the County. Two of the twelve Board members are appointed by the County. The Council maintains its own accounting system. The County contributed \$150,429 to the Council during the fiscal year ended June 30, 2014.

The Davie County Hospital Foundation, Inc. is a non-profit organization that was established to recruit physicians and provide office space for the physicians' medical practices. Four of the seven Board members are appointed by the County; however, the County's responsibility for this organization does not extend beyond making these appointments.

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

#### 5. Joint Ventures

The County, in conjunction with the State of North Carolina, participates in a joint venture to operate the Davie Campus of Davidson County Community College (Community College). The County appoints two members out of the fifteen-member Board of Trustees of the Community College. The President of the Community College's student government serves as an ex-officio non-voting 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 Davie Campus of Davidson County Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Davie Campus of Davidson County Community College's facilities. The County contributed \$583,291 and \$111,980 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2014. The Community College entered into a contract for the construction of a Davie Campus during the 2007 fiscal year. Davie County does 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, 2014. Complete financial statements for the Davie Campus of Davidson County Community College may be obtained from the Community College's administrative offices at P.O. Box 1287, Lexington, NC 27293 or 1205 Salisbury Road, Mocksville, North Carolina 27028.

The County participates in a joint venture to operate Northwest Child Development with three other local governments. Each participating government appoints two Board members to the sixteen-member Board of the Child Development. Northwest Child Development is a joint venture established to improve the quality of life for citizens of the participating governments. The County has an ongoing financial responsibility for the joint venture because Northwest Child Development's continued existence depends on the participating governments' continued funding. None of the participating governments has an equity interest in Northwest Child Development, so no equity interest has been reflected in the financial statement at June 30, 2014. The County contributed \$63,700 to Northwest Child Development during the fiscal year ended June 30, 2014. Complete financial statements for Northwest Child Development can be obtained from the Development's office at P.O. Box 38, Winston-Salem, North Carolina 27102.

The County also participates in a joint venture to operate Yadkin Valley Economic Development District, Inc. (District) with three other local governments. Each participating government appoints two Board members to the twenty-seven member Board of the District. The District is a joint venture established to improve the economic conditions for citizens of the participating governments. The County has an ongoing financial responsibility for the joint venture because the District's continued existence depends on the participating governments' continued funding. None of the participating governments has an equity interest in the District, so no equity interest has been reflected in the financial statements at June 30, 2014. The County contributed \$44,796 to the District for the fiscal year ended June 30, 2014. Complete financial statements for the Yadkin Valley Economic Development District, Inc. can be obtained from the District's offices at P.O. Box 309, Boonville, North Carolina 27011.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

The County, in conjunction with Forsyth County and Stokes County, participates in CenterPoint Human Services, an area mental health authority. The County appoints three members to the nineteen-member Board. CenterPoint Human Services is a joint venture established to provide the participating counties with legally mandated mental health services. The County has an ongoing financial responsibility to CenterPoint Human Services because CenterPoint's continued existence depends on the participating governments' continued funding. The County contributed \$216,013 to CenterPoint Human Services during the fiscal year ended June 30, 2014. None of the participating governments has any equity interest in CenterPoint Human Services so no equity interest has been reflected in the financial statement at June 30, 2014. Complete financial statements for CenterPoint Human Services can be obtained from its administrative office at 4045 University Parkway, Winston-Salem, North Carolina 27102.

### 6. Jointly Governed Organization

The County, in conjunction with four other counties and twenty-one other municipalities, established the Piedmont Triad Regional Council of Governments (the "Council"). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member of the council's governing board. The County paid membership fees of \$11,664 to the Council during the fiscal year ended June 30, 2014.

### 7. Construction Commitments

The government has several active construction projects as of June 30, 2014. At year-end, the government's commitments with contractors are as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Water Project	\$ 1,620,362	\$ 9,250

### 8. Federal and State-Assisted Programs

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 monies 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 monies.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2014

### 9. Severance Pay Agreements

The County has employment agreements with the County Manager and the Deputy County Manager that result in the following payments if employment is terminated without cause:

- If termination without cause occurs, one year of salary based upon his/her then current salary, payable monthly at the regular pay period plus the monetary equivalent of accrued paid time off and any unreimbursed travel expenses.

The County has an employment agreement with the Finance Director that results in the following payments if employment is terminated without cause:

- If termination without cause occurs, six months of salary based upon her then current salary, payable monthly at the regular pay period plus the monetary equivalent of accrued paid time off and any unreimbursed travel expenses.

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## DAVIE COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a
						Percentage of Covered Payroll ((b-a)/c)
12/31/2013	\$ -	\$ 501,013	\$ 501,013	0.00%	\$ 2,037,947	24.58%
12/31/2012	-	460,774	460,774	0.00%	2,001,053	23.03%
12/31/2011	-	413,958	413,958	0.00%	1,860,051	22.26%
12/31/2010	-	387,516	387,516	0.00%	1,799,943	21.53%
12/31/2009	-	418,378	418,378	0.00%	1,886,912	22.17%
12/31/2008	-	309,275	309,275	0.00%	1,674,193	18.47%
12/31/2007	-	301,227	301,227	0.00%	1,512,980	19.91%
12/31/2006	-	379,110	379,110	0.00%	1,313,646	28.86%
12/31/2005	-	242,703	242,703	0.00%	1,052,439	23.06%
12/31/2004	-	257,856	257,856	0.00%	1,087,330	23.71%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2014	\$ 67,777	15.49%
2013	59,252	38.60%
2012	53,931	50.77%
2011	57,280	59.15%
2010	40,100	91.00%
2009	36,355	98.54%
2008	41,270	86.80%
2007	30,962	91.73%
2006	32,788	27.50%
2005	29,976	30.08%

## Notes to the Required Schedules:

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

Valuation date	12/31/2013
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	17 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	Ranges from 4.25% to 7.85%
Cost-of-living adjustments	N/A

\*Includes inflation at 3.00%

## DAVIE COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2014

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2008	\$ -	\$ 4,819,574	\$ 4,819,574	0.00%	\$ 11,324,639	42.60%
12/31/2010	-	4,179,201	4,179,201	0.00%	11,585,798	36.10%
12/31/2012	-	4,799,578	4,799,578	0.00%	11,833,725	40.60%

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2010	\$ 471,901	16.30%
2011	489,597	30.80%
2012	489,597	30.80%
2013	449,253	42.67%
2014	499,618	20.64%

## Notes to the Required Schedules:

The information presented above was determined as part of the actuarial valuation at the dates indicated.

Additional information as of the latest valuation follows:

Valuation date	12/31/2012
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	8.50% - 5.00%
Year of ultimate trend rate	2018

\* Includes inflation at 3.00%

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes	\$ 26,714,198	\$ 28,112,465	\$ 1,398,267
Penalties and interest	175,000	209,624	34,624
Total	<u>26,889,198</u>	<u>28,322,089</u>	<u>1,432,891</u>
<b>Other Taxes:</b>			
<b>Local Option Sales Tax:</b>			
Article 39 - one percent	2,247,384	2,490,716	243,332
Article 40 - one-half of one percent	1,537,452	1,781,932	244,480
Article 42 - one-half of one percent	1,636,021	1,476,108	(159,913)
Article 44 - one-half of one percent	-	127,774	127,774
Medicaid Hold Harmless payment	675,000	382,009	(292,991)
Total	<u>6,095,857</u>	<u>6,258,539</u>	<u>162,682</u>
<b>Occupancy Tax</b>	<u>105,000</u>	<u>103,036</u>	<u>(1,964)</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Hold Harmless revenue	-	620,096	620,096
Tax refunds - gasoline and sales	500	823	323
Towns of Mocksville, Cooleemee, and fire department reimbursement	221,988	226,540	4,552
Total	<u>222,488</u>	<u>847,459</u>	<u>624,971</u>
<b>Restricted Intergovernmental Revenues:</b>			
Federal and State grants	5,504,450	4,725,498	(778,952)
Court facilities fees	362,750	333,554	(29,196)
Controlled substance tax	15,253	16,998	1,745
Crime prevention	1,979	105,394	103,415
Total	<u>5,884,432</u>	<u>5,181,444</u>	<u>(702,988)</u>
<b>Sales and Services:</b>			
Emergency medical service fees	1,513,500	1,466,127	(47,373)
Health fees	133,930	62,033	(71,897)
Other fees	41,436	54,193	12,757
Rents	11,800	37,768	25,968
Tax collection fees	51,500	44,600	(6,900)
Health - client and third-party fees	2,577,438	2,058,519	(518,919)
Total	<u>4,329,604</u>	<u>3,723,240</u>	<u>(606,364)</u>

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Licenses and Permits:</b>			
Building permits	75,000	106,685	31,685
Inspection and other related fees	122,000	145,550	23,550
Other permits and fees	10,760	23,972	13,212
Register of Deeds	<u>325,000</u>	<u>344,316</u>	<u>19,316</u>
Total	<u>532,760</u>	<u>620,523</u>	<u>87,763</u>
<b>Investment Earnings</b>	<u>18,000</u>	<u>48,672</u>	<u>30,672</u>
<b>Miscellaneous Revenues:</b>			
Other revenues	1,387,786	1,067,495	(320,291)
Library - gifts, fines and fees	<u>57,585</u>	<u>64,781</u>	<u>7,196</u>
Total	<u>1,445,371</u>	<u>1,132,276</u>	<u>(313,095)</u>
Total revenues	<u>45,522,710</u>	<u>46,237,278</u>	<u>714,568</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Governing Board:</b>			
Salaries and employee benefits		64,829	
Other operating expenditures		<u>359,766</u>	
Total	<u>584,827</u>	<u>424,595</u>	<u>160,232</u>
<b>Administration:</b>			
Salaries and benefits		301,016	
Other operating expenditures		56,409	
Capital outlay		<u>7,859</u>	
Total	<u>432,364</u>	<u>365,284</u>	<u>67,080</u>
<b>Grants Administration:</b>			
Salaries and employee benefits		54,249	
Other operating expenditures		<u>4,882</u>	
Total	<u>73,653</u>	<u>59,131</u>	<u>14,522</u>
<b>Elections:</b>			
Salaries and employee benefits		113,350	
Other operating expenditures		109,547	
Capital outlay		<u>1,296</u>	
Total	<u>246,088</u>	<u>224,193</u>	<u>21,895</u>

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Finance:</b>			
Salaries and employee benefits		334,642	
Other operating expenditures		66,065	
Capital outlay		<u>4,617</u>	
Total	<u>425,162</u>	<u>405,324</u>	<u>19,838</u>
<b>Data Processing:</b>			
Salaries and employee benefits		214,773	
Other operating expenditures		223,925	
Capital outlay		<u>65,890</u>	
Total	<u>546,649</u>	<u>504,588</u>	<u>42,061</u>
<b>Taxes:</b>			
Salaries and employee benefits		385,740	
Other operating expenditures		153,896	
Capital outlay		<u>4,480</u>	
Total	<u>587,114</u>	<u>544,116</u>	<u>42,998</u>
<b>Revaluation:</b>			
Salaries and employee benefits		105,464	
Other operating expenditures		18,801	
Capital outlay		<u>229</u>	
Total	<u>137,032</u>	<u>124,494</u>	<u>12,538</u>
<b>Legal:</b>			
Contracted services		476,208	
Other operating expenditures		<u>2,485</u>	
Total	<u>519,213</u>	<u>478,693</u>	<u>40,520</u>
<b>Register of Deeds:</b>			
Salaries and employee benefits		218,319	
Other operating expenditures		<u>40,886</u>	
Total	<u>271,851</u>	<u>259,205</u>	<u>12,646</u>
<b>Public Buildings:</b>			
Salaries and employee benefits		255,523	
Other operating expenditures		<u>1,113,172</u>	
Total	<u>1,398,739</u>	<u>1,368,695</u>	<u>30,044</u>

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Court Facilities:</b>			
Operating expenditures		135,349	
Total	135,675	135,349	326
<b>DAVIENET:</b>			
Operating expenditures		44,861	
Capital outlay		76,562	
Total	145,004	121,423	23,581
<b>Geographic Information Systems:</b>			
Salaries and employee benefits		141,683	
Other operating expenditures		88,943	
Total	244,611	230,626	13,985
Contributions to other agencies	197,959	197,959	-
Total general government	5,945,941	5,443,675	502,266
<b>Public Safety:</b>			
<b>Sheriff:</b>			
Salaries and employee benefits		3,191,562	
Other operating expenditures		601,042	
Capital outlay		373,380	
Total	4,174,626	4,165,984	8,642
<b>Jail:</b>			
Salaries and employee benefits		1,323,187	
Other operating expenditures		535,164	
Capital outlay		10,801	
Total	1,964,760	1,869,152	95,608
<b>Davie Domestic Violence Service:</b>			
Salaries and employee benefits		160,431	
Other operating expenditures		69,963	
Total	285,126	230,394	54,732
<b>Davie Domestic Violence United Way:</b>			
Salaries and employee benefits		13,456	
Other operating expenditures		1,387	
Total	17,000	14,843	2,157

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Fire:</b>			
Assistance to local fire departments		2,093,592	
Total	2,093,592	2,093,592	-
<b>Inspections:</b>			
Salaries and employee benefits		293,843	
Other operating expenditures		21,622	
Total	319,877	315,465	4,412
<b>Medical Examiner:</b>			
Professional services		13,200	
Total	20,000	13,200	6,800
<b>Emergency Medical Service:</b>			
Salaries and employee benefits		2,247,415	
Other operating expenditures		593,732	
Capital outlay		197,799	
Total	3,184,766	3,038,946	145,820
<b>Emergency Management:</b>			
Salaries and employee benefits		75,605	
Other operating expenditures		19,944	
Capital outlay		3,985	
Total	111,754	99,534	12,220
<b>Animal Protection:</b>			
Salaries and employee benefits		153,834	
Capital outlay		5,073	
Operating expenditures		42,997	
Total	206,555	201,904	4,651
<b>Communication:</b>			
Capital outlay		2,720	
Salaries and employee benefits		615,940	
Other operating expenditures		159,025	
Total	958,982	777,685	181,297
<b>Contributions to Other Agencies:</b>			
Total	980	-	980
Total public safety	13,338,018	12,820,699	517,319

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Environmental Protection:</b>			
<b>Contributions to Other Agencies:</b>			
Forestry service	50,509	47,979	2,530
Total environmental protection	<u>50,509</u>	<u>47,979</u>	<u>2,530</u>
<b>Economic and Physical Development:</b>			
<b>Planning and Zoning:</b>			
Salaries and employee benefits		137,517	
Other operating expenditures		14,523	
Capital outlay		<u>2,646</u>	
Total	<u>220,484</u>	<u>154,686</u>	<u>65,798</u>
<b>Agricultural Extension:</b>			
Salaries and employee benefits		1,471	
Operating expenditures		<u>200,050</u>	
Total	<u>246,767</u>	<u>201,521</u>	<u>45,246</u>
Contributions to other agencies	<u>340,162</u>	<u>90,064</u>	<u>250,098</u>
Total economic and physical development	<u>807,413</u>	<u>446,271</u>	<u>361,142</u>
<b>Human Services:</b>			
<b>Health:</b>			
<b>Administration-Basic Programs:</b>			
Salaries and employee benefits		193,154	
Other operating expenditures		<u>77,894</u>	
Total	<u>299,081</u>	<u>271,048</u>	<u>28,033</u>
<b>Clinical Services:</b>			
Salaries and employee benefits		87,414	
Other operating expenditures		<u>16,191</u>	
Total	<u>181,055</u>	<u>103,605</u>	<u>77,450</u>
<b>Family Planning:</b>			
Salaries and employee benefits		232,078	
Other operating expenditures		<u>37,254</u>	
Total	<u>311,884</u>	<u>269,332</u>	<u>42,552</u>

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Adolescent Pregnancy Prevention:</b>			
Salaries and employee benefits		8,163	
Other operating expenditures		<u>30,714</u>	
Total	<u>63,315</u>	<u>38,877</u>	<u>24,438</u>
<b>Maternal and Child Health:</b>			
Salaries and employee benefits		485,304	
Other operating expenditures		<u>105,399</u>	
Total	<u>673,350</u>	<u>590,703</u>	<u>82,647</u>
<b>Home Health Program:</b>			
Salaries and employee benefits		971,488	
Other operating expenditures		<u>830,367</u>	
Total	<u>2,022,929</u>	<u>1,801,855</u>	<u>221,074</u>
<b>Women, Infants, and Children:</b>			
Salaries and employee benefits		182,720	
Other operating expenditures		<u>11,944</u>	
Total	<u>220,020</u>	<u>194,664</u>	<u>25,356</u>
<b>Environmental Health:</b>			
Salaries and employee benefits		241,733	
Other operating expenditures		44,571	
Capital outlay		<u>6,900</u>	
Total	<u>375,014</u>	<u>293,204</u>	<u>81,810</u>
<b>Health - Other:</b>			
Salaries and employee benefits		331,958	
Other operating expenditures		<u>71,330</u>	
Total	<u>465,667</u>	<u>403,288</u>	<u>62,379</u>
Total health	<u>4,612,315</u>	<u>3,966,576</u>	<u>645,739</u>
<b>Mental Health:</b>			
Contribution to Mental Health Authority	<u>216,013</u>	<u>216,013</u>	<u>-</u>
Total mental health	<u>216,013</u>	<u>216,013</u>	<u>-</u>

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Social Services:</b>			
<b>Administration:</b>			
Salaries and employee benefits		2,256,678	
Other operating expenditures		261,604	
Capital outlay		<u>5,814</u>	
Total	<u>2,682,099</u>	<u>2,524,096</u>	<u>158,003</u>
<b>AFDC Program:</b>			
AFDC program - foster care		189,505	
AFDC program - emergency assistance		7,993	
AFDC program - trans day care		<u>777,206</u>	
Total	<u>1,059,466</u>	<u>974,704</u>	<u>84,762</u>
<b>Medicaid Program:</b>			
County participation only	<u>15,000</u>	<u>2,486</u>	<u>12,514</u>
<b>Other Programs:</b>			
State boarding home		198,254	
General assistance		88,579	
Special assistance		279,326	
Aid to blind		2,713	
Chore services		8,347	
Crisis intervention		111,633	
Other programs		380,760	
Medicaid transportation		176,308	
Adoption assistance		158,473	
Links transitional housing		<u>7,233</u>	
Total	<u>1,717,442</u>	<u>1,411,626</u>	<u>305,816</u>
Total social services	<u>5,474,007</u>	<u>4,912,912</u>	<u>561,095</u>
<b>Veteran's Service Officer:</b>			
Salaries and employee benefits		38,118	
Other operating expenditures		<u>3,542</u>	
Total	<u>51,067</u>	<u>41,660</u>	<u>9,407</u>
<b>Senior Center:</b>			
Salaries and employee benefits		271,767	
Other operating expenditures		289,618	
Capital outlay		<u>1,905</u>	
Total	<u>987,425</u>	<u>563,290</u>	<u>424,135</u>

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Contributions to other agencies	246,860	245,880	980
Total human services	<u>11,587,687</u>	<u>9,946,331</u>	<u>1,641,356</u>
<b>Cultural and Recreational:</b>			
<b>Recreation:</b>			
Operating expenditures		<u>401,578</u>	
Total	<u>405,948</u>	<u>401,578</u>	<u>4,370</u>
<b>Library:</b>			
Salaries and employee benefits		401,435	
Other operating expenditures		200,314	
Capital outlay		<u>32,918</u>	
Total	<u>683,719</u>	<u>634,667</u>	<u>49,052</u>
Contribution to other agencies	<u>143,020</u>	<u>151,056</u>	<u>(8,036)</u>
Total cultural and recreational	<u>1,232,687</u>	<u>1,187,301</u>	<u>45,386</u>
<b>Education:</b>			
Public schools - current expense		9,219,297	
Capital outlay - one-half cent tax		1,303,346	
Capital outlay - State and local		317,378	
Public schools - special project		133,140	
Community College		695,271	
Contributions to other agencies:			
Rowan Vocational Workshop		5,880	
Horizons Unlimited		<u>13,098</u>	
Total education	<u>12,016,427</u>	<u>11,687,410</u>	<u>329,017</u>
<b>Debt Service:</b>			
Principal retirement	1,910,457	1,880,000	30,457
Interest and fees	<u>727,490</u>	<u>685,094</u>	<u>42,396</u>
Total debt service	<u>2,637,947</u>	<u>2,565,094</u>	<u>72,853</u>
Contingency	<u>43,250</u>	<u>-</u>	<u>(43,250)</u>
Total expenditures	<u>47,659,879</u>	<u>44,144,760</u>	<u>3,645,260</u>
Revenues over (under) expenditures	<u>(2,137,169)</u>	<u>2,092,518</u>	<u>4,229,687</u>

**DAVIE COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Other Financing Sources (Uses):</b>			
Operating transfers to other funds:			
Capital Projects Fund	(20,000)	-	20,000
Solid Waste Fund	(476,600)	(135,432)	341,168
Water and Sewer Fund	(32,000)	(32,000)	-
Total	(528,600)	(167,432)	361,168
 Operating transfers from other funds:			
Capital Projects Fund	1,114,308	1,114,308	-
 Proceeds from sale of capital assets	10,000	18,755	8,755
 Total other financing sources (uses)	595,708	965,631	369,923
 Revenues and other financing sources over (under) expenditures and other financing uses	(1,541,461)	3,058,149	4,599,610
 Appropriated fund balance	1,541,461	-	(1,541,461)
 Net change in fund balance	\$ -	3,058,149	\$ 3,058,149
 <b>Fund Balance:</b>			
Beginning of year - July 1		12,685,934	
End of year - June 30		\$ 15,744,083	

DAVIE COUNTY, NORTH CAROLINA

CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental:					
Scattered Site Housing 2010	\$ 400,000	\$ 272,678	\$ 128,322	\$ 401,000	\$ 1,000
Single Family Rehabilitation 2010	526,624	528,666	-	528,666	2,042
JP Green Milling Company CDBG Grant	90,000	90,000	-	90,000	-
Ashley Furniture - CDBG	712,595	712,595	-	712,595	-
Ashley Furniture - Rural Center	1,230,100	1,230,100	-	1,230,100	-
Ashley Furniture - Golden Leaf	2,500,000	2,500,000	-	2,500,000	-
Ashley Furniture - One NC Fund	1,662,000	-	-	-	(1,662,000)
One North Carolina Fund	75,000	-	-	-	(75,000)
State Grant - oil mitigation	1,346,137	1,102,973	45,431	1,148,404	(197,733)
2012 Urgent Repair Grant	75,000	37,500	36,293	73,793	(1,207)
Gildan Project - Golden Leaf grant	1,000,000	-	-	-	(1,000,000)
Total restricted intergovernmental	<u>9,617,456</u>	<u>6,474,512</u>	<u>210,046</u>	<u>6,684,558</u>	<u>(2,932,898)</u>
Investment earnings:					
Recreation building	-	19,175	-	19,175	19,175
Urgent Repair Program	-	131	-	131	131
Oil spill mitigation	-	6,639	-	6,639	6,639
Total investment earnings	<u>-</u>	<u>25,945</u>	<u>-</u>	<u>25,945</u>	<u>25,945</u>
Miscellaneous:					
Ashley Furniture lease proceeds	2,500,000	834,294	1,114,308	1,948,602	(551,398)
Davie Economic Development	24,000	24,000	-	24,000	-
JP Green Milling Company Grant	23,500	23,500	-	23,500	-
Total miscellaneous	<u>2,547,500</u>	<u>881,794</u>	<u>1,114,308</u>	<u>1,996,102</u>	<u>(551,398)</u>
Total revenues	<u>12,164,956</u>	<u>7,382,251</u>	<u>1,324,354</u>	<u>8,706,605</u>	<u>(3,458,351)</u>
<b>Expenditures:</b>					
Environmental protection:					
Oil spill mitigation	<u>1,416,379</u>	<u>1,264,145</u>	<u>53,886</u>	<u>1,318,031</u>	<u>98,348</u>
Economic and physical development:					
One North Carolina Fund	75,000	-	-	-	75,000
Ashley Furniture	8,666,200	6,733,208	264,780	6,997,988	1,668,212
JP Green Milling Company Grant	113,500	113,500	-	113,500	-
Gildan Project	3,000,000	-	-	-	3,000,000
Total economic and physical development	<u>11,854,700</u>	<u>6,846,708</u>	<u>264,780</u>	<u>7,111,488</u>	<u>4,743,212</u>

**DAVIE COUNTY, NORTH CAROLINA**

**CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014**

	<b>Project Authorization</b>	<b>Actual</b>			<b>Variance Over/Under</b>
		<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	
Human services:					
Single Family Rehabilitation 2010	526,624	524,897	-	524,897	1,727
2012 Urgent Repair Program	75,000	32,380	41,628	74,008	992
Scattered Site Housing 2010	400,000	272,679	124,598	397,277	2,723
Total human services	<u>1,001,624</u>	<u>829,956</u>	<u>166,226</u>	<u>996,182</u>	<u>5,442</u>
Cultural and recreational:					
Recreation buildings	<u>150,000</u>	<u>29,477</u>	<u>1,936</u>	<u>31,413</u>	<u>118,587</u>
Education:					
Early College DCCC - Davie Campus	-	161,252	-	161,252	(161,252)
Early College 2011	<u>1,200,000</u>	<u>1,085,950</u>	-	<u>1,085,950</u>	<u>114,050</u>
Total education	<u>1,200,000</u>	<u>1,247,202</u>	-	<u>1,247,202</u>	<u>(47,202)</u>
Total expenditures	<u>15,622,703</u>	<u>10,217,488</u>	<u>486,828</u>	<u>10,704,316</u>	<u>4,918,387</u>
Revenues over (under) expenditures	<u>(3,457,747)</u>	<u>(2,835,237)</u>	<u>837,526</u>	<u>(1,997,711)</u>	<u>1,460,036</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in (out):					
From General Fund	6,457,747	7,301,105	-	7,301,105	843,358
To General Fund	(5,470,673)	(3,806,148)	(1,114,308)	(4,920,456)	550,217
Proceeds of debt:					
USDA loan proceeds	2,000,000	-	-	-	(2,000,000)
Appropriated fund balance	<u>470,673</u>	-	-	-	<u>(470,673)</u>
Total other financing sources (uses)	<u>3,457,747</u>	<u>3,494,957</u>	<u>(1,114,308)</u>	<u>2,380,649</u>	<u>(1,077,098)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 659,720</u>	<u>(276,782)</u>	<u>\$ 382,938</u>	<u>\$ 382,938</u>
<b>Fund Balance:</b>					
Beginning of year - July 1			<u>632,759</u>		
End of year - June 30			<u>\$ 355,977</u>		

## DAVIE COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 203,850	\$ 263,176	\$ 59,326
Interest on investments	150	95	(55)
Total revenues	<u>204,000</u>	<u>263,271</u>	<u>59,271</u>
<b>Expenditures:</b>			
Phone & furniture	86,328	72,293	14,035
Software	56,898	47,648	9,250
Hardware	264,641	221,618	43,023
Training	1,686	1,412	274
Implemental functions	8,808	7,376	1,432
Total expenditures	<u>418,361</u>	<u>350,347</u>	<u>68,014</u>
Revenues over (under) expenditures	(214,361)	(87,076)	127,285
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>214,361</u>	-	<u>(214,361)</u>
Net change in fund balance	<u>\$ -</u>	(87,076)	<u>\$ (87,076)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>510,082</u>	
End of year - June 30		<u>\$ 423,006</u>	

**DAVIE COUNTY, NORTH CAROLINA****EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE  
PSAP RECONCILIATION  
FOR THE YEAR ENDED JUNE 30, 2014**

Amounts reported on the Emergency Telephone System Fund budget  
to actual are different from the PSAP Revenue - Expenditure Report because:

Wireless 911 funds

Ending fund balance, reported on budget to actual	\$ 423,006
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning Fund Balance - Budget to Actual vs. PSAP report)	(170,628)
Additional eligible expenditures reported in Emergency Telephone System Fund	<u>(31,708)</u>
Ending balance, PSAP Revenue - Expenditure Report	<u>\$ 220,670</u>

**DAVIE COUNTY, NORTH CAROLINA**

**WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Operating Revenues:</b>			
Charges for services:			
Water sales	\$ 3,500,000	\$ 3,536,418	\$ 36,418
Sewer charges	320,000	379,080	59,080
East Davie sewer charges	600,000	645,487	45,487
Water and sewer taps	48,000	111,900	63,900
East Davie fees	1,000	18,427	17,427
Miscellaneous charges	150,000	197,783	47,783
Total	<u>4,619,000</u>	<u>4,889,095</u>	<u>270,095</u>
<b>Non-Operating Revenues:</b>			
Interest earnings	<u>2,000</u>	<u>1,378</u>	<u>(622)</u>
Total revenues	<u>4,621,000</u>	<u>4,890,473</u>	<u>269,473</u>
<b>Expenditures:</b>			
<b>Administration:</b>			
Salaries and employee benefits		202,462	
Other operating expenditures		<u>74,281</u>	
Total	<u>297,237</u>	<u>276,743</u>	<u>20,494</u>
<b>Water Operations:</b>			
Salaries and employee benefits		393,951	
Utilities		17,336	
Maintenance		164,193	
Other operating expenditures		<u>80,768</u>	
Total	<u>699,658</u>	<u>656,248</u>	<u>43,410</u>

**DAVIE COUNTY, NORTH CAROLINA**

**WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Water Treatment Plant:</b>			
Salaries and employee benefits		405,916	
Utilities		191,176	
Maintenance		174,737	
Chemicals		314,702	
Supplies		17,933	
Other operating expenditures		<u>161,473</u>	
Total	<u>1,488,830</u>	<u>1,265,937</u>	<u>222,893</u>
<b>Waste Treatment Plant:</b>			
Salaries and employee benefits		68,621	
Utilities		100,900	
Maintenance		162,474	
Other operating expenditures		<u>73,522</u>	
Total	<u>468,093</u>	<u>405,517</u>	<u>62,576</u>
<b>Waste Treatment Plant - East Davie:</b>			
Salaries and employee benefits		47,501	
Utilities		33,387	
Maintenance		60,570	
Other operating expenditures		<u>792,086</u>	
Total	<u>984,310</u>	<u>933,544</u>	<u>50,766</u>
<b>Capital Outlay:</b>			
Fire hydrants	32,000	28,134	3,866
Equipment and furniture	855,074	714,996	140,078
Improvements	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total	<u>907,074</u>	<u>743,130</u>	<u>163,944</u>
Total expenditures	<u>4,845,202</u>	<u>4,281,119</u>	<u>564,083</u>

**DAVIE COUNTY, NORTH CAROLINA**

**WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(224,202)	609,354	833,556
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	32,000	32,000	-
Appropriated fund balance	192,202	-	(192,202)
Total other financing sources (uses)	<u>224,202</u>	<u>32,000</u>	<u>(192,202)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>641,354</u>	<u>\$ 641,354</u>

**Reconciliation from Budgetary Basis  
(Modified Accrual) to Full Accrual:**

Reconciling items:	
Capital outlay expenditures capitalized	\$ 289,918
Capital contribution capital project fund	125,138
Decrease in compensated absences payable	7,285
Increase in other post-employment benefits	(32,245)
Depreciation	<u>(861,684)</u>
Total reconciling items	<u>(471,588)</u>
Change in net position	<u>\$ 169,766</u>

## DAVIE COUNTY, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECTS FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES  
 BUDGET AND ACTUAL (NON-GAAP)  
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2014

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental:					
Rural Center Grant - Hospital Sewer Project	\$ 1,000,000	\$ 874,862	\$ 125,138	\$ 1,000,000	\$ -
Investment earnings	-	71,870	-	71,870	71,870
Total revenues	<u>1,000,000</u>	<u>946,732</u>	<u>125,138</u>	<u>1,071,870</u>	<u>71,870</u>
<b>Expenditures:</b>					
Water projects:					
Construction	1,703,950	1,052,598	64,446	1,117,044	586,906
Administrative costs	542,500	480,672	22,646	503,318	39,182
Total	<u>2,246,450</u>	<u>1,533,270</u>	<u>87,092</u>	<u>1,620,362</u>	<u>626,088</u>
Hospital Sewer Project:					
Construction	2,198,550	1,809,723	207,458	2,017,181	181,369
Administrative costs	55,000	20,035	25,000	45,035	9,965
Total	<u>2,253,550</u>	<u>1,829,758</u>	<u>232,458</u>	<u>2,062,216</u>	<u>191,334</u>
Project administration:					
Contingency	50,000	-	-	-	50,000
Total expenditures	<u>4,550,000</u>	<u>3,363,028</u>	<u>319,550</u>	<u>3,682,578</u>	<u>867,422</u>
Revenues over (under) expenditures	<u>(3,550,000)</u>	<u>(2,416,296)</u>	<u>(194,412)</u>	<u>(2,610,708)</u>	<u>939,292</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers - in (out):					
From General Fund	-	200,000	-	200,000	200,000
(To) from Water and Sewer Fund	3,550,000	4,337,459	-	4,337,459	787,459
Total other financing sources (uses)	<u>3,550,000</u>	<u>4,537,459</u>	<u>-</u>	<u>4,537,459</u>	<u>987,459</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 2,121,163</u>	<u>\$ (194,412)</u>	<u>\$ 1,926,751</u>	<u>\$ 1,926,751</u>

## DAVIE COUNTY, NORTH CAROLINA

**SOLID WASTE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Recycling	\$ 82,744	\$ 120,376	\$ (37,632)
<b>Expenditures:</b>			
Landfill operations:			
Purchased services	422,744	224,927	197,817
Other operating expenditures	136,600	30,881	105,719
Total expenditures	<u>559,344</u>	<u>255,808</u>	<u>303,536</u>
Revenues over (under) expenditures	(476,600)	(135,432)	(341,168)
<b>Other Financing Sources (Uses):</b>			
Operating transfers in:			
From General Fund	<u>476,600</u>	<u>135,432</u>	<u>(341,168)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Reconciling items:			
Decrease in accrued landfill post-closure liabilities		27,450	
Depreciation		<u>(1,166)</u>	
Total reconciling items		<u>26,284</u>	
Change in net position		<u>\$ 26,284</u>	

## DAVIE COUNTY, NORTH CAROLINA

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>Social Services:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 13,446	\$ 21,916	\$ 9,873	\$ 25,489
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 13,446	\$ 21,916	\$ 9,873	\$ 25,489
<b>Inmate Trust:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 7,049	\$ 65,421	\$ 63,826	\$ 8,644
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 7,049	\$ 10,218	\$ 8,623	\$ 8,644
<b>Property Tax:</b>				
<b>Assets:</b>				
Taxes receivable	\$ 194,341	\$ 3,623,842	\$ 3,674,127	\$ 144,056
<b>Liabilities:</b>				
Intergovernmental payable:				
Towns	\$ 194,341	\$ 3,623,842	\$ 3,674,127	\$ 144,056
<b>NCDMV Interest:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,102	\$ -	\$ 1,102	\$ -
<b>Liabilities:</b>				
Intergovernmental payable:				
State of North Carolina	\$ 1,102	\$ -	\$ 1,102	\$ -
<b>Deed of Trust Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,771	\$ 2,592	\$ 2,771	\$ 2,592
<b>Liabilities:</b>				
Intergovernmental payable:				
State of North Carolina	\$ 2,771	\$ 2,592	\$ 2,771	\$ 2,592
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 24,368	\$ 89,929	\$ 77,572	\$ 36,725
Taxes receivable	194,341	3,623,842	3,674,127	144,056
Total assets	<u>\$ 218,709</u>	<u>\$ 3,713,771</u>	<u>\$ 3,751,699</u>	<u>\$ 180,781</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 20,495	\$ 32,134	\$ 18,496	\$ 34,133
Intergovernmental payable	198,214	3,626,434	3,678,000	146,648
Total liabilities	<u>\$ 218,709</u>	<u>\$ 3,658,568</u>	<u>\$ 3,696,496</u>	<u>\$ 180,781</u>

## DAVIE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2014

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2013</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2014</u>
2013-2014	\$ -	\$ 28,116,735	\$ 27,549,689	\$ 567,046
2012-2013	899,775	-	708,314	191,461
2011-2012	141,059	-	53,141	87,918
2010-2011	90,302	-	22,169	68,133
2009-2010	64,305	-	9,839	54,466
2008-2009	49,407	-	4,768	44,639
2007-2008	42,724	-	3,245	39,479
2006-2007	37,266	-	2,901	34,365
2005-2006	27,475	-	3,227	24,248
2004-2005	24,445	-	2,696	21,749
2003-2004	22,170	-	22,170	-
Total	<u>\$ 1,398,928</u>	<u>\$ 28,116,735</u>	<u>\$ 28,382,159</u>	<u>1,133,504</u>
Less: Allowance for uncollectible accounts				<u>(520,663)</u>
Ad valorem taxes receivable, net				<u>\$ 612,841</u>
<b>Reconciliation with Revenues:</b>				
Ad Valorem Taxes - General Fund				<u>\$ 28,322,089</u>
Reconciling items:				
Taxes written off				22,170
Penalties and interest collected				(209,624)
Miscellaneous				247,524
Total reconciling items				<u>60,070</u>
Total collections and credits				<u>\$ 28,382,159</u>

## DAVIE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2014

	County-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 4,156,706,170	\$ 0.66	\$ 27,434,261	\$ 24,296,856	\$ 3,137,405
Utilities	78,218,438	0.66	516,242	516,242	-
Penalties	-		63,638	63,638	-
Total	<u>4,234,924,608</u>		<u>28,014,141</u>	<u>24,876,736</u>	<u>3,137,405</u>
<b>Discoveries:</b>					
Current year taxes	7,166,060	0.66	47,296	46,492	804
Prior year taxes	14,004,655		92,431	92,431	-
Penalties	-		3,806	3,806	-
Total	<u>21,170,715</u>		<u>143,533</u>	<u>142,729</u>	<u>804</u>
<b>Abatements</b>	<u>(6,033,793)</u>		<u>(40,939)</u>	<u>(26,423)</u>	<u>(14,516)</u>
Total property valuation	<u>\$ 4,250,061,530</u>				
<b>Net Levy</b>			28,116,735	24,993,042	3,123,693
Uncollected taxes at June 30, 2014			<u>567,046</u>	<u>470,543</u>	<u>96,503</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 27,549,689</u>	<u>\$ 24,522,499</u>	<u>\$ 3,027,190</u>
<b>Current Levy Collection Percentage</b>			<u>97.98%</u>	<u>98.12%</u>	<u>96.91%</u>
<b>Secondary Market Disclosures:</b>					
Assessed valuation:					100%
Assessment ratio real property				\$ 3,697,599,894	
Personal property				474,243,198	
Public service companies				<u>78,218,438</u>	
Total assessed valuation				<u>\$ 4,250,061,530</u>	
Tax rate per \$100				<u>\$ 0.66</u>	
Levy (includes discoveries, releases, and abatements)				<u>\$ 28,116,735</u>	

## DAVIE COUNTY, NORTH CAROLINA

### TEN LARGEST TAXPAYERS FOR THE YEAR ENDED JUNE 30, 2014

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2014 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Avgol America Inc	Manufacturing	\$ 76,367,512	1.82%
Ingersol Rand Co	Manufacturing	56,540,752	1.35%
Duke Energy Corporation	Utility	42,948,905	1.02%
Energy United EMC	Utility	24,997,994	0.60%
Ashley Furniture	Manufacturing	18,719,833	0.45%
VF Jeanswear Inc	Manufacturing	17,920,186	0.43%
Funder America Inc	Manufacturing	11,491,385	0.27%
Wal-Mart Stores Inc	Retail	10,241,811	0.24%
Omtron USA LLC	Manufacturing	9,710,454	0.23%
Jockey International Inc	Manufacturing	9,195,754	0.22%
Total		<u>\$ 278,134,586</u>	<u>6.63%</u>

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