

**DAVIE COUNTY  
NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2015**



# **DAVIE COUNTY NORTH CAROLINA**

## **BOARD OF COUNTY COMMISSIONERS**

Terry N. Renegar, Chairman

Richard B. Poindexter, Vice-Chairman

C. Dan Barrett

John H. Ferguson

Mark S. Jones

## **COUNTY OFFICIALS**

Michael M. Ruffin	County Manager
Robin M. West	Finance Director
E. Edward Vogler, Jr.	County Attorney
M. Brent Shoaf	Register of Deeds



# 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, 2015, 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 General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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, 2015, 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 the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance, the Other Post-Employment Benefits Schedules of Funding Progress and Employer Contributions, the Local Government Employee's Retirement System Schedules of the County's Proportionate Share of Net Pension Asset and County Contributions, and the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County 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 supplemental 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 supplemental ad valorem tax schedules are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund financial statements, budgetary schedules, and supplemental 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 4, 2015 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 4, 2015

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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, 2015. 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

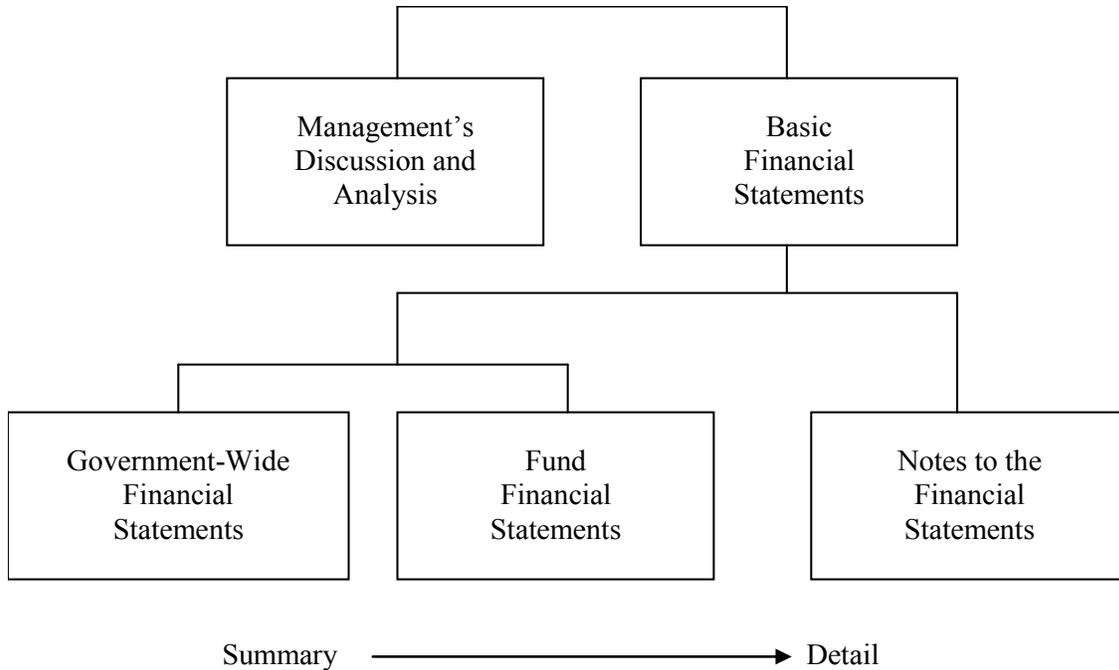
- The assets and deferred outflows of resources of Davie County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$47,427,467 (*net position*).
- The government's total net position decreased by \$92,944 in the current year, primarily due to the decrease in 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 \$74,778,628, an increase of \$58,255,562 in comparison with the prior year. Approximately 82.3% of this total amount, or \$61,534,041, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,658,293, or 23.4%, 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 69 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 \$47,427,467 as of June 30, 2015. The County's net position decreased by \$92,944 for the fiscal year ended June 30, 2015. One of the largest portions, \$43,400,593 (91.51%), 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, \$12,810,371, represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Assets:</b>						
Current and						
other assets	\$ 80,464,967	\$ 19,363,690	\$ 10,446,771	\$ 8,182,201	\$ 90,911,738	\$ 27,545,891
Capital assets	<u>17,560,255</u>	<u>17,498,957</u>	<u>25,840,338</u>	<u>25,537,198</u>	<u>43,400,593</u>	<u>43,036,155</u>
Total assets	<u>98,025,222</u>	<u>36,862,647</u>	<u>36,287,109</u>	<u>33,719,399</u>	<u>134,312,331</u>	<u>70,582,046</u>
<b>Deferred Outflows</b>						
<b>of Resources</b>	<u>1,194,071</u>	<u>76,500</u>	<u>54,418</u>	<u>-</u>	<u>1,248,489</u>	<u>76,500</u>
<b>Liabilities:</b>						
Long-term liabilities	80,503,201	20,186,689	410,472	337,651	80,913,673	20,524,340
Other liabilities	<u>3,313,291</u>	<u>1,751,615</u>	<u>587,691</u>	<u>456,390</u>	<u>3,900,982</u>	<u>2,208,005</u>
Total liabilities	<u>83,816,492</u>	<u>21,938,304</u>	<u>998,163</u>	<u>794,041</u>	<u>84,814,655</u>	<u>22,732,345</u>
<b>Deferred Inflows</b>						
<b>of Resources</b>	<u>3,118,342</u>	<u>37,879</u>	<u>200,356</u>	<u>-</u>	<u>3,318,698</u>	<u>37,879</u>
<b>Net Position:</b>						
Net investment in						
capital assets	17,560,255	17,368,957	25,840,338	25,537,198	43,400,593	42,906,155
Restricted	12,810,371	4,326,357	-	-	12,810,371	4,326,357
Unrestricted	<u>(18,086,167)</u>	<u>(6,732,350)</u>	<u>9,302,670</u>	<u>7,388,160</u>	<u>(8,783,497)</u>	<u>655,810</u>
Total net position	<u>\$ 12,284,459</u>	<u>\$ 14,962,964</u>	<u>\$ 35,143,008</u>	<u>\$ 32,925,358</u>	<u>\$ 47,427,467</u>	<u>\$ 47,888,322</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 98.19%.
- Continued low cost of debt due to the County's high bond rating.
- 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**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 4,908,849	\$ 4,419,009	\$ 6,140,036	\$ 5,009,471	\$ 11,048,885	\$ 9,428,480
Operating grants and contributions	7,736,156	7,691,204	-	-	7,736,156	7,691,204
Capital grants and contributions	630,288	210,046	-	125,138	630,288	335,184
General revenues:						
Property taxes	27,693,935	28,109,153	-	-	27,693,935	28,109,153
Other taxes	6,223,895	6,361,575	-	-	6,223,895	6,361,575
Other	1,183,043	896,223	1,232	1,378	1,184,275	897,601
Total revenues	48,376,166	47,687,210	6,141,268	5,135,987	54,517,434	52,823,197
<b>Expenses:</b>						
General government	5,490,030	6,157,763	-	-	5,490,030	6,157,763
Public safety	13,875,953	13,353,731	-	-	13,875,953	13,353,731
Environmental protection	45,213	47,979	-	-	45,213	47,979
Economic and physical development	465,103	714,028	-	-	465,103	714,028
Human services	10,414,591	10,296,870	-	-	10,414,591	10,296,870
Culture and recreation	1,116,161	1,187,430	-	-	1,116,161	1,187,430
Education	17,648,445	11,687,410	-	-	17,648,445	11,687,410
Interest and fiscal changes	535,160	645,975	-	-	535,160	645,975
Solid waste	-	-	233,693	229,524	233,693	229,524
Water and sewer	-	-	4,786,029	4,877,845	4,786,029	4,877,845
Total expenses	49,590,656	44,091,186	5,019,722	5,107,369	54,610,378	49,198,555
Increase (decrease) in net position before transfers	(1,214,490)	3,596,024	1,121,546	28,618	(92,944)	3,624,642
Transfers, net	(164,695)	(167,432)	164,695	167,432	-	-
Increase (decrease) in net position	(1,379,185)	3,428,592	1,286,241	196,050	(92,944)	3,624,642
Net position, July 1	14,962,964	11,534,372	32,925,358	32,729,308	47,888,322	44,263,680
Restatement	(1,299,320)	-	931,409	-	(367,911)	-
Beginning of year - July 1 - restated	13,663,644	11,534,372	33,856,767	32,729,308	47,520,411	44,263,680
End of year - June 30	\$ 12,284,459	\$ 14,962,964	\$ 35,143,008	\$ 32,925,358	\$ 47,427,467	\$ 47,888,322

**Governmental Activities.** Governmental activities decreased the County's net position by \$1,379,185. Key elements for the year are as follows:

- Revenues increased by \$688,956 in total over the prior year. An increase in Charges for Services accounts for most of this increase, due to Emergency Medical Services increasing. Operating grants and contributions, as well as Capital grants and contributions increased.
- Expenditures increased across in almost all County departments by \$5,499,470 from the prior year. An increase of \$5,865,702 was due to the construction activity for the new Davie High School in the current year. There were other small changes in the General Fund.

**Business-Type Activities.** Business-type activities increased Davie County's net position by \$1,286,241. 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 \$13,838,165, while total fund balance reached \$17,651,433. Fund balance available represents 28.46% of total General Fund expenditures and transfers out, while total fund balance represents 36.30% 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, 2015, the net change in fund balance was an increase of \$56,291,336 with an ending fund balance of \$56,647,313. There was a large debt issuance for construction of Davie County High School during the current year.

At June 30, 2015, the governmental funds of Davie County reported a combined fund balance of \$74,778,628, an increase of \$58,255,562 over the prior year. The primary reason for this increase in fund balance is the debt issued in the Capital Projects 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 \$2,477,592. 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 \$4,619,317 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 was \$74,017, and those for the Water and Sewer Fund was \$9,228,653. The total growth in net position for both major funds were \$9,652 and \$1,276,589, 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, 2015 total \$43,400,593 (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.
- LifePak Monitor replacements for Emergency Medical Services.
- Facility improvements for Public Utilities.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Land	\$ 681,712	\$ 681,712	\$ 552,624	\$ 552,624	\$ 1,234,336	\$ 1,234,336
Buildings	22,319,422	22,319,422	16,410,108	16,420,851	38,729,530	38,740,273
Furniture, equipment and computer	4,660,142	4,549,552	2,815,201	2,863,544	7,475,343	7,413,096
Vehicles and motor equipment	3,488,686	2,728,351	-	-	3,488,686	2,728,351
Water/sewer lines	-	-	20,147,618	20,113,868	20,147,618	20,113,868
Construction in progress	1,364,433	1,318,592	3,015,250	2,978,418	4,379,683	4,297,010
	<u>32,514,395</u>	<u>31,597,629</u>	<u>42,940,801</u>	<u>42,929,305</u>	<u>75,455,196</u>	<u>74,526,934</u>
Less:						
Accumulated depreciation	<u>14,954,140</u>	<u>13,647,795</u>	<u>17,100,463</u>	<u>16,341,187</u>	<u>32,054,603</u>	<u>\$ 29,988,982</u>
Capital assets, net	<u>\$ 17,560,255</u>	<u>\$ 17,949,834</u>	<u>\$ 25,840,338</u>	<u>\$ 26,588,118</u>	<u>\$ 43,400,593</u>	<u>\$ 44,537,952</u>

Additional information on Davie County’s capital assets can be found beginning on page 40 of the Basic Financial Statements.

**Long-Term Debt.** As of June 30, 2015, Davie County had total bonded debt outstanding of \$76,195,537, all of which is debt backed by the full faith and credit of the County.

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

	<b>Governmental Activities</b>	
	<b>2015</b>	<b>2014</b>
General obligation debt	\$ 59,280,000	\$ 5,710,000
Installment purchase contracts	-	130,000
QZAB	602,600	602,600
COPS	8,914,000	9,305,000
Unamortized premiums	7,398,637	565,301
Total	\$ 76,195,237	\$ 16,312,901

Davie County's total debt increased by \$59,882,336 during the fiscal year, primarily due to issuance of bonds for construction of Davie County High School.

As mentioned in the financial highlights section of this document, Davie County maintained its Aa2 bond rating from Moody's Investor Service and 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 \$257,840,000. The County has no authorized, unissued bonds at June 30, 2015.

Additional information regarding Davie County's long-term debt can be found beginning on page 60 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 5.4% is lower than the State average of 6.1%.
- 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 by December 31, 2017.
- 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 is the County's largest industrial employer with approximately 900 employees and plans to invest \$80 million in land, building, machinery, and equipment by September 2016.
- 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, 2016**

**Governmental Activities.** A property tax rate of 76.8 cents was approved, an increase of 10.8 cents, due to the issuance of \$54.5 million General Obligation Bonds for the construction of the new Davie High School. The County implemented Technology Improvements and will continue to address employee compensation and benefits. Six new full-time positions were approved to start in July 2015; three in Social Services, and one each in the Sheriff's Department, Public Buildings, and Technology Solutions. Budgeted expenditures in the General Fund are increased to \$56,209,897, largely due to the increase in debt service.

**Business-Type Activities.** The sewer rates for all levels of usage increased beginning July 2015. The budget for General operating expenses increased to \$7,029,895.

### **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, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Davie County Watershed Improvement Commission
<b>Assets:</b>				
Cash and cash equivalents	\$ 25,404,631	\$ 8,672,449	\$ 34,077,080	\$ 272,308
Taxes receivable, net	603,248	-	603,248	-
Accounts receivable, net	655,722	1,250,722	1,906,444	-
Due from other governments	3,392,535	56,580	3,449,115	-
Accrued interest on investments	560	-	560	-
Restricted cash and cash equivalents	49,024,683	179,260	49,203,943	-
Inventories	965	209,447	210,412	-
Prepays	88,407	-	88,407	-
Net pension asset	1,294,216	78,313	1,372,529	-
Capital assets:				
Land and construction in progress	2,046,145	3,567,874	5,614,019	-
Other capital assets, net of depreciation	15,514,110	22,272,464	37,786,574	-
Total capital assets	17,560,255	25,840,338	43,400,593	-
Total assets	98,025,222	36,287,109	134,312,331	272,308
<b>Deferred Outflows of Resources:</b>				
Deferred charges on refunding	353,549	-	353,549	-
Pension deferrals	832	-	832	-
Contributions to the pension plan in the current fiscal year	839,690	54,418	894,108	-
Total deferred outflows of resources	1,194,071	54,418	1,248,489	-
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	3,313,291	408,431	3,721,722	15
Liabilities to be paid from restricted assets:				
Customer deposits	-	179,260	179,260	-
Long-term liabilities:				
Due within one year	5,185,281	79,000	5,264,281	-
Due in more than one year	75,317,920	331,472	75,649,392	-
Total liabilities	83,816,492	998,163	84,814,655	15
<b>Deferred Inflows of Resources</b>	3,118,342	200,356	3,318,698	-
<b>Net Position:</b>				
Net investment in capital assets	17,560,255	25,840,338	43,400,593	-
Restricted for:				
Stabilization for State statute	4,001,155	-	4,001,155	-
Register of Deeds	203,193	-	203,193	-
Education	390,385	-	390,385	-
Public safety	468,271	-	468,271	-
Economic and physical development	7,747,367	-	7,747,367	-
Unrestricted (deficit)	(18,086,167)	9,302,670	(8,783,497)	272,293
Total net position	\$ 12,284,459	\$ 35,143,008	\$ 47,427,467	\$ 272,293

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	<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>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 5,490,030	\$ 452,171	\$ 1,364,467	\$ -
Public safety	13,875,953	2,377,625	915,059	-
Environmental protection	45,213	-	-	-
Economic and physical development	465,103	29,032	628,028	630,288
Human services	10,414,591	2,050,021	4,666,681	-
Cultural and recreational	1,116,161	-	161,921	-
Education	17,648,445	-	-	-
Interest and fiscal charges	535,160	-	-	-
Total governmental activities	<u>49,590,656</u>	<u>4,908,849</u>	<u>7,736,156</u>	<u>630,288</u>
<b>Business-Type Activities:</b>				
Water and Sewer Fund	4,786,029	6,024,386	-	-
Solid Waste Fund	<u>233,693</u>	<u>115,650</u>	-	-
Total business-type activities	<u>5,019,722</u>	<u>6,140,036</u>	-	-
Total primary government	<u>\$ 54,610,378</u>	<u>\$ 11,048,885</u>	<u>\$ 7,736,156</u>	<u>\$ 630,288</u>
<b>Component Unit:</b>				
Davie County Watershed Improvement Commission	<u>\$ 27,793</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015

	Net (Expense) Revenue and Changes in Net Position			Component Unit Davie County Watershed Improvement Commission
	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ (3,673,392)	\$ -	\$ (3,673,392)	
Public safety	(10,583,269)	-	(10,583,269)	
Environmental protection	(45,213)	-	(45,213)	
Economic and physical development	822,245	-	822,245	
Human services	(3,697,889)	-	(3,697,889)	
Cultural and recreational	(954,240)	-	(954,240)	
Education	(17,648,445)	-	(17,648,445)	
Interest and fiscal charges	(535,160)	-	(535,160)	
Total governmental activities	<u>(36,315,363)</u>	<u>-</u>	<u>(36,315,363)</u>	
<b>Business-Type Activities:</b>				
Water and Sewer Fund	-	1,238,357	1,238,357	
Solid Waste Fund	-	(118,043)	(118,043)	
Total business-type activities	<u>-</u>	<u>1,120,314</u>	<u>1,120,314</u>	
Total primary government	<u>(36,315,363)</u>	<u>1,120,314</u>	<u>(35,195,049)</u>	
<b>Component Unit:</b>				
Davie County Watershed Improvement Commission				\$ <u>(27,793)</u>
<b>General Revenues:</b>				
Taxes:				
Property taxes, levied for general purpose	27,693,935	-	27,693,935	-
Local option sales tax	6,109,845	-	6,109,845	-
Other taxes	114,050	-	114,050	-
Investment earnings, unrestricted	29,503	1,232	30,735	195
Other unrestricted intergovernmental revenue	<u>1,153,540</u>	<u>-</u>	<u>1,153,540</u>	<u>29,400</u>
Total general revenues, excluding transfers	35,100,873	1,232	35,102,105	29,595
Transfers to/from other funds	<u>(164,695)</u>	<u>164,695</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>34,936,178</u>	<u>165,927</u>	<u>35,102,105</u>	<u>29,595</u>
Change in net position	<u>(1,379,185)</u>	<u>1,286,241</u>	<u>(92,944)</u>	<u>1,802</u>
<b>Net Position:</b>				
Beginning of year - July 1	14,962,964	32,925,358	47,888,322	270,491
Restatement	<u>(1,299,320)</u>	<u>931,409</u>	<u>(367,911)</u>	<u>-</u>
Beginning of year - as restated	<u>13,663,644</u>	<u>33,856,767</u>	<u>47,520,411</u>	<u>270,491</u>
End of year - June 30	<u>\$ 12,284,459</u>	<u>\$ 35,143,008</u>	<u>\$ 47,427,467</u>	<u>\$ 272,293</u>

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

**DAVIE COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital Projects Fund</u>	<u>Emergency Telephone System Fund</u>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 15,311,614	\$ 9,612,274	\$ 480,743	\$ 25,404,631
Taxes receivable, net	603,248	-	-	603,248
Accounts receivable, net	504,972	150,750	-	655,722
Prepays	88,407	-	-	88,407
Due from other governments	3,309,531	83,004	-	3,392,535
Accrued interest on investments	560	-	-	560
Restricted cash and cash equivalents	390,385	48,634,298	-	49,024,683
Inventories	965	-	-	965
	<u>20,209,682</u>	<u>58,480,326</u>	<u>480,743</u>	<u>79,170,751</u>
Total assets	<u>\$ 20,209,682</u>	<u>\$ 58,480,326</u>	<u>\$ 480,743</u>	<u>\$ 79,170,751</u>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 1,415,390	\$ 1,833,013	\$ 861	\$ 3,249,264
Total liabilities	<u>1,415,390</u>	<u>1,833,013</u>	<u>861</u>	<u>3,249,264</u>
<b>Deferred Inflows of Resources:</b>				
Prepaid property taxes	37,169	-	-	37,169
Property taxes receivable	603,248	-	-	603,248
Other receivables	502,442	-	-	502,442
Total deferred inflows of resources	<u>1,142,859</u>	<u>-</u>	<u>-</u>	<u>1,142,859</u>
<b>Fund Balances:</b>				
Non-spendable:				
Inventories	965	-	-	965
Prepays	88,407	-	-	88,407
Restricted:				
Stabilization by State statute	3,723,896	265,648	11,611	4,001,155
Restricted, all other	593,578	56,381,665	468,271	57,443,514
Assigned	2,586,294	-	-	2,586,294
Unassigned	10,658,293	-	-	10,658,293
Total fund balances	<u>17,651,433</u>	<u>56,647,313</u>	<u>479,882</u>	<u>74,778,628</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,209,682</u>	<u>\$ 58,480,326</u>	<u>\$ 480,743</u>	

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

**DAVIE COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2015**

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.	17,560,255
Charges related to long-term debt issue	353,549
Net pension asset	1,294,216
Contributions to pension plans in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	839,690
Deferred inflows of resources for taxes and other receivables	1,105,690
Pension related deferrals	(3,080,341)
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>(80,567,228)</u>
Net position of governmental activities, per Exhibit A	<u>\$ 12,284,459</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, 2015

	Major Funds		Nonmajor Fund	Total Governmental Funds
	General Fund	Capital Projects Fund	Emergency Telephone System Fund	
<b>Revenues:</b>				
Taxes	\$ 33,927,423	\$ -	\$ -	\$ 33,927,423
Intergovernmental	6,816,808	630,288	200,654	7,647,750
Charges for services	4,159,446	-	-	4,159,446
Permits and fees	749,277	-	-	749,277
Interest on investments	29,418	-	85	29,503
Miscellaneous	1,295,836	576,398	-	1,872,234
Total revenues	<u>46,978,208</u>	<u>1,206,686</u>	<u>200,739</u>	<u>48,385,633</u>
<b>Expenditures:</b>				
General government	5,081,899	-	-	5,081,899
Public safety	13,875,904	-	143,863	14,019,767
Environmental protection	45,213	45,841	-	91,054
Economic and physical development	444,085	25,000	-	469,085
Human services	10,598,052	2,723	-	10,600,775
Cultural and recreational	1,124,478	-	-	1,124,478
Education	11,782,743	5,865,702	-	17,648,445
Debt service:				
Principal	1,994,000	-	-	1,994,000
Interest and fees	616,557	-	-	616,557
Total expenditures	<u>45,562,931</u>	<u>5,939,266</u>	<u>143,863</u>	<u>51,646,060</u>
Revenues over (under) expenditures	<u>1,415,277</u>	<u>(4,732,580)</u>	<u>56,876</u>	<u>(3,260,427)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	3,448,279	2,896,881	-	6,345,160
Transfers out	(3,061,576)	(3,448,279)	-	(6,509,855)
Proceeds of debt	-	54,500,000	-	54,500,000
Bond refunding debt issued	7,303,000	-	-	7,303,000
Payment to bond refunding escrow agent	(7,197,630)	-	-	(7,197,630)
Bond premium	-	7,075,314	-	7,075,314
Total other financing sources (uses)	<u>492,073</u>	<u>61,023,916</u>	<u>-</u>	<u>61,515,989</u>
Net change in fund balances	1,907,350	56,291,336	56,876	58,255,562
<b>Fund Balances:</b>				
Beginning of year - July 1	<u>15,744,083</u>	<u>355,977</u>	<u>423,006</u>	<u>16,523,066</u>
End of year - June 30	<u>\$ 17,651,433</u>	<u>\$ 56,647,313</u>	<u>\$ 479,882</u>	<u>\$ 74,778,628</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, 2015**

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)	\$ 58,255,562
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.	(389,579)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.	839,690
Pension expense	(35,928)
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.	(59,882,336)
Expenses reported on fund financial statements that are capitalized on government-wide statements- refunding costs	277,049
Expenses related to compensated absences, Law Enforcement Officers' Separation Allowance, and other post-employment benefits that do not require current financial resources are not reported as expenditures in the governmental funds statement	(434,176)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	<u>(9,467)</u>
Change in net position of governmental activities per Exhibit B	<u>\$ (1,379,185)</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, 2015**

	<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	\$ 33,401,732	\$ 33,423,732	\$ 33,927,423	\$ 503,691
Intergovernmental	5,931,256	7,793,210	6,816,808	(976,402)
Charges for sales and services	4,278,346	4,294,415	4,159,446	(134,969)
Permits and fees	549,650	549,650	749,277	199,627
Interest on investments	5,000	5,000	29,418	24,418
Miscellaneous	805,040	1,382,609	1,295,836	(86,773)
Total revenues	<u>44,971,024</u>	<u>47,448,616</u>	<u>46,978,208</u>	<u>(470,408)</u>
<b>Expenditures:</b>				
General government	5,760,177	5,727,412	5,081,899	645,513
Public safety	14,801,933	15,477,034	13,875,904	1,601,130
Environmental protection	54,498	54,498	45,213	9,285
Economic and physical development	490,696	514,847	444,085	70,762
Human services	11,166,980	12,069,086	10,598,052	1,471,034
Cultural and recreational	1,106,914	1,182,997	1,124,478	58,519
Education	11,492,154	12,492,154	11,782,743	709,411
Debt service:				
Principal	2,041,503	2,041,503	1,994,000	47,503
Interest and fees	517,035	622,405	616,557	5,848
Contingency	100,000	312	-	312
Total expenditures	<u>47,531,890</u>	<u>50,182,248</u>	<u>45,562,931</u>	<u>4,619,317</u>
Revenues over (under) expenditures	<u>(2,560,866)</u>	<u>(2,733,632)</u>	<u>1,415,277</u>	<u>4,148,909</u>
<b>Other Financing Sources (Uses):</b>				
Transfers (to) other funds	(717,000)	(3,523,881)	(3,061,576)	462,305
Transfers from other funds	557,054	3,453,935	3,448,279	(5,656)
Proceeds from sale of capital assets	10,000	10,000	-	(10,000)
Total other financing sources (uses)	<u>(149,946)</u>	<u>45,424</u>	<u>492,073</u>	<u>446,649</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(2,710,812)</u>	<u>(2,688,208)</u>	<u>1,907,350</u>	<u>4,595,558</u>
Appropriated fund balance	<u>2,710,812</u>	<u>2,688,208</u>	<u>-</u>	<u>(2,688,208)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,907,350</u>	<u>\$ 1,907,350</u>
<b>Fund Balance:</b>				
Beginning of year - July 1			<u>15,744,083</u>	
End of year - June 30			<u>\$ 17,651,433</u>	

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

## DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	<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	\$ 8,381,624	\$ 290,825	\$ 8,672,449
Accounts receivable, net	1,250,722	-	1,250,722
Due from other governments	33,558	23,022	56,580
Inventory, at cost	209,447	-	209,447
Cash and cash equivalents, restricted	179,260	-	179,260
Total current assets	<u>10,054,611</u>	<u>313,847</u>	<u>10,368,458</u>
Non-current assets:			
Net pension asset	78,313	-	78,313
Capital assets:			
Land and other non-depreciable assets	3,353,771	214,103	3,567,874
Other capital assets, net of depreciation	<u>21,966,310</u>	<u>306,154</u>	<u>22,272,464</u>
Capital assets, net	<u>25,320,081</u>	<u>520,257</u>	<u>25,840,338</u>
Total non-current assets	<u>25,398,394</u>	<u>520,257</u>	<u>25,918,651</u>
Total assets	<u>35,453,005</u>	<u>834,104</u>	<u>36,287,109</u>
<b>Deferred Outflows of Resources</b>			
Contributions to the pension plan in the current fiscal year	<u>54,418</u>	<u>-</u>	<u>54,418</u>
<b>Liabilities:</b>			
Current liabilities:			
Accounts payable and accrued liabilities	316,417	92,014	408,431
Liabilities to be paid from restricted assets:			
Customer deposits	179,260	-	179,260
Current portion of compensated absences	61,000	-	61,000
Accrued landfill post-closure liabilities	-	18,000	18,000
Total current liabilities	<u>556,677</u>	<u>110,014</u>	<u>666,691</u>
Non-current liabilities:			
Compensated absences payable	34,416	-	34,416
Other post-employment benefits	167,240	-	167,240
Accrued landfill post-closure liabilities	-	129,816	129,816
Total non-current liabilities	<u>201,656</u>	<u>129,816</u>	<u>331,472</u>
Total liabilities	<u>758,333</u>	<u>239,830</u>	<u>998,163</u>
<b>Deferred Inflows of Resources</b>	<u>200,356</u>	<u>-</u>	<u>200,356</u>
<b>Net Position:</b>			
Net investment in capital assets	25,320,081	520,257	25,840,338
Unrestricted	<u>9,228,653</u>	<u>74,017</u>	<u>9,302,670</u>
Total net position	<u>\$ 34,548,734</u>	<u>\$ 594,274</u>	<u>\$ 35,143,008</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, 2015

	<b>Major</b>		<b>Total</b>
	<b>Water and Sewer Fund</b>	<b>Solid Waste Fund</b>	
<b>Operating Revenues:</b>			
Charges for sales and services	\$ 5,891,942	\$ 115,650	\$ 6,007,592
Miscellaneous	132,444	-	132,444
Total operating revenues	<u>6,024,386</u>	<u>115,650</u>	<u>6,140,036</u>
<b>Operating Expenses:</b>			
Salaries and benefits	1,072,103	-	1,072,103
Other operating expenses	2,797,685	215,720	3,013,405
Depreciation	899,977	15,711	915,688
Total operating expenses	<u>4,769,765</u>	<u>231,431</u>	<u>5,001,196</u>
Operating income (loss)	<u>1,254,621</u>	<u>(115,781)</u>	<u>1,138,840</u>
<b>Non-Operating Revenues (Expenses):</b>			
Loss on disposal of capital assets	(16,264)	(2,262)	(18,526)
Interest on investments	1,232	-	1,232
Total non-operating revenues (expenses)	<u>(15,032)</u>	<u>(2,262)</u>	<u>(17,294)</u>
Income (loss) before transfers	1,239,589	(118,043)	1,121,546
Transfer from General Fund	<u>37,000</u>	<u>127,695</u>	<u>164,695</u>
Change in net position	<u>1,276,589</u>	<u>9,652</u>	<u>1,286,241</u>
<b>Net Position:</b>			
Beginning of year - July 1	32,799,883	125,475	32,925,358
Restatement	472,262	459,147	931,409
Beginning of year	<u>33,272,145</u>	<u>584,622</u>	<u>33,856,767</u>
End of year - June 30	<u>\$ 34,548,734</u>	<u>\$ 594,274</u>	<u>\$ 35,143,008</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, 2015

	<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	\$ 5,729,571	\$ 128,112	\$ 5,857,683
Cash paid for goods and services	(2,665,717)	(183,356)	(2,849,073)
Cash paid to employees for services	(1,103,543)	-	(1,103,543)
Customer deposits paid, net	<u>13,739</u>	<u>-</u>	<u>13,739</u>
Net cash provided (used) by operating activities	<u>1,974,050</u>	<u>(55,244)</u>	<u>1,918,806</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Interfund transfer in (out)	<u>37,000</u>	<u>127,695</u>	<u>164,695</u>
Net cash provided (used) by non-capital financing activities	<u>37,000</u>	<u>127,695</u>	<u>164,695</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	<u>(186,434)</u>	<u>-</u>	<u>(186,434)</u>
Net cash provided (used) by capital and related financing activities	<u>(186,434)</u>	<u>-</u>	<u>(186,434)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on investments	<u>1,232</u>	<u>-</u>	<u>1,232</u>
Net increase (decrease) in cash and cash equivalents	1,825,848	72,451	1,898,299
<b>Cash and Cash Equivalents:</b>			
Beginning of year - July 1	<u>6,735,036</u>	<u>218,374</u>	<u>6,953,410</u>
End of year - June 30	<u>\$ 8,560,884</u>	<u>\$ 290,825</u>	<u>\$ 8,851,709</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 1,254,621	\$ (115,781)	\$ 1,138,840
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	899,977	15,711	915,688
Pension expense	2,532	-	2,532
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(294,815)	12,462	(282,353)
(Increase) decrease in inventory	(5,605)	-	(5,605)
Increase (decrease) in accounts payable and accrued liabilities	137,573	59,989	197,562
(Increase) decrease in deferred outflows of resources for pensions	(54,418)	-	(54,418)
Increase (decrease) in customer deposits	13,739	-	13,739
Increase (decrease) in other post-employment benefits	22,530	-	22,530
Increase (decrease) in accrued landfill post-closure liabilities	-	(27,625)	(27,625)
Increase (decrease) in compensated absences payable	<u>(2,084)</u>	<u>-</u>	<u>(2,084)</u>
Net cash provided (used) by operating activities	<u>\$ 1,974,050</u>	<u>\$ (55,244)</u>	<u>\$ 1,918,806</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, 2015**

	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and investments	\$ 45,895
Taxes receivable	<u>143,674</u>
Total assets	<u>\$ 189,569</u>
<b>Liabilities:</b>	
Accounts payable and accrued liabilities	\$ 43,179
Intergovernmental payable	<u>146,390</u>
Total liabilities	<u>\$ 189,569</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, 2015

### 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, 2015

### 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, 2015

**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 four 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; 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, 2015

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. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015

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. The unexpended bond proceeds of the other governmental funds are classified as restricted because their use is completely restricted to the purpose for which the bonds were originally issued.

#### Governmental Activities:

General Fund	QZAB Sinking Fund	\$ 390,385
Other governmental	Unexpended bond proceeds	<u>48,634,298</u>
Total		<u>49,024,683</u>

#### Business-Type Activities:

Water and Sewer Fund	Customer deposits	<u>179,260</u>
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**Total restricted cash** \$ 49,203,943

### 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, 2014.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### **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.

### **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.

### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### **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.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

### 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 three items that meet this criterion – a charge on refunding, contributions made to the pension plan in the current fiscal year, and pension deferrals. 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 four items that meet the criterion for this category – prepaid property taxes, other receivables, property taxes receivable, and other pension related deferrals.

### 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.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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. 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.

*Prepays* – portion of fund balance that is not an available resource because it represents costs applicable to a future accounting period, 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.

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

*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, 2015 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	\$ 203,193	\$ -	\$ -
Public safety	-	-	468,271
Education	390,385	48,634,298	-
Economic and physical development	-	7,747,367	-
Total	<u>\$ 593,578</u>	<u>\$ 56,381,665</u>	<u>\$ 468,271</u>

Restricted net position on Exhibit A differs from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of \$48,634,298 at June 30, 2015.

**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. The Board of Commissioners is the highest level of decision making authority for the government that can, by adoption of an ordinance prior to year-end, commit fund balance. Once adopted, any changes or removal of specific purpose restrictions requires majority action by the governing body through another ordinance.

**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, 2015 is as follows:

<u>Purpose</u>	<u>General Fund</u>
Subsequent year's expenditures	<u>\$ 2,586,294</u>

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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.

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	\$ 17,651,433
Less:	
Inventories	965
Prepays	88,407
Stabilization by State statute	<u>3,723,896</u>
Fund balance available for appropriation	<u>\$ 13,838,165</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>E911 Fund</u>	<u>Capital Projects Fund</u>	<u>Water and Sewer Fund</u>	<u>W&amp;S Capital Project Fund</u>
Encumbrances	\$ 411,275	\$ 11,611	\$ 31,894	\$ 41,875	\$ 16,168

**Defined Benefit Pension Plans**

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

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

employer contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

### 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.

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, 2015, the County's deposits had a carrying amount of \$17,071,947 and a bank balance of \$17,533,698. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$16,533,698 was covered by collateral held under the Pooling Method. Cash on hand was \$2,650.

##### Investments

At June 30, 2015, the County's investments consisted of \$66,252,321 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.

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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>
2012	\$ 2,023,712	\$ 662,766	\$ 2,686,478
2013	2,421,698	575,153	2,996,851
2014	2,595,747	382,873	2,978,620
2015	<u>2,590,654</u>	<u>148,963</u>	<u>2,739,617</u>
Total	<u>\$ 9,631,811</u>	<u>\$ 1,769,755</u>	<u>\$ 11,401,566</u>

**Receivables**

Receivables at the government-wide level at June 30, 2015 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	\$ 1,044,472	\$ 1,162,844	\$ 3,309,531	\$ 560	\$ 5,517,407
Other governmental	<u>150,750</u>	<u>-</u>	<u>83,004</u>	<u>-</u>	<u>233,754</u>
Total receivables	1,195,222	1,162,844	3,392,535	560	5,751,161
Allowance for doubtful accounts	<u>(539,500)</u>	<u>(559,596)</u>	<u>-</u>	<u>-</u>	<u>(1,099,096)</u>
Total governmental activities	<u>\$ 655,722</u>	<u>\$ 603,248</u>	<u>\$ 3,392,535</u>	<u>\$ 560</u>	<u>\$ 4,652,065</u>
<b>Business-Type Activities:</b>					
Solid Waste Fund	\$ -	\$ -	\$ 23,022	\$ -	\$ 23,022
Water and Sewer Fund	<u>1,339,622</u>	<u>-</u>	<u>33,558</u>	<u>-</u>	<u>1,373,180</u>
Total receivables	1,339,622	-	56,580	-	1,396,202
Allowance for doubtful accounts	<u>(88,900)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(88,900)</u>
Total business-type activities	<u>\$ 1,250,722</u>	<u>\$ -</u>	<u>\$ 56,580</u>	<u>\$ -</u>	<u>\$ 1,307,302</u>

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

Due from other governments consisted of the following:

**Governmental Activities:**

Sales tax refund reimbursement	\$ 503,809
Grants	450,060
Local option sales tax	1,505,183
Due from State - DMV MV taxes	253,006
Other	680,477
Total	<u>\$ 3,392,535</u>

**Business-Type Activities:**

Due from City of Mocksville	\$ 33,558
Scrap tire tax and white goods disposal tax	23,022
Total	<u>\$ 56,580</u>

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Capital Assets**

**Governmental Capital Assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

	<b>Restated Balance June 30, 2014</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Balance June 30, 2015</b>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Construction in progress	\$ 1,318,592	\$ 45,841	\$ -	\$ -	\$ 1,364,433
Land	681,712	-	-	-	681,712
Total non-depreciable capital assets	<u>2,000,304</u>	<u>45,841</u>	<u>-</u>	<u>-</u>	<u>2,046,145</u>
<b>Depreciable Capital Assets:</b>					
Buildings	22,319,422	-	-	-	22,319,422
Furniture and equipment, computer equipment, and software	4,549,552	110,590	-	-	4,660,142
Vehicles and motor equipment	2,728,351	744,060	-	16,275	3,488,686
Total depreciable capital assets	<u>29,597,325</u>	<u>854,650</u>	<u>-</u>	<u>16,275</u>	<u>30,468,250</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	8,476,525	569,001	-	-	9,045,526
Furniture and equipment, computer equipment, and software	3,626,619	296,137	-	-	3,922,756
Vehicles and motor equipment	1,544,651	424,932	-	16,275	1,985,858
Total accumulated depreciation	<u>13,647,795</u>	<u>\$ 1,290,070</u>	<u>\$ -</u>	<u>\$ 16,275</u>	<u>14,954,140</u>
Total depreciable capital assets	<u>15,949,530</u>				<u>15,514,110</u>
Governmental activity capital assets, net	<u>\$ 17,949,834</u>				<u>\$ 17,560,255</u>

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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

<b>Governmental Activities:</b>	
General government	\$ 582,630
Public safety	651,681
Human services	51,576
Cultural and recreation	<u>4,183</u>
Total	<u>\$ 1,290,070</u>

**Proprietary Capital Assets**

The capital asset activity of the proprietary funds at June 30, 2015 was as follows:

	<b>Restated Balance June 30, 2014</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2015</b>
<b>Business-Type Activities:</b>				
<b>Solid Waste:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	<u>\$ 214,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,103</u>
<b>Depreciable Capital Assets:</b>				
Buildings	642,568	-	10,743	631,825
Equipment	<u>36,797</u>	<u>-</u>	<u>5,361</u>	<u>31,436</u>
Total depreciable capital assets	<u>679,365</u>	<u>-</u>	<u>16,104</u>	<u>663,261</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	318,441	15,711	8,481	325,671
Equipment	<u>36,797</u>	<u>-</u>	<u>5,361</u>	<u>31,436</u>
Total accumulated depreciation	<u>355,238</u>	<u>\$ 15,711</u>	<u>\$ 13,842</u>	<u>357,107</u>
Total depreciable capital assets	<u>324,127</u>			<u>306,154</u>
Solid waste capital assets, net	<u>\$ 538,230</u>			<u>\$ 520,257</u>

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

	<u>Restated Balance June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2015</u>
<b>Water and Sewer Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	\$ 338,521	\$ -	\$ -	\$ -	\$ 338,521
Construction-in-progress	<u>2,978,418</u>	<u>36,832</u>	<u>-</u>	<u>-</u>	<u>3,015,250</u>
Total non-depreciable capital assets	<u>3,316,939</u>	<u>36,832</u>	<u>-</u>	<u>-</u>	<u>3,353,771</u>
<b>Depreciable Capital Assets:</b>					
Water/sewer lines	20,113,868	33,750	-	-	20,147,618
Buildings	15,778,283	-	-	-	15,778,283
Equipment and vehicles	<u>2,826,747</u>	<u>115,852</u>	<u>142,559</u>	<u>(16,275)</u>	<u>2,783,765</u>
Total depreciable capital assets	<u>38,718,898</u>	<u>149,602</u>	<u>142,559</u>	<u>(16,275)</u>	<u>38,709,666</u>
<b>Less Accumulated Depreciation:</b>					
Water/sewer lines	8,860,410	333,700	-	-	9,194,110
Buildings	5,759,625	311,224	-	-	6,070,849
Equipment and vehicles	<u>1,365,914</u>	<u>255,053</u>	<u>126,295</u>	<u>(16,275)</u>	<u>1,478,397</u>
Total accumulated depreciation	<u>15,985,949</u>	<u>\$ 899,977</u>	<u>\$ 126,295</u>	<u>\$ (16,275)</u>	<u>16,743,356</u>
Total capital assets being depreciated, net	<u>22,732,949</u>				<u>21,966,310</u>
Water/Sewer capital assets, net	<u>\$ 26,049,888</u>				<u>\$ 25,320,081</u>
Business-type activities capital assets, net	<u>\$ 26,588,118</u>				<u>\$ 25,840,338</u>

#### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2015 is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 17,560,255	\$ 25,840,338
Long-term debt	(76,195,237)	-
Long-term debt for assets not owned by the County	<u>76,195,237</u>	<u>-</u>
Net investment in capital assets	<u>\$ 17,560,255</u>	<u>\$ 25,840,338</u>

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**B. Liabilities**

**Payables**

Payables at the government-wide level at June 30, 2015 were as follows:

	<b>Vendors</b>	<b>Accrued Interest</b>	<b>Total</b>
<b>Governmental Activities:</b>			
General	\$ 1,415,390	\$ 322,407	\$ 1,737,797
Other governmental	1,575,494	-	1,575,494
Total	\$ 2,990,884	\$ 322,407	\$ 3,313,291
<b>Business-Type Activities:</b>			
Solid waste	\$ 92,014	\$ -	\$ 92,014
Water and sewer	316,417	-	316,417
Total	\$ 408,431	\$ -	\$ 408,431

**Pension Plan and Other Post-employment Obligations**

**Local Governmental Employees' Retirement System**

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

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2015, was 7.41% of compensation for law enforcement officers and 7.07% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$890,745 for the year ended June 30, 2015.

**Refunds of Contributions.** County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By State law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2015, the County reported an asset of \$1,281,872 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on a projection of the County's long-term

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2014, the County's proportion was .217%, which was a decrease of .016% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$41,442. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 140,067
Net difference between projected and actual earnings on pension plan investments	-	2,984,170
Changes in proportion and differences between County contributions and proportionate share of contributions	-	155,312
County contributions subsequent to the measurement date	<u>890,745</u>	<u>-</u>
Total	<u>\$ 890,745</u>	<u>\$ 3,279,549</u>

\$890,745 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><u>Year ended June 30</u></b>	<b><u>Amount</u></b>
2016	\$ (820,072)
2017	(820,072)
2018	(820,072)
2019	<u>(819,333)</u>
Total	<u>\$ (3,279,549)</u>

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

**Actuarial Assumptions.** The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2014 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	36.0%	2.5%
Global Equity	40.5%	6.1%
Real Estate	8.0%	5.7%
Alternatives	6.5%	10.5%
Credit	4.5%	6.8%
Inflation Protection	4.5%	3.7%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

A new asset allocation policy was finalized during the fiscal year ended June 30, 2014 to be effective July 1, 2014. The new asset allocation policy utilizes different asset classes, changes in the structure of certain asset classes, and adopts new benchmarks. Using the asset class categories in the preceding table, the new long-term expected arithmetic real rates of return are: Fixed Income 2.2%, Global Equity 5.8%, Real Estate 5.2%, Alternatives 9.8%, Credit 6.8%, and Inflation Protection 3.4%.

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

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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

	<b>1% Decrease (6.25%)</b>	<b>Discount Rate (7.25%)</b>	<b>1% Increase (8.25%)</b>
County's proportionate share of the net pension liability (asset)	<u>\$ 4,351,229</u>	<u>\$ (1,281,872)</u>	<u>\$ (6,024,762)</u>

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

**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, 2014, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to, but not yet, receiving benefits	-
Active plan members	<u>55</u>
 Total	 <u><u>55</u></u>

A separate report was not issued for the plan.

**Summary of Significant Accounting Policies**

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

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 67 and 68:

- Contribution to the pension plan and earnings on those contributions are irrevocable
- Pension plan assets are dedicated to providing benefits to plan members
- Pension plan assets are legally protected from the creditors or employers, nonemployer contributing entities, the plan administrator, and plan members.

*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 \$669, or 0.03% 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, 2013 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, 2013 was 17 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	\$	82,300
Interest on net pension obligation		16,184
Adjustment to annual required contribution		<u>(27,344)</u>
Annual pension cost		71,140
Employer contributions made		<u>669</u>
Increase (decrease) in net pension obligation		70,471
Net pension:		
Beginning of year - July 1		<u>323,688</u>
End of year - June 30	\$	<u><u>394,159</u></u>

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

<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>
2013	\$ 56,296	40.63%	\$ 275,069
2014	59,119	17.76%	323,688
2015	71,140	0.94%	394,159

**Funded Status and Funding Progress.** As of December 31, 2014, 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 \$552,695. The covered payroll (annual payroll of active employees covered by the plan) was \$2,268,224, and the ratio of the UAAL to the covered payroll was 24.37%.

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, 2015 were \$140,774, which consisted of \$113,924 from the County and \$26,850 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, 2015

### **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, 2015, 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 \$8,880,022; the County's total payroll was \$13,152,017. The total contribution for the fiscal year ended was \$561,483, which consisted of \$266,155 from the County and \$295,328 from the employees. The County's required contribution and the employees' voluntary contributions represented 3.00% and 3.52%, respectively, of the covered payroll amount.

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

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

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

**Contributions.** Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,363 for the year ended June 30, 2015.

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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

At June 30, 2015, the County reported an asset of \$90,657 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2014. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2013. The total pension liability was then rolled forward to the measurement date of June 30, 2014 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2014, the County's proportion was .40%, which was a decrease of .01% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the County recognized pension expense of \$(2,982). At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 832	\$ -
Net difference between projected and actual earnings on pension plan investments	-	488
Changes in proportion and differences between County contributions and proportionate share of contributions	-	1,492
County contributions subsequent to the measurement date	3,363	-
Total	\$ 4,195	\$ 1,980

\$3,363 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending June 30</b>	<b>Amount</b>
2016	\$ (422)
2017	(422)
2018	(182)
2019	(122)
Total	\$ (1,148)

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

**Actuarial Assumptions.** The total pension liability in the December 31, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	4.25 to 7.75 percent, including inflation and productivity factor
Investment rate of return	5.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2013 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2014 is 2.5%:

The information above is based on 30 year expectations developed with the consulting actuary for the 2013 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.19%. All rates of return and inflation are annualized.

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**Discount Rate.** The discount rate used to measure the total pension liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate.** The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 5.75 percent, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than the current rate:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b>(4.75%)</b>	<b>(5.75%)</b>	<b>(6.75%)</b>
County's proportionate share of the net pension liability (asset)	\$ <u>(81,404)</u>	\$ <u>(90,657)</u>	\$ <u>(98,606)</u>

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

**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.

<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, 22 retirees are eligible for post-retirement health benefits. For the fiscal year ended June 30, 2015, the County made payments for post-retirement health benefit premiums of \$149,777. 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.

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

Membership of the plan consisted of the following at December 31, 2014, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Officers</b>
Retirees and dependents receiving benefits	22	-
Active plan members	241	54
Total	263	54

**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 4.34% of annual covered payroll. For the current year, the County contributed \$149,777, or 1.26% 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 14.05% and 2.61% of covered payroll, respectively. There were no contributions made by employees, except for dependent coverage in the amount of \$341,308. 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.

**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.

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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	\$ 483,168	\$ 31,439	\$ 514,607
Interest on net OPEB obligation	82,584	5,374	87,958
Adjustments to annual required contribution	<u>(78,894)</u>	<u>(5,133)</u>	<u>(84,027)</u>
Annual OPEB cost (expense)	486,858	31,680	518,538
Contributions made	<u>(140,627)</u>	<u>(9,150)</u>	<u>(149,777)</u>
Increase (decrease) in net OPEB obligation	346,231	22,530	368,761
Net OPEB obligation:			
Beginning of year - July 1	<u>2,054,247</u>	<u>144,710</u>	<u>2,198,957</u>
End of year - June 30	<u>\$ 2,400,478</u>	<u>\$ 167,240</u>	<u>\$ 2,567,718</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 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>
2013	\$ 452,004	42.4%	\$ 1,799,221
2014	502,834	20.5%	2,198,957
2015	518,538	28.9%	2,567,718

**Funding Status and Funding Progress.** As of December 31, 2014, 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 \$3,953,269. The covered payroll (annual payroll of active employees covered by the plan) was \$11,847,349, and the ratio of the UAAL to the covered payroll was 33.4%. 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

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2014 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 7.50 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, 2014 was 30 years.

As of June 30, 2015, 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.

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.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 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 \$147,816 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 County has three deferred outflows of resources. Deferred outflows of resources are comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 894,108
Pension deferrals	832
Charge on refunding	<u>353,549</u>
Total	<u>\$ 1,248,489</u>

Deferred inflows of resources at year-end are comprised of the following:

<u>Source</u>	<u>Amount</u>
Prepaid taxes not yet earned (General Fund)	\$ 37,169
Taxes receivable, net (General Fund)	603,248
Other receivables (General Fund)	502,442
Pension - deferrals	3,081,173

### 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 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

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

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, 2015, 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, 2015, total lease expenditures under these operating leases totaled \$29,877. 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, 2015**

**Long-Term Obligations**

**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, 2015 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%	\$ 105,000
\$5,130,000 refunding bonds due on November 1 and May 1 in installments of \$455,000 to \$1,160,000 through May 1, 2024; interest at 2.00% to 4.00%	4,675,000
\$54,500,000 School Building Serial bond due on November 1 and May 1 in installments of \$2,285,000 to \$4,655,000 through May 1, 2032; interest at 2.00% to 5.00%	<u>54,500,000</u>
Total general obligation bonds	<u>\$ 59,280,000</u>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2016	\$ 2,855,000	\$ 2,360,446
2017	2,820,000	2,347,850
2018	2,860,000	2,239,800
2019	2,925,000	2,106,500
2020	3,000,000	1,970,250
2021-2025	16,225,000	7,880,350
2026-2030	22,520,000	3,688,700
2031-2032	6,075,000	272,250
Total	\$ 59,280,000	\$ 22,866,146

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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. On February 17, 2015, the county refunded a portion of this debt. The principal amount outstanding as of June 30, 2015 is \$1,695,000. Debt service payments are due June 1st of each year of each year in principal installments of \$850,000 plus interest from 4% to 5%. \$ 1,695,000

On February 17, 2015, The County issued \$7,303,000 in certificates of participation Series 2015, with an interest rate of 2.520% 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. The principal amount outstanding as of June 30, 2015 is \$7,219,000. Debt service payments are due June 1st of each year in principal installments ranging from \$80,000 to \$930,000, plus interest at 2.520% with the final payment in June 2025. 7,219,000

Total general obligation bonds \$ 8,914,000

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>
2016	\$ 930,000	\$ 258,219
2017	927,000	213,703
2018	930,000	177,836
2019	919,000	154,400
2020	907,000	131,242
2021-2025	<u>4,301,000</u>	<u>320,368</u>
Total	<u>\$ 8,914,000</u>	<u>\$ 1,255,768</u>

## **DAVIE COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015**

#### **Advance Refunding**

The government issued \$7,303,000 in certificates of participation Series 2015 with an interest rate of 2.52%. The proceeds were used to advance refund \$6,760,000 of outstanding Series 2006 certificates of participation which had interest rates ranging from 3.5% to 5.0%. The net proceeds of \$7,197,630 (including \$105,370 in underwriting fees and other issuance costs) were deposited with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, a portion of the certificates of participation Series 2006 are considered defeased and the liability for those bonds has been removed from the Statement of Net Position.

The reacquisition price exceeded the net carrying amount of the old debt by \$314,104. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded a portion of the 2006 certificates of deposit to reduce its total debt service payments over 11 years by \$479,460 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$423,537.

#### **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 sinking fund deposits to a restricted bank account in the amount of \$30,456 annually to fully fund the retirement of these bonds at maturity.

#### **Debt Related to Capital Activities**

General Obligation Bonds (\$66,678,637 including unamortized premium), QZAB (\$602,600), and Certificates of Participation (\$8,914,000) 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. Unspent restricted cash related to the General Obligation Bonds described above amounts to \$48,634,298.

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

#### 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, 2015:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
General obligation debt	\$ 5,710,000	\$ 54,500,000	\$ 930,000	\$ 59,280,000	\$ 2,855,000
Unamortized premiums	441,775	7,075,314	118,452	7,398,637	465,281
Installment purchase contracts	130,000	-	130,000	-	-
Qualified Zone Academy Bonds	602,600	-	-	602,600	-
Certificates of participation	9,305,000	7,303,000	7,694,000	8,914,000	930,000
Unamortized premiums	123,526	-	123,526	-	-
Net pension liability (LGERS)	2,638,899	-	2,638,899	-	-
Other post-employment benefits	2,054,247	486,858	140,627	2,400,478	-
Compensated absences	1,495,853	1,357,350	1,339,876	1,513,327	935,000
Net pension obligation	<u>323,688</u>	<u>71,140</u>	<u>669</u>	<u>394,159</u>	<u>-</u>
Total governmental activities	<u>\$ 22,825,588</u>	<u>\$ 70,793,662</u>	<u>\$ 13,116,049</u>	<u>\$ 80,503,201</u>	<u>\$ 5,185,281</u>
<b>Business-Type Activities:</b>					
<i>Solid Waste Fund</i>					
Accrued landfill post-closure care costs	\$ 175,441	\$ -	\$ 27,625	\$ 147,816	\$ 18,000
<i>Water and Sewer Fund</i>					
Net pension liability (LGERS)	168,440	-	168,440	-	-
Other post-employment benefits	144,710	31,680	9,150	167,240	-
Compensated absences	<u>97,500</u>	<u>100,538</u>	<u>102,622</u>	<u>95,416</u>	<u>61,000</u>
Total Water and Sewer Fund	<u>410,650</u>	<u>132,218</u>	<u>280,212</u>	<u>262,656</u>	<u>61,000</u>
Total business-type activities	<u>\$ 586,091</u>	<u>\$ 132,218</u>	<u>\$ 307,837</u>	<u>\$ 410,472</u>	<u>\$ 79,000</u>

The LGERS plan had a net pension asset as of June 30, 2015; however, the plan had a net pension liability at the beginning of the fiscal year.

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, 2015, the County had a legal debt margin of approximately \$257,840,000.

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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, 2015, there was one series of industrial revenue bond outstanding, with an aggregate principal amount payable of \$4,282,798.

**C. Interfund Balances and Activity**

	<b>Transfers</b>	
	<b>From</b>	<b>To</b>
<b>Transfers From/To Other Funds:</b>		
General Fund	\$ 3,061,576	\$ -
Capital Projects Fund	-	2,896,881
Water and Sewer Fund	-	37,000
Solid Waste Fund	-	127,695
Capital Projects Fund	3,448,279	-
General Fund	-	3,448,279
Total	<u>\$ 6,509,855</u>	<u>\$ 6,509,855</u>

All transfers in the current year were for operations or capital construction.

**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, 2015

#### 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.

	Federal	State
Temporary Assistance for Needy Families	\$ 187,784	\$ -
Aid for Dependent Children (penalties)	(87)	(24)
Medical Assistance Program	28,028,199	14,967,341
Special Supplemental Nutrition Program for Women, Infants, and Children	638,190	-
State/County Special Assistance for Adults	-	238,826
State Foster Care Benefits	-	66,067
F/C At Risk Maximization	-	893
SFHF Maximization	-	190,659
CWS Adoption Subsidy	-	169,153
Title IV-E Foster Care	109,083	30,391
Child Support Enforcement IV-D Offset Fees	908	-
State Children's Insurance Program - North Carolina Health Choice	690,876	218,449
Adoption Assistance	232,726	60,715
	\$ 29,887,679	\$ 15,942,470

#### 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 \$151,325 to the Council during the fiscal year ended June 30, 2015.

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, 2015

#### 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 \$48,991 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2015. 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, 2015. 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 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, 2015. The County contributed \$44,796 to the District for the fiscal year ended June 30, 2015. 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.

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 \$234,325 to CenterPoint Human Services during the fiscal year ended June 30, 2015. 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, 2015. Complete financial statements for CenterPoint Human Services can be obtained from its administrative office at 4045 University Parkway, Winston-Salem, North Carolina 27102.

**DAVIE COUNTY, NORTH CAROLINA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

**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 \$12,130 to the Council during the fiscal year ended June 30, 2015.

**7. Construction Commitments**

The government has several active construction projects as of June 30, 2015. At year-end, the government’s commitments with contractors are as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Water Project	\$ 8,832	\$ 16,168

**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.

**9. Severance Pay Agreements**

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

- If termination without cause occurs, six months of salary and benefits based upon his then current salary, payable within thirty (30) days of the termination date.

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.

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 10. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement 68, Accounting and Financial Reporting for Pensions (an amendment of GASB Statement No. 27), in the fiscal year ending June 30, 2015. The implementation of the statement required the County to record beginning net pension liability and the effects on net position of contributions made by the County during the measurement period (fiscal year ending June 30, 2014). As a result, net position for the governmental and business-type activities decreased by \$1,750,197 and \$119,511, respectively.

During the fiscal year ended June 30, 2015, the County determined that the capital asset balances for governmental and business-type activities were not reported accurately. Therefore, an adjustment to beginning net position for the both the governmental and business-type activities was made to record the related change in net position. The adjustments as noted on Exhibit B are an increase of \$450,877 to governmental beginning net position and an increase of \$1,050,920 for business-type activities beginning net position.

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## DAVIE COUNTY, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
		(b)	(b)				
12/31/2014	\$ -	\$ 552,695	\$ 552,695	0.00%	\$ 2,268,224	24.37%	
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%	

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2015	\$ 82,300	0.81%
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%

## 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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level dollar closed
Remaining amortization period	16 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, 2015

## Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit		Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
		(b)	(b)				
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%	
12/31/2014	-	3,953,269	3,953,269	0.00%	11,847,349	33.40%	

## Schedule of Employer Contributions

Year Ended June 30	Annual Required Contribution (ARC)		Percentage of ARC Contributed
	(ARC)	(ARC)	
2011	\$ 489,597	30.80%	
2012	489,597	30.80%	
2013	449,253	42.67%	
2014	499,618	20.64%	
2015	514,607	29.11%	

## 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	12/31/2014
Actuarial cost method	Projected unit credit
Amortization method	Level percentage of pay, open
Remaining amortization period	30 years
Amortization factor	26.1695
Asset valuation method	Market value of assets
Actuarial assumptions:	
Investment rate of return *	4.00%
Medical cost trend rate	7.50% - 5.00%
Year of ultimate trend rate	2020

\* Includes inflation at 3.00%

**DAVIE COUNTY, NORTH CAROLINA****DAVIE COUNTY'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS\*****Local Government Employees' Retirement System**

	<u>2015</u>	<u>2014</u>
Davie's proportion of the net pension liability (asset) (%)	0.21736%	0.23290%
Davie's proportion of the net pension liability (asset) (\$)	\$ (1,281,872)	\$ 2,807,339
Davie's covered-employee payroll	\$ 12,060,535	\$ 11,593,129
Davie's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-10.63%	24.22%
Plan fiduciary net position as a percentage of the total pension liability**	102.64%	94.35%

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

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

**DAVIE COUNTY, NORTH CAROLINA**

**DAVIE COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS**

<b>Local Government Employees' Retirement System</b>		
	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 890,745	\$ 851,104
Contributions in relation to the contractually required contribution	<u>890,745</u>	<u>851,104</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Davie's covered-employee payroll	\$ 12,598,405	\$ 12,060,535
Contributions as a percentage of covered-employee payroll	7.07%	7.06%

**DAVIE COUNTY, NORTH CAROLINA****DAVIE COUNTY'S PROPORTIONATE SHARE  
OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS\*****Registers of Deeds' Supplemental Pension Fund**

	<u>2015</u>	<u>2014</u>
Davie's proportion of the net pension liability (asset) (%)	0.40000%	0.39000%
Davie's proportion of the net pension liability (asset) (\$)	\$ (90,657)	\$ (83,261)
Davie's covered-employee payroll	\$ 66,390	\$ 66,534
Davie's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-136.55%	-125.14%
Plan fiduciary net position as a percentage of the total pension liability**	193.88%	190.50%

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

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

**DAVIE COUNTY, NORTH CAROLINA**

**DAVIE COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TWO FISCAL YEARS**

**Register of Deeds' Supplemental Pension Fund**

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 3,363	\$ 3,266
Contributions in relation to the contractually required contribution	<u>3,363</u>	<u>3,266</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Davie's covered-employee payroll	\$ 67,069	\$ 66,390
Contributions as a percentage of covered-employee payroll	5.01%	4.92%

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes	\$ 27,310,711	\$ 27,565,368	\$ 254,657
Penalties and interest	175,000	138,160	(36,840)
Total	<u>27,485,711</u>	<u>27,703,528</u>	<u>217,817</u>
<b>Other Taxes:</b>			
<b>Local Option Sales Tax:</b>			
Article 39 - one percent	2,500,000	2,508,609	8,609
Article 40 - one-half of one percent	1,810,000	1,963,343	153,343
Article 42 - one-half of one percent	1,516,021	1,637,938	121,917
Article 44 - one-half of one percent	-	(45)	(45)
Total	<u>5,826,021</u>	<u>6,109,845</u>	<u>283,824</u>
<b>Occupancy Tax</b>	<u>112,000</u>	<u>114,050</u>	<u>2,050</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Hold Harmless revenue	923,174	923,174	-
Tax refunds - gasoline and sales	500	699	199
Towns of Mocksville, Cooleemee, and fire department reimbursement	223,559	229,667	6,108
Total	<u>1,147,233</u>	<u>1,153,540</u>	<u>6,307</u>
<b>Restricted Intergovernmental Revenues:</b>			
Federal and State grants	6,153,164	5,314,876	(838,288)
Court facilities fees	362,750	319,415	(43,335)
Controlled substance tax	8,333	15,499	7,166
Crime prevention	121,730	13,478	(108,252)
Total	<u>6,645,977</u>	<u>5,663,268</u>	<u>(982,709)</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Sales and Services:</b>			
Emergency medical service fees	1,526,451	2,014,957	488,506
Health fees	108,782	88,470	(20,312)
Other fees	27,760	41,992	14,232
Rents	29,800	40,266	10,466
Tax collection fees	51,500	39,919	(11,581)
Health - client and third-party fees	<u>2,550,122</u>	<u>1,933,842</u>	<u>(616,280)</u>
Total	<u>4,294,415</u>	<u>4,159,446</u>	<u>(134,969)</u>
<b>Licenses and Permits:</b>			
Building permits	75,000	201,900	126,900
Inspection and other related fees	122,000	150,033	28,033
Other permits and fees	20,400	28,906	8,506
Register of Deeds	<u>332,250</u>	<u>368,438</u>	<u>36,188</u>
Total	<u>549,650</u>	<u>749,277</u>	<u>199,627</u>
<b>Investment Earnings</b>	<u>5,000</u>	<u>29,418</u>	<u>24,418</u>
<b>Miscellaneous Revenues:</b>			
Other revenues	1,323,704	1,232,943	(90,761)
Library - gifts, fines and fees	<u>58,905</u>	<u>62,893</u>	<u>3,988</u>
Total	<u>1,382,609</u>	<u>1,295,836</u>	<u>(86,773)</u>
Total revenues	<u>47,448,616</u>	<u>46,978,208</u>	<u>(470,408)</u>
<b>Expenditures:</b>			
<b>Governing Board:</b>			
Salaries and employee benefits		81,427	
Other operating expenditures		<u>309,011</u>	
Total	<u>539,738</u>	<u>390,438</u>	<u>149,300</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Administration:</b>			
Salaries and benefits		237,320	
Other operating expenditures		72,395	
Capital outlay		12,056	
Total	<u>332,682</u>	<u>321,771</u>	<u>10,911</u>
<b>Grants Administration:</b>			
Salaries and employee benefits		34,574	
Other operating expenditures		1,319	
Total	<u>35,893</u>	<u>35,893</u>	<u>-</u>
<b>Elections:</b>			
Salaries and employee benefits		114,924	
Other operating expenditures		115,096	
Capital outlay		17,284	
Total	<u>257,078</u>	<u>247,304</u>	<u>9,774</u>
<b>Finance:</b>			
Salaries and employee benefits		354,601	
Other operating expenditures		29,517	
Total	<u>436,940</u>	<u>384,118</u>	<u>52,822</u>
<b>Data Processing:</b>			
Salaries and employee benefits		277,086	
Other operating expenditures		236,126	
Capital outlay		51,887	
Total	<u>620,465</u>	<u>565,099</u>	<u>55,366</u>
<b>Taxes:</b>			
Salaries and employee benefits		392,005	
Other operating expenditures		172,284	
Capital outlay		17,888	
Total	<u>623,789</u>	<u>582,177</u>	<u>41,612</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, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revaluation:</b>			
Salaries and employee benefits		106,448	
Other operating expenditures		20,012	
Capital outlay		<u>24,858</u>	
Total	<u>165,992</u>	<u>151,318</u>	<u>14,674</u>
<b>Legal:</b>			
Contracted services		345,393	
Other operating expenditures		<u>2,670</u>	
Total	<u>410,450</u>	<u>348,063</u>	<u>62,387</u>
<b>Register of Deeds:</b>			
Salaries and employee benefits		217,605	
Other operating expenditures		<u>43,191</u>	
Total	<u>275,563</u>	<u>260,796</u>	<u>14,767</u>
<b>Public Buildings:</b>			
Salaries and employee benefits		255,928	
Other operating expenditures		826,326	
Capital outlay		<u>132,346</u>	
Total	<u>1,405,677</u>	<u>1,214,600</u>	<u>191,077</u>
<b>Court Facilities:</b>			
Operating expenditures		<u>139,982</u>	
Total	<u>132,575</u>	<u>139,982</u>	<u>(7,407)</u>
<b>DAVIENET:</b>			
Operating expenditures		61,501	
Capital outlay		<u>2,859</u>	
Total	<u>113,968</u>	<u>64,360</u>	<u>49,608</u>
<b>Geographic Information Systems:</b>			
Salaries and employee benefits		89,186	
Other operating expenditures		<u>87,939</u>	
Total	<u>177,747</u>	<u>177,125</u>	<u>622</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, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Contributions to other agencies	198,855	198,855	-
Total general government	<u>5,727,412</u>	<u>5,081,899</u>	<u>645,513</u>
<b>Public Safety:</b>			
<b>Sheriff:</b>			
Salaries and employee benefits		3,422,929	
Other operating expenditures		725,758	
Capital outlay		<u>385,340</u>	
Total	<u>4,723,003</u>	<u>4,534,027</u>	<u>188,976</u>
<b>Jail:</b>			
Salaries and employee benefits		1,345,191	
Other operating expenditures		<u>504,736</u>	
Total	<u>1,943,137</u>	<u>1,849,927</u>	<u>93,210</u>
<b>Davie Domestic Violence Service:</b>			
Salaries and employee benefits		171,214	
Other operating expenditures		<u>52,051</u>	
Total	<u>296,433</u>	<u>223,265</u>	<u>73,168</u>
<b>Davie Domestic Violence United Way:</b>			
Salaries and employee benefits		9,471	
Other operating expenditures		<u>6,700</u>	
Total	<u>16,715</u>	<u>16,171</u>	<u>544</u>
<b>Displaced Homemakers:</b>			
Salaries and employee benefits		<u>4,266</u>	
Total	<u>5,034</u>	<u>4,266</u>	<u>768</u>
<b>Fire:</b>			
Assistance to local fire departments		<u>2,198,383</u>	
Total	<u>2,198,383</u>	<u>2,198,383</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, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Inspections:</b>			
Salaries and employee benefits		295,467	
Other operating expenditures		27,453	
Capital outlay		<u>53,520</u>	
Total	<u>365,152</u>	<u>376,440</u>	<u>(11,288)</u>
<b>Medical Examiner:</b>			
Professional services		<u>17,550</u>	
Total	<u>22,400</u>	<u>17,550</u>	<u>4,850</u>
<b>Emergency Medical Service:</b>			
Salaries and employee benefits		2,514,087	
Other operating expenditures		671,436	
Capital outlay		<u>377,357</u>	
Total	<u>4,737,774</u>	<u>3,562,880</u>	<u>1,174,894</u>
<b>Emergency Management:</b>			
Salaries and employee benefits		85,475	
Other operating expenditures		46,088	
Capital outlay		<u>18,826</u>	
Total	<u>171,440</u>	<u>150,389</u>	<u>21,051</u>
<b>Animal Protection:</b>			
Salaries and employee benefits		163,178	
Capital outlay		24,363	
Operating expenditures		<u>39,208</u>	
Total	<u>237,634</u>	<u>226,749</u>	<u>10,885</u>
<b>Communication:</b>			
Salaries and employee benefits		624,131	
Other operating expenditures		<u>91,726</u>	
Total	<u>759,929</u>	<u>715,857</u>	<u>44,072</u>
Total public safety	<u>15,477,034</u>	<u>13,875,904</u>	<u>1,601,130</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, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Environmental Protection:</b>			
<b>Contributions to Other Agencies:</b>			
Forestry service	54,498	45,213	9,285
Total environmental protection	<u>54,498</u>	<u>45,213</u>	<u>9,285</u>
<b>Economic and Physical Development:</b>			
<b>Planning and Zoning:</b>			
Salaries and employee benefits		139,467	
Other operating expenditures		18,452	
Total	<u>185,540</u>	<u>157,919</u>	<u>27,621</u>
<b>Agricultural Extension:</b>			
Salaries and employee benefits		1,858	
Operating expenditures		191,652	
Capital outlay		2,126	
Total	<u>238,777</u>	<u>195,636</u>	<u>43,141</u>
Contributions to other agencies	<u>90,530</u>	<u>90,530</u>	<u>-</u>
Total economic and physical development	<u>514,847</u>	<u>444,085</u>	<u>70,762</u>
<b>Human Services:</b>			
<b>Health:</b>			
<b>Administration-Basic Programs:</b>			
Salaries and employee benefits		202,728	
Other operating expenditures		78,284	
Total	<u>465,987</u>	<u>281,012</u>	<u>184,975</u>
<b>Clinical Services:</b>			
Salaries and employee benefits		86,429	
Other operating expenditures		12,746	
Total	<u>102,022</u>	<u>99,175</u>	<u>2,847</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, 2015**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Family Planning:</b>			
Salaries and employee benefits		229,645	
Other operating expenditures		35,258	
Capital outlay		<u>4,202</u>	
Total	<u>292,018</u>	<u>269,105</u>	<u>22,913</u>
<b>Adolescent Pregnancy Prevention:</b>			
Salaries and employee benefits		8,199	
Other operating expenditures		<u>29,559</u>	
Total	<u>45,317</u>	<u>37,758</u>	<u>7,559</u>
<b>Maternal and Child Health:</b>			
Salaries and employee benefits		505,733	
Other operating expenditures		97,839	
Capital outlay		<u>8,404</u>	
Total	<u>666,736</u>	<u>611,976</u>	<u>54,760</u>
<b>Home Health Program:</b>			
Salaries and employee benefits		1,024,770	
Other operating expenditures		838,317	
Capital outlay		<u>25,067</u>	
Total	<u>2,097,866</u>	<u>1,888,154</u>	<u>209,712</u>
<b>Women, Infants, and Children:</b>			
Salaries and employee benefits		198,486	
Other operating expenditures		<u>11,377</u>	
Total	<u>225,749</u>	<u>209,863</u>	<u>15,886</u>
<b>Environmental Health:</b>			
Salaries and employee benefits		231,211	
Other operating expenditures		52,303	
Capital outlay		<u>30,328</u>	
Total	<u>360,766</u>	<u>313,842</u>	<u>46,924</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, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Health - Other:</b>			
Salaries and employee benefits		248,272	
Other operating expenditures		78,054	
Total	<u>430,950</u>	<u>326,326</u>	<u>104,624</u>
Total health	<u>4,687,411</u>	<u>4,037,211</u>	<u>650,200</u>
<b>Mental Health:</b>			
Contribution to Mental Health Authority	<u>234,325</u>	<u>234,325</u>	<u>-</u>
Total mental health	<u>234,325</u>	<u>234,325</u>	<u>-</u>
<b>Social Services:</b>			
<b>Administration:</b>			
Salaries and employee benefits		2,237,225	
Other operating expenditures		436,819	
Capital outlay		2,448	
Total	<u>2,854,908</u>	<u>2,676,492</u>	<u>178,416</u>
<b>AFDC Program:</b>			
AFDC program - foster care		192,498	
AFDC program - emergency assistance		8,000	
AFDC program - trans day care		844,964	
Total	<u>1,183,786</u>	<u>1,045,462</u>	<u>138,324</u>
<b>Medicaid Program:</b>			
County participation only	<u>10,000</u>	<u>631</u>	<u>9,369</u>
<b>Other Programs:</b>			
State boarding home		554,745	
General assistance		58,432	
Special assistance		257,853	
Aid to blind		1,904	
Chore services		8,195	

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Crisis intervention		102,753	
Other programs		387,288	
Medicaid transportation		264,953	
Adoption assistance		144,744	
Links transitional housing		21,354	
Total	<u>1,835,301</u>	<u>1,802,221</u>	<u>33,080</u>
 Total social services	 <u>5,883,995</u>	 <u>5,524,806</u>	 <u>359,189</u>
 <b>Veteran's Service Officer:</b>			
Salaries and employee benefits		44,365	
Other operating expenditures		3,565	
Capital outlay		873	
Total	<u>54,284</u>	<u>48,803</u>	<u>5,481</u>
 <b>Senior Center:</b>			
Salaries and employee benefits		275,763	
Other operating expenditures		304,368	
Capital outlay		14,995	
Total	<u>1,051,290</u>	<u>595,126</u>	<u>456,164</u>
 Contributions to other agencies	 <u>157,781</u>	 <u>157,781</u>	 <u>-</u>
 Total human services	 <u>12,069,086</u>	 <u>10,598,052</u>	 <u>1,471,034</u>
 <b>Cultural and Recreational:</b>			
<b>Recreation:</b>			
Operating expenditures		314,863	
Total	<u>319,223</u>	<u>314,863</u>	<u>4,360</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, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Library:</b>			
Salaries and employee benefits		416,660	
Other operating expenditures		204,422	
Capital outlay		<u>26,463</u>	
Total	<u>703,754</u>	<u>647,545</u>	<u>56,209</u>
Contribution to other agencies	<u>160,020</u>	<u>162,070</u>	<u>(2,050)</u>
Total cultural and recreational	<u>1,182,997</u>	<u>1,124,478</u>	<u>58,519</u>
<b>Education:</b>			
Public schools - current expense		9,407,445	
Capital outlay - one-half cent tax		1,337,938	
Capital outlay - State and local		270,223	
Public schools - special project		118,817	
Community College		632,282	
Contributions to other agencies:			
Rowan Vocational Workshop		2,940	
Horizons Unlimited		<u>13,098</u>	
Total education	<u>12,492,154</u>	<u>11,782,743</u>	<u>709,411</u>
<b>Debt Service:</b>			
Principal retirement	2,041,503	1,994,000	47,503
Interest and fees	<u>622,405</u>	<u>616,557</u>	<u>5,848</u>
Total debt service	<u>2,663,908</u>	<u>2,610,557</u>	<u>53,351</u>
Contingency	<u>312</u>	<u>-</u>	<u>312</u>
Total expenditures	<u>50,182,248</u>	<u>45,562,931</u>	<u>4,619,317</u>
Revenues over (under) expenditures	<u>(2,733,632)</u>	<u>1,415,277</u>	<u>4,148,909</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, 2015

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers to other funds:			
Capital Projects Fund	(3,096,881)	(2,896,881)	200,000
Solid Waste Fund	(390,000)	(127,695)	262,305
Water and Sewer Fund	<u>(37,000)</u>	<u>(37,000)</u>	<u>-</u>
Total	<u>(3,523,881)</u>	<u>(3,061,576)</u>	<u>462,305</u>
Operating transfers from other funds:			
Capital Projects Fund	<u>3,453,935</u>	<u>3,448,279</u>	<u>(5,656)</u>
Total	<u>3,453,935</u>	<u>3,448,279</u>	<u>(5,656)</u>
Proceeds from sale of capital assets	10,000	-	(10,000)
Bond refunding issued	7,303,000	7,303,000	-
Payment to bond refunding escrow agent	<u>(7,197,630)</u>	<u>(7,197,630)</u>	<u>-</u>
Total other financing sources (uses)	<u>45,424</u>	<u>492,073</u>	<u>446,649</u>
Revenues and other financing sources over (under) expenditures and other financing uses	(2,688,208)	1,907,350	4,595,558
Appropriated fund balance	<u>2,688,208</u>	<u>-</u>	<u>(2,688,208)</u>
Net change in fund balance	<u>\$ -</u>	1,907,350	<u>\$ 1,907,350</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>15,744,083</u>	
End of year - June 30		<u>\$ 17,651,433</u>	

DAVIE COUNTY, NORTH CAROLINA

MAJOR CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Restricted intergovernmental:					
Scattered Site Housing 2010	\$ 400,000	\$ 401,000	\$ -	\$ 401,000	\$ 1,000
Single Family Rehabilitation 2010	-	528,666	-	528,666	528,666
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)
State Grant - oil mitigation	1,346,137	1,148,404	20,202	1,168,606	(177,531)
2012 Urgent Repair Grant	-	73,793	-	73,793	73,793
Gildan Project - Golden Leaf grant	1,000,000	-	-	-	(1,000,000)
NC Education Lottery	2,000,000	-	610,086	610,086	(1,389,914)
State Public Building Capital Fund	500,000	-	-	-	(500,000)
Total restricted intergovernmental	<u>11,440,832</u>	<u>6,684,558</u>	<u>630,288</u>	<u>7,314,846</u>	<u>(4,125,986)</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	1,948,602	551,398	2,500,000	-
Davie Economic Development	49,000	24,000	25,000	49,000	-
JP Green Milling Company Grant	23,500	23,500	-	23,500	-
Total miscellaneous	<u>2,572,500</u>	<u>1,996,102</u>	<u>576,398</u>	<u>2,572,500</u>	<u>-</u>
Total revenues	<u>14,013,332</u>	<u>8,706,605</u>	<u>1,206,686</u>	<u>9,913,291</u>	<u>(4,100,041)</u>
<b>Expenditures:</b>					
Environmental protection:					
Oil spill mitigation	1,416,379	1,318,031	45,841	1,363,872	52,507
Economic and physical development:					
Ashley Furniture	8,666,200	6,997,988	-	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
Dunlop Tyres	525,000	-	25,000	25,000	500,000
Total economic and physical development	<u>12,304,700</u>	<u>7,111,488</u>	<u>25,000</u>	<u>7,136,488</u>	<u>5,168,212</u>

DAVIE COUNTY, NORTH CAROLINA

MAJOR CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2015

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Human services:					
Single Family Rehabilitation 2010	-	524,897	-	524,897	(524,897)
2012 Urgent Repair Program	-	74,008	-	74,008	(74,008)
Scattered Site Housing 2010	400,000	397,277	2,723	400,000	-
Total human services	400,000	996,182	2,723	998,905	(598,905)
Cultural and recreational:					
Recreation buildings	150,000	31,413	-	31,413	118,587
Total cultural and recreational	150,000	31,413	-	31,413	118,587
Education:					
Early College DCCC - Davie Campus	-	161,252	-	161,252	(161,252)
Early College 2011	1,200,000	1,085,950	-	1,085,950	114,050
Davie County High School	63,575,314	-	5,865,702	5,865,702	57,709,612
Total education	64,775,314	1,247,202	5,865,702	7,112,904	57,662,410
Total expenditures	79,046,393	10,704,316	5,939,266	16,643,582	62,402,811
Revenues over (under) expenditures	(65,033,061)	(1,997,711)	(4,732,580)	(6,730,291)	58,302,770
<b>Other Financing Sources (Uses):</b>					
Operating transfers in (out):					
From General Fund	9,354,628	7,301,105	2,896,881	10,197,986	843,358
To General Fund	(8,367,554)	(4,920,456)	(3,448,279)	(8,368,735)	(1,181)
Proceeds of debt:					
Bond proceeds	54,500,000	-	54,500,000	54,500,000	-
Bond premium	7,075,314	-	7,075,314	7,075,314	-
USDA loan proceeds	2,000,000	-	-	-	(2,000,000)
Appropriated fund balance	470,673	-	-	-	(470,673)
Total other financing sources (uses)	65,033,061	2,380,649	61,023,916	63,404,565	(1,628,496)
Net change in fund balance	\$ -	\$ 382,938	56,291,336	\$ 56,674,274	\$ 56,674,274
<b>Fund Balance:</b>					
Beginning of year - July 1			355,977		
End of year - June 30			\$ 56,647,313		

## 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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 200,654	\$ 200,654	\$ -
Interest on investments	100	85	(15)
Total revenues	<u>200,754</u>	<u>200,739</u>	<u>(15)</u>
<b>Expenditures:</b>			
Phone & furniture	284,464	83,433	201,031
Software	169,786	49,798	119,988
Hardware	12,956	3,800	9,156
Training	<u>23,294</u>	<u>6,832</u>	<u>16,462</u>
Total expenditures	<u>490,500</u>	<u>143,863</u>	<u>346,637</u>
Revenues over (under) expenditures	(289,746)	56,876	346,622
<b>Other Financing Sources (Uses):</b>			
Operating transfers out:			
Appropriated fund balance	<u>289,746</u>	<u>-</u>	<u>(289,746)</u>
Net change in fund balance	<u>\$ -</u>	<u>56,876</u>	<u>\$ 56,876</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>423,006</u>	
End of year - June 30		<u>\$ 479,882</u>	

**DAVIE COUNTY, NORTH CAROLINA****EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE  
PSAP RECONCILIATION  
FOR THE YEAR ENDED JUNE 30, 2015**

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	\$ 479,882
Additional eligible expenditures reported in the PSAP Revenue - Expenditure Report	<u>30,941</u>
Ending balance, PSAP Revenue - Expenditure Report	<u>\$ 510,823</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Operating Revenues:</b>			
Charges for services:			
Water sales	\$ 3,900,000	\$ 4,484,539	\$ 584,539
Sewer charges	335,000	340,995	5,995
East Davie sewer charges	840,000	915,233	75,233
Water and sewer taps	55,000	147,950	92,950
East Davie fees	500	3,225	2,725
Miscellaneous charges	152,000	132,444	(19,556)
Total	<u>5,282,500</u>	<u>6,024,386</u>	<u>741,886</u>
<b>Non-Operating Revenues:</b>			
Interest earnings	1,000	1,232	232
Total	<u>1,000</u>	<u>1,232</u>	<u>232</u>
Total revenues	<u>5,283,500</u>	<u>6,025,618</u>	<u>742,118</u>
<b>Expenditures:</b>			
<b>Administration:</b>			
Salaries and employee benefits		200,378	
Other operating expenditures		156,550	
Total	<u>405,240</u>	<u>356,928</u>	<u>48,312</u>
<b>Water Operations:</b>			
Salaries and employee benefits		406,585	
Utilities		22,107	
Maintenance		124,087	
Other operating expenditures		125,336	
Total	<u>808,122</u>	<u>678,115</u>	<u>130,007</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Water Treatment Plant:</b>			
Salaries and employee benefits		391,865	
Utilities		193,247	
Maintenance		178,317	
Chemicals		201,297	
Supplies		17,380	
Other operating expenditures		<u>213,832</u>	
Total	<u>1,581,971</u>	<u>1,195,938</u>	<u>386,033</u>
<b>Waste Treatment Plant:</b>			
Salaries and employee benefits		59,124	
Utilities		89,754	
Maintenance		86,182	
Other operating expenditures		<u>76,160</u>	
Total	<u>507,893</u>	<u>311,220</u>	<u>196,673</u>
<b>Waste Treatment Plant - East Davie:</b>			
Salaries and employee benefits		45,591	
Utilities		33,655	
Maintenance		73,367	
Other operating expenditures		<u>835,010</u>	
Total	<u>1,034,279</u>	<u>987,623</u>	<u>46,656</u>
<b>Capital Outlay:</b>			
Fire hydrants	37,000	31,393	5,607
Equipment and furniture	475,925	345,785	130,140
Improvements	<u>214,900</u>	<u>143,828</u>	<u>71,072</u>
Total	<u>727,825</u>	<u>521,006</u>	<u>206,819</u>
Total expenditures	<u>5,065,330</u>	<u>4,050,830</u>	<u>1,014,500</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, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	218,170	1,974,788	1,756,618
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	37,000	37,000	-
Appropriated fund balance (contingency)	<u>(255,170)</u>	<u>-</u>	<u>255,170</u>
Total other financing sources (uses)	<u>(218,170)</u>	<u>37,000</u>	<u>255,170</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>2,011,788</u>	<u>\$ 2,011,788</u>

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

Reconciling items:		
Capital outlay expenditures capitalized	149,602	
Nonoperating expense - loss on disposal	(16,264)	
Contributions to the pension plan in the current fiscal year	54,418	
Decrease in compensated absences payable	2,084	
Pension expense	(2,532)	
Increase in other post-employment benefits	(22,530)	
Depreciation	<u>(899,977)</u>	
Total reconciling items	<u>(735,199)</u>	
Change in net position	<u>\$ 1,276,589</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, 2015

	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	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
Investment earnings	-	71,870	-	71,870	71,870
Total revenues	1,000,000	1,071,870	-	1,071,870	71,870
<b>Expenditures:</b>					
Water projects:					
Construction	1,703,950	1,117,044	11,832	1,128,876	575,074
Administrative costs	542,500	503,318	25,000	528,318	14,182
Total	2,246,450	1,620,362	36,832	1,657,194	589,256
Hospital Sewer Project:					
Construction	2,198,550	2,017,181	-	2,017,181	181,369
Administrative costs	55,000	45,035	-	45,035	9,965
Total	2,253,550	2,062,216	-	2,062,216	191,334
Project administration:					
Contingency	50,000	-	-	-	50,000
Total expenditures	4,550,000	3,682,578	36,832	3,719,410	830,590
Revenues over (under) expenditures	(3,550,000)	(2,610,708)	(36,832)	(2,647,540)	902,460
<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)	3,550,000	4,537,459	-	4,537,459	987,459
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	\$ 1,926,751	\$ (36,832)	\$ 1,889,919	\$ 1,889,919

## DAVIE COUNTY, NORTH CAROLINA

**SOLID WASTE FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Recycling	\$ 90,000	\$ 115,650	\$ (25,650)
<b>Expenditures:</b>			
Landfill operations:			
Purchased services	411,342	215,720	195,622
Other operating expenditures	80,000	27,625	52,375
Total expenditures	<u>491,342</u>	<u>243,345</u>	<u>247,997</u>
Revenues over (under) expenditures	<u>(401,342)</u>	<u>(127,695)</u>	<u>(273,647)</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in:			
From General Fund	390,000	127,695	(262,305)
Appropriated Fund Balance	11,342	-	(11,342)
Total other financing sources (uses)	<u>401,342</u>	<u>127,695</u>	<u>(273,647)</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		27,625	
Nonoperating expense - loss on disposal		(2,262)	
Depreciation		<u>(15,711)</u>	
Total reconciling items		<u>9,652</u>	
Change in net position		<u>\$ 9,652</u>	

## DAVIE COUNTY, NORTH CAROLINA

AGENCY FUNDS  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Social Services:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 25,489	\$ 18,738	\$ 7,572	\$ 36,655
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 25,489	\$ 18,738	\$ 7,572	\$ 36,655
<b>Inmate Trust:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 8,644	\$ 39,405	\$ 41,525	\$ 6,524
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 8,644	\$ 47,876	\$ 49,996	\$ 6,524
<b>Property Tax:</b>				
<b>Assets:</b>				
Taxes receivable	\$ 144,056	\$ 3,460,822	\$ 3,461,204	\$ 143,674
<b>Liabilities:</b>				
Intergovernmental payable: Towns	\$ 144,056	\$ 3,460,822	\$ 3,461,204	\$ 143,674
<b>Deed of Trust Fund:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 2,592	\$ 2,716	\$ 2,592	\$ 2,716
<b>Liabilities:</b>				
Intergovernmental payable: State of North Carolina	\$ 2,592	\$ 2,716	\$ 2,592	\$ 2,716
<b>Totals - All Agency Funds:</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 36,725	\$ 60,859	\$ 51,689	\$ 45,895
Taxes receivable	144,056	3,460,822	3,461,204	143,674
Total assets	<u>\$ 180,781</u>	<u>\$ 3,521,681</u>	<u>\$ 3,512,893</u>	<u>\$ 189,569</u>
<b>Liabilities:</b>				
Miscellaneous liabilities	\$ 34,133	\$ 66,614	\$ 57,568	\$ 43,179
Intergovernmental payable	146,648	3,463,538	3,463,796	146,390
Total liabilities	<u>\$ 180,781</u>	<u>\$ 3,530,152</u>	<u>\$ 3,521,364</u>	<u>\$ 189,569</u>

## DAVIE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2015

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2014</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2015</u>
2014-2015	\$ -	\$ 27,668,669	\$ 27,166,492	\$ 502,177
2013-2014	567,046	-	347,606	219,440
2012-2013	191,461	-	67,390	124,071
2011-2012	87,918	-	14,296	73,622
2010-2011	68,133	-	9,014	59,119
2009-2010	54,466	-	4,115	50,351
2008-2009	44,639	-	2,766	41,873
2007-2008	39,479	-	1,729	37,750
2006-2007	34,365	-	1,472	32,893
2005-2006	24,248	-	2,700	21,548
2004-2005	21,749	-	21,749	-
Total	<u>\$ 1,133,504</u>	<u>\$ 27,668,669</u>	<u>\$ 27,639,329</u>	<u>1,162,844</u>
Less: Allowance for uncollectible accounts				<u>(559,596)</u>
Ad valorem taxes receivable, net				<u>\$ 603,248</u>
<b>Reconciliation with Revenues:</b>				
Ad Valorem Taxes - General Fund				<u>\$ 27,703,528</u>
Reconciling items:				
Taxes written off				21,749
Penalties and interest collected				(138,160)
Miscellaneous				<u>52,212</u>
Total reconciling items				<u>(64,199)</u>
Total collections and credits				<u>\$ 27,639,329</u>

## DAVIE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2015

	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	\$ 4,073,155,044	\$ 0.66	\$ 27,004,816	\$ 24,400,203	\$ 2,604,613
Utilities	78,596,458	0.66	518,737	518,737	-
Penalties	-		31,369	16,375	14,994
Total	<u>4,151,751,502</u>		<u>27,554,922</u>	<u>24,935,315</u>	<u>2,619,607</u>
<b>Discoveries:</b>					
Current year taxes	7,884,454	0.66	52,037	52,016	21
Prior year taxes	11,713,574		77,310	77,310	-
Penalties	-		7,188	7,188	-
Total	<u>19,598,028</u>		<u>136,535</u>	<u>136,514</u>	<u>21</u>
<b>Abatements</b>	<u>(3,451,729)</u>		<u>(22,788)</u>	<u>(22,788)</u>	<u>-</u>
Total property valuation	<u>\$ 4,167,897,801</u>				
<b>Net Levy</b>			27,668,669	25,049,041	2,619,628
Uncollected taxes at June 30, 2015			<u>502,177</u>	<u>502,162</u>	<u>15</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 27,166,492</u>	<u>\$ 24,546,879</u>	<u>\$ 2,619,613</u>
<b>Current Levy Collection Percentage</b>			<u>98.19%</u>	<u>98.00%</u>	<u>100.00%</u>
<b>Secondary Market Disclosures:</b>					
Assessed valuation:					100%
Assessment ratio real property				\$ 3,408,058,635	
Personal property				681,242,708	
Public service companies				<u>78,596,458</u>	
Total assessed valuation				<u>\$ 4,167,897,801</u>	
Tax rate per \$100				<u>\$ 0.66</u>	
Levy (includes discoveries, releases, and abatements)				<u>\$ 27,668,669</u>	

**DAVIE COUNTY, NORTH CAROLINA**

**TEN LARGEST TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2015 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Avgol America Inc	Manufacturing	\$ 74,202,318	1.97%
Ingersol Rand Co	Manufacturing	59,097,781	1.57%
Duke Energy Corporation	Utility	53,928,771	1.43%
Energy United EMC	Utility	24,427,951	0.65%
Ashley Furniture	Manufacturing	24,166,395	0.64%
VF Jeanswear Inc	Manufacturing	17,851,446	0.47%
Funder America Inc	Manufacturing	11,097,911	0.29%
Wal-Mart Stores Inc	Retail	10,134,578	0.27%
Jockey International Inc	Manufacturing	8,962,714	0.24%
DOVA	Nursing	8,940,510	0.24%
Total		<u>\$ 292,810,375</u>	<u>7.77%</u>

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