

**DAVIE COUNTY
NORTH CAROLINA**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

DAVIE COUNTY NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

Mark S. Jones, Chair

Benita Finney, Vice-Chair

Terry N. Renegar

Richard Poindexter

M. Brent Shoaf

COUNTY OFFICIALS

Brian M. Barnett

County Manager

Robin M. West

Assistant County Manager/CFO

E. Edward Vogler, Jr.

County Attorney

Kelly C. Funderburk

Register of Deeds

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DAVIE COUNTY, NORTH CAROLINA

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FINANCIAL SECTION

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

To the Board of County Commissioners
Davie County
Mocksville, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying 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, North Carolina, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Opioid Mitigation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Davie County Watershed Improvement Commission, which represents 100%, 100%, and 100%, respectively, of the assets, net position, and revenues of the discretely presented component unit as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Davie County Watershed Improvement Commission, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Davie County Watershed Improvement Commission were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, the Local Governmental Employees' Retirement System's Schedules of the

Proportionate Share of the Net Pension Liability (Asset) and Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll, 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 combining and 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 by us and the other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023 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 and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of Davie County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Davie County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 29, 2023

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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, 2023. 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

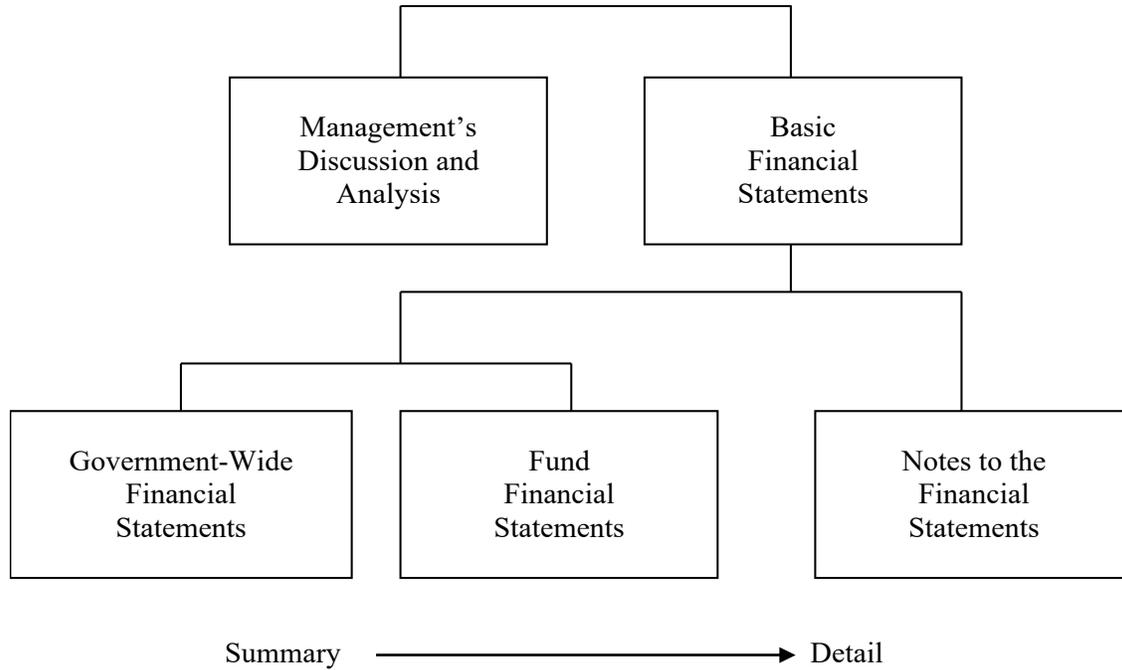
- The assets and deferred outflows of resources of Davie County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$49,179,060 (*net position*).
- The government's total net position increased by \$18,858,374 in the current year, primarily due to the increase in net position in the governmental activities. Principal payments for General Fund debt, increases in sales tax revenue, and contributions to the Capital Projects fund for future use increased net position.
- As of the close of the current fiscal year, Davie County's governmental funds reported combined ending fund balances of \$33,461,707 an increase of \$5,717,999 in comparison with the prior year. Approximately 41.7% of this total amount, or \$13,951,690, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,467,008, or 13.9%, of total General Fund expenditures for the fiscal year.
- Davie County has general obligation bond ratings of AA+ from Standard and Poor's and Aa2 from Moody's Investors Service.

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 L) 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 resource 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 two kinds 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. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the functions of Davie County operations. The County uses one internal service fund to account for the self-insurance plan. These operations benefit both governmental and proprietary funds and have been included within the governmental activities in the government-wide statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Davie County has one fiduciary fund, which is a custodial fund.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 31 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 90 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 \$49,179,060 as of June 30, 2023. The County's net position increased by \$18,858,374 for the fiscal year ended June 30, 2023. One of the largest portions of net position, \$55,941,065, 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, \$13,154,242, 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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets:						
Current and other assets	\$ 44,713,787	\$ 36,545,918	\$ 17,235,787	\$ 15,688,108	\$ 61,949,574	\$ 52,234,026
Capital assets	<u>42,644,827</u>	<u>40,085,613</u>	<u>45,391,367</u>	<u>42,457,577</u>	<u>88,036,194</u>	<u>82,543,190</u>
Total assets	<u>87,358,614</u>	<u>76,631,531</u>	<u>62,627,154</u>	<u>58,145,685</u>	<u>149,985,768</u>	<u>134,777,216</u>
Deferred Outflows of Resources						
	<u>11,900,378</u>	<u>7,478,386</u>	<u>724,722</u>	<u>433,674</u>	<u>12,625,100</u>	<u>7,912,060</u>
Liabilities:						
Long-term liabilities	75,881,024	71,436,169	13,937,869	14,745,629	89,818,893	86,181,798
Other liabilities	<u>19,377,749</u>	<u>20,327,178</u>	<u>2,913,773</u>	<u>1,526,479</u>	<u>22,291,522</u>	<u>21,853,657</u>
Total liabilities	<u>95,258,773</u>	<u>91,763,347</u>	<u>16,851,642</u>	<u>16,272,108</u>	<u>112,110,415</u>	<u>108,035,455</u>
Deferred Inflows of Resources						
	<u>1,262,388</u>	<u>5,197,890</u>	<u>59,005</u>	<u>308,652</u>	<u>1,321,393</u>	<u>5,506,542</u>
Net Position:						
Net investment in capital assets	24,345,072	21,296,969	31,595,993	27,842,098	55,941,065	49,139,067
Restricted	13,154,242	12,739,652	-	-	13,154,242	12,739,652
Unrestricted	<u>(34,761,483)</u>	<u>(46,887,941)</u>	<u>14,845,236</u>	<u>14,156,501</u>	<u>(19,916,247)</u>	<u>(32,731,440)</u>
Total net position	<u>\$ 2,737,831</u>	<u>\$ (12,851,320)</u>	<u>\$ 46,441,229</u>	<u>\$ 41,998,599</u>	<u>\$ 49,179,060</u>	<u>\$ 29,147,279</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 99.14%.
- Increase of 4.2% in Ad Valorem Taxes and 13.32% in Sales and Use Taxes.
- Continued low cost of debt due to the County's high bond rating.
- Continued implementation of financial policy guidelines, including Cash Management and Investment Policy, General Fund Balance Policy, Debt Policy, Cyber Security Policy, and Enterprise/Utility Policies.
- Implemented Performance Based Budgets for departments focused on outcome attainment focused on historical/actual spending, prioritizing outcomes, using data to make informed decisions.
- The County continues each year to update the Strategic Plan that was initially adopted in FY 2018. The Plan has five focus areas: Safe & Healthy Community, Education, Quality of Life & Place, Business Operations, and Growth & Infrastructure.

Davie County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 7,607,709	\$ 6,906,395	\$ 8,342,449	\$ 7,646,886	\$ 15,950,158	\$ 14,553,281
Operating grants and contributions	14,986,942	11,593,294	-	-	14,986,942	11,593,294
Capital grants and contributions	3,780,165	2,786,533	447,517	-	4,227,682	2,786,533
General revenues:						
Property taxes	43,665,734	41,905,959	-	-	43,665,734	41,905,959
Other taxes	14,878,138	13,364,564	-	-	14,878,138	13,364,564
Other	897,689	33,810	4,848,558	994,018	5,746,247	1,027,828
Total revenues	85,816,377	76,590,555	13,638,524	8,640,904	99,454,901	85,231,459
Expenses:						
General government	17,961,296	14,659,029	-	-	17,961,296	14,659,029
Public safety	22,880,301	21,769,133	-	-	22,880,301	21,769,133
Environmental protection	124,226	61,550	-	-	124,226	61,550
Economic and physical development	489,797	555,125	-	-	489,797	555,125
Human services	10,622,169	8,520,675	-	-	10,622,169	8,520,675
Culture and recreation	1,849,787	1,485,187	-	-	1,849,787	1,485,187
Education	16,930,821	16,148,554	-	-	16,930,821	16,148,554
Interest and fiscal changes	1,676,756	1,903,283	-	-	1,676,756	1,903,283
Solid waste	-	-	356,895	331,650	356,895	331,650
Water and sewer	-	-	7,704,479	6,379,066	7,704,479	6,379,066
Total expenses	72,535,153	65,102,536	8,061,374	6,710,716	80,596,527	71,813,252
Change in net position before transfers	13,281,224	11,488,019	5,577,150	1,930,188	18,858,374	13,418,207
Transfers, net	(234,303)	(230,515)	234,303	230,515	-	-
Change in net position	13,046,921	11,257,504	5,811,453	2,160,703	18,858,374	13,418,207
Net position, July 1	(12,851,320)	(24,108,824)	41,998,599	39,837,896	29,147,279	15,729,072
Restatement	2,542,230	-	(1,368,823)	-	1,173,407	-
Beginning of year - July 1, restated	(10,309,090)	(24,108,824)	40,629,776	39,837,896	30,320,686	15,729,072
End of year - June 30	\$ 2,737,831	\$ (12,851,320)	\$ 46,441,229	\$ 41,998,599	\$ 49,179,060	\$ 29,147,279

Governmental Activities. Governmental activities increased the County's net position by \$13,046,921. A key element for this increase was continued investment in County capital projects through grants and General fund pay as you go contributions for construction in progress over the prior year.

Business-Type Activities. Business-type activities increased Davie County's net position by \$5,811,453. A key element for this increase was the increase in Water and Sewer revenues in preparation for construction of the new Water Treatment plant.

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 \$15,461,121, while total fund balance reached \$24,944,036. Fund balance available represents 20.13% of total General Fund expenditures (plus transfers out and less debt issued), while total fund balance represents 32.5% 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 as well as debt issuance. At June 30, 2023, the net change in fund balance was an increase of \$784,112 with an ending fund balance of \$7,208,137. Expenditures were mostly for construction on EMS Station #4, additional costs for the courthouse project and the computer aided dispatch project.

At June 30, 2023, the Opioid Settlement Fund has received \$428,443 as part of the nationwide opioid settlement. The County has recognized \$4,434,618 as receivable, net of an allowance for doubtful accounts. The fund balance of \$348,497 is restricted for opioid abatement and remediation activities.

At June 30, 2023, the Coronavirus Relief Fund reported a liability of \$3,779,698 for funds received in advance of being spent. The County was awarded a total of \$8,322,333 of American Rescue Plan Act funds from the Federal American Rescue Plan. Both installments of the award were received. The County plans to spend the grant award on salaries.

At June 30, 2023, the governmental funds of Davie County reported a combined fund balance of \$33,461,707 an increase of \$5,717,999 from the prior year. The primary reasons for the increase is the sales tax revenue increase over the prior year and the contribution from the Coronavirus Relief fund for salaries.

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 \$4,234,685. A major portion of this increase was attributable to changes in amounts of funding received from the State of North Carolina and other grants. There was also an increase in property taxes due the increases in property valuations.

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 \$271,047, and those for the Water and Sewer Fund was \$14,574,189. The Solid

Waste Fund net position decreased \$15,007, and the Water and Sewer Fund net position increased \$5,826,460. 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, 2023 total \$88,036,194 (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, General Services, Emergency Medical Services
- Computer Aided Dispatch for 911 Center
- Renovations to the Courthouse, EMS Station #1, and Public Library
- Restrooms at County Community Park

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Land	\$ 760,222	\$ 760,222	\$ 552,624	\$ 552,624	\$ 1,312,846	\$ 1,312,846
Buildings	38,904,641	38,904,641	16,615,671	16,460,496	55,520,312	55,365,137
Furniture, equipment and computer	10,536,937	8,439,483	3,248,871	3,169,586	13,785,808	11,609,069
Vehicles and motor equipment	7,874,173	7,356,479	-	-	7,874,173	7,356,479
Water/sewer lines	-	-	38,529,173	40,056,029	38,529,173	40,056,029
Right to use assets	6,186,986	5,578,088	-	-	6,186,986	5,578,088
Construction in progress	<u>4,542,977</u>	<u>2,886,717</u>	<u>10,639,026</u>	<u>5,194,092</u>	<u>15,182,003</u>	<u>8,080,809</u>
	68,805,936	63,925,630	69,585,365	65,432,827	138,391,301	129,358,457
Less:						
Accumulated depreciation and amortization	<u>26,161,109</u>	<u>23,840,017</u>	<u>24,193,998</u>	<u>22,975,250</u>	<u>50,355,107</u>	<u>46,815,267</u>
Capital assets, net	<u>\$ 42,644,827</u>	<u>\$ 40,085,613</u>	<u>\$ 45,391,367</u>	<u>\$ 42,457,577</u>	<u>\$ 88,036,194</u>	<u>\$ 82,543,190</u>

Additional information on Davie County's capital assets can be found beginning on page 48 of the basic financial statements.

Long-Term Debt. As of June 30, 2023, Davie County had total debt outstanding of \$74,872,869, including \$39,310,000 of bonded debt, which is debt backed by the full faith and credit of the County.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
General obligation debt	\$ 39,310,000	\$ 42,775,000	\$ -	\$ -	\$ 39,310,000	\$ 42,775,000
COPS	1,662,000	2,524,000	-	-	1,662,000	2,524,000
Installment loans	10,933,247	11,569,992	-	-	10,933,247	11,569,992
Unamortized premiums	3,825,836	4,300,864	-	-	3,825,836	4,300,864
Lease liabilities	5,214,474	5,320,470	-	-	5,214,474	5,320,470
Subscription liabilities	131,938	-	-	-	131,938	-
Notes from direct borrowing	-	-	13,795,374	14,615,479	13,795,374	14,615,479
Total	\$ 61,077,495	\$ 66,490,326	\$ 13,795,374	\$ 14,615,479	\$ 74,872,869	\$ 81,105,805

Davie County's total debt decreased by \$6,232,936 during the fiscal year, due to various debt service payments and significantly less installment purchases in the current year.

As mentioned in the financial highlights section of this document, Davie County has an AA+ from Standard and Poor's and Aa2 from Moody's Investors Service. 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 \$390,583,082. The County has no authorized, unissued bonds at June 30, 2023.

Additional information regarding Davie County's long-term debt can be found beginning on page 72 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 has decreased from 3.70% in June of 2022 to 2.80% in June of 2023, which is below the State average of 3.70%.
- The County received the total allocation for the American Rescue Plan funds of \$8.3 million over two payments in June 2021 and June 2022. The County has developed a plan to use these funds in accordance with U.S. Treasury guidance.
- The County and the Town of Mocksville have agreed to a joint venture with a new Water Treatment Plant. This plant will service the southern portion of the County, include the Town of Mocksville. The project is early in the construction phase that began in March of 2023.

Budget Highlights for the Fiscal Year Ending June 30, 2024

Governmental Activities. The property tax rate remained at 77.3 cents per \$100 of valuation for fiscal year 2023-2024. The Advance Rural Fire Protection District remained the same (2.438 cents), as did the county-wide fire tax of four cents. Sales and Use tax have exceeded expectations. The County's budget includes the five focus areas as outlined in the County's Strategic Plan and Performance Based Budget. Budgeted expenditures in the General Fund are increased to \$81,328,237.

Business-Type Activities. An increase in water rates of 4.5% and sewer rates of 3.00% to 4.48% was adopted effective July 1, 2023 to fund the water and sewer system, while keeping customer rates competitive as compared to other systems throughout the state.

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/95/Finance-Department>.

BASIC FINANCIAL STATEMENTS

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Davie County Watershed Improvement Commission
Assets:				
Current assets:				
Cash and cash equivalents	\$ 27,073,079	\$ 10,900,743	\$ 37,973,822	\$ 354,300
Taxes receivable, net	409,031	-	409,031	-
Accounts receivable, net	5,160,314	1,506,188	6,666,502	10,000
Lease receivable, current	4,977	-	4,977	-
Due from other governments	5,768,161	4,086,936	9,855,097	-
Accrued interest	4,174	-	4,174	-
Restricted cash and cash equivalents	5,994,493	376,766	6,371,259	-
Inventories	-	365,154	365,154	-
Net pension asset	52,069	-	52,069	-
Total current assets	44,466,298	17,235,787	61,702,085	364,300
Non-current assets:				
Lease receivable, non-current	247,489	-	247,489	-
Capital assets:				
Land and construction in progress	5,303,199	11,191,650	16,494,849	-
Other capital assets, net of depreciation	37,341,628	34,199,717	71,541,345	-
Total capital assets	42,644,827	45,391,367	88,036,194	-
Total non-current assets	42,892,316	45,391,367	88,283,683	-
Total assets	87,358,614	62,627,154	149,985,768	364,300
Deferred Outflows of Resources:				
Deferred charges on refunding	136,664	-	136,664	-
Pension deferrals	9,916,717	585,701	10,502,418	-
OPEB deferrals	1,846,997	139,021	1,986,018	-
Total deferred outflows of resources	11,900,378	724,722	12,625,100	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	4,097,791	1,074,968	5,172,759	46
Accrued interest	379,361	33,048	412,409	-
Advances from grantors	4,904,698	-	4,904,698	-
Customer deposits	-	376,766	376,766	-
Due within one year	7,699,878	912,519	8,612,397	-
Non-current liabilities:				
Net pension liability (LGERS)	13,324,511	849,013	14,173,524	-
Total pension liability (LEOSSA)	2,290,473	-	2,290,473	-
Total OPEB liability	7,705,426	579,978	8,285,404	-
Due in more than one year	54,856,635	13,025,350	67,881,985	-
Total liabilities	95,258,773	16,851,642	112,110,415	46

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Davie County Watershed Improvement Commission
Deferred Inflows of Resources:				
Prepaid property taxes	76,971	-	76,971	-
Lease deferrals	237,545	-	237,545	-
Pension deferrals	238,425	5,606	244,031	-
OPEB deferrals	709,447	53,399	762,846	-
Total deferred inflows of resources	1,262,388	59,005	1,321,393	-
Net Position:				
Net investment in capital assets	24,345,072	31,595,993	55,941,065	-
Restricted for:				
Stabilization by state statute	10,468,352	-	10,468,352	10,000
Register of Deeds	292,910	-	292,910	-
Register of Deeds' pension plan	77,876	-	77,876	-
Public safety	961,037	-	961,037	-
Human services	348,497	-	348,497	-
Economic and physical development	1,005,570	-	1,005,570	-
Unrestricted (deficit)	(34,761,483)	14,845,236	(19,916,247)	354,254
Total net position	\$ 2,737,831	\$ 46,441,229	\$ 49,179,060	\$ 364,254

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 17,961,296	\$ 1,459,401	\$ 1,506,468	\$ 950,000
Public safety	22,880,301	3,676,375	3,513,997	2,786,886
Environmental protection	124,226	-	-	43,279
Economic and physical development	489,797	41,440	31,045	-
Human services	10,622,169	2,430,493	9,458,063	-
Cultural and recreational	1,849,787	-	477,369	-
Education	16,930,821	-	-	-
Interest and fiscal charges	1,676,756	-	-	-
Total governmental activities	<u>72,535,153</u>	<u>7,607,709</u>	<u>14,986,942</u>	<u>3,780,165</u>
Business-Type Activities:				
Water and Sewer Fund	7,704,479	8,130,779	-	5,294,292
Solid Waste Fund	356,895	211,670	-	-
Total business-type activities	<u>8,061,374</u>	<u>8,342,449</u>	<u>-</u>	<u>5,294,292</u>
Total primary government	<u>\$ 80,596,527</u>	<u>\$ 15,950,158</u>	<u>\$ 14,986,942</u>	<u>\$ 9,074,457</u>
Component Unit:				
Davie County Watershed Improvement Commission	\$ 28,219	\$ -	\$ 10,000	\$ -
Total component unit	<u>\$ 28,219</u>	<u>\$ -</u>	<u>\$ 10,000</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, 2023

	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Primary Government			Davie County Watershed Improvement Commission
	Governmental Activities	Business-Type Activities	Total	
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (14,045,427)	\$ -	\$ (14,045,427)	
Public safety	(12,903,043)	-	(12,903,043)	
Environmental protection	(80,947)	-	(80,947)	
Economic and physical development	(417,312)	-	(417,312)	
Human services	1,266,387	-	1,266,387	
Cultural and recreational	(1,372,418)	-	(1,372,418)	
Education	(16,930,821)	-	(16,930,821)	
Interest and fiscal charges	(1,676,756)	-	(1,676,756)	
Total governmental activities	<u>(46,160,337)</u>	<u>-</u>	<u>(46,160,337)</u>	
Business-Type Activities:				
Water and Sewer Fund	-	5,720,592	5,720,592	
Solid Waste Fund	-	(145,225)	(145,225)	
Total business-type activities	<u>-</u>	<u>5,575,367</u>	<u>5,575,367</u>	
Total primary government	<u>(46,160,337)</u>	<u>5,575,367</u>	<u>(40,584,970)</u>	
Component Unit:				
Davie County Watershed Improvement Commission	<u>-</u>	<u>-</u>	<u>-</u>	\$ (18,219)
Total component unit				<u>(18,219)</u>
General Revenues:				
Taxes:				
Property taxes, levied for general purpose	43,665,734	-	43,665,734	-
Local option sales tax	14,707,397	-	14,707,397	-
Other taxes	170,741	-	170,741	-
Investment earnings, unrestricted	897,689	1,783	899,472	37
Other unrestricted intergovernmental revenue	-	-	-	32,960
Total general revenues, excluding transfers	<u>59,441,561</u>	<u>1,783</u>	<u>59,443,344</u>	<u>32,997</u>
Transfers to/from other funds	<u>(234,303)</u>	<u>234,303</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>59,207,258</u>	<u>236,086</u>	<u>59,443,344</u>	<u>32,997</u>
Change in net position	<u>13,046,921</u>	<u>5,811,453</u>	<u>18,858,374</u>	<u>14,778</u>
Net Position:				
Beginning of year - July 1	(12,851,320)	41,998,599	29,147,279	349,476
Restatement	<u>2,542,230</u>	<u>(1,368,823)</u>	<u>1,173,407</u>	<u>-</u>
Beginning of year, restated	<u>(10,309,090)</u>	<u>40,629,776</u>	<u>30,320,686</u>	<u>349,476</u>
End of year - June 30	<u>\$ 2,737,831</u>	<u>\$ 46,441,229</u>	<u>\$ 49,179,060</u>	<u>\$ 364,254</u>

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

DAVIE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>Major Funds</u>				<u>Nonmajor Funds</u>	
	<u>General</u>	<u>Capital Projects Fund</u>	<u>Opioid Mitigation Fund</u>	<u>Coronavirus Relief Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:						
Cash and cash equivalents	\$ 18,082,668	\$ 8,022,388	\$ -	\$ -	\$ 968,023	\$ 27,073,079
Taxes receivable, net	409,031	-	-	-	-	409,031
Accounts receivable, net	700,989	22,969	4,434,618	-	-	5,158,576
Lease receivable	252,466	-	-	-	-	252,466
Due from other governments	5,768,161	-	-	-	-	5,768,161
Due from other funds	3,358,754	-	-	-	-	3,358,754
Accrued interest	4,174	-	-	-	-	4,174
Restricted cash and cash equivalents	1,005,570	860,403	348,822	3,779,698	-	5,994,493
Total assets	<u>\$ 29,581,813</u>	<u>\$ 8,905,760</u>	<u>\$ 4,783,440</u>	<u>\$ 3,779,698</u>	<u>\$ 968,023</u>	<u>\$ 48,018,734</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,949,128	\$ 572,623	\$ 325	\$ -	\$ 6,986	\$ 3,529,062
Advances from grantors	-	1,125,000	-	3,779,698	-	4,904,698
Total liabilities	<u>2,949,128</u>	<u>1,697,623</u>	<u>325</u>	<u>3,779,698</u>	<u>6,986</u>	<u>8,433,760</u>
Deferred Inflows of Resources:						
Prepaid property taxes	76,971	-	-	-	-	76,971
Property taxes receivable	409,031	-	-	-	-	409,031
Lease deferrals	237,545	-	-	-	-	237,545
Other receivables	965,102	-	4,434,618	-	-	5,399,720
Total deferred inflows of resources	<u>1,688,649</u>	<u>-</u>	<u>4,434,618</u>	<u>-</u>	<u>-</u>	<u>6,123,267</u>
Fund Balances:						
Non-spendable:						
Leases	14,921	-	-	-	-	14,921
Restricted:						
Stabilization by state statute	9,467,994	1,000,358	-	-	-	10,468,352
Restricted, all other	1,298,480	860,403	348,497	-	961,037	3,468,417
Committed	995,000	5,347,376	-	-	-	6,342,376
Assigned	2,700,633	-	-	-	-	2,700,633
Unassigned	10,467,008	-	-	-	-	10,467,008
Total fund balances	<u>24,944,036</u>	<u>7,208,137</u>	<u>348,497</u>	<u>-</u>	<u>961,037</u>	<u>33,461,707</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,581,813</u>	<u>\$ 8,905,760</u>	<u>\$ 4,783,440</u>	<u>\$ 3,779,698</u>	<u>\$ 968,023</u>	<u>\$ 48,018,734</u>

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

DAVIE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances	\$ 33,461,707
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	42,644,827
Deferred outflows related to long-term debt issue refunding	136,664
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	5,808,751
Net pension asset (ROD)	52,069
Net pension liability (LGERS)	(13,324,511)
Deferred inflows of resources related to pensions	(238,425)
Deferred outflows of resources related to pensions	9,916,717
Deferred inflows of resources related to OPEB	(709,447)
Deferred outflows of resources related to OPEB	1,846,997
Total OPEB liability	(7,705,426)
Total pension liability (LEOSSA)	(2,290,473)
Accrued vacation payable	(1,479,018)
The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	(3,925,745)
Some liabilities, including interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(61,456,856)</u>
Net position of governmental activities, per Exhibit A	<u>\$ 2,737,831</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, 2023

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General Fund	Capital Projects Fund	Opioid Mitigation Fund	Coronavirus Relief Fund	Other Governmental Funds	
Revenues:						
Taxes	\$ 58,103,910	\$ -	\$ -	\$ -	\$ 535,449	\$ 58,639,359
Intergovernmental	11,177,079	993,279	301,476	2,786,886	138,949	15,397,669
Charges for services	5,593,654	-	-	-	-	5,593,654
Permits and fees	1,545,708	-	-	-	-	1,545,708
Interest on investments	897,078	402	87	-	122	897,689
Miscellaneous	1,350,083	-	-	-	-	1,350,083
Total revenues	<u>78,667,512</u>	<u>993,681</u>	<u>301,563</u>	<u>2,786,886</u>	<u>674,520</u>	<u>83,424,162</u>
Expenditures:						
General government	10,367,872	1,822,267	-	-	-	12,190,139
Public safety	25,216,664	1,469,493	-	-	632,427	27,318,584
Environmental protection	69,469	49,518	-	-	-	118,987
Economic and physical development	496,334	-	-	-	-	496,334
Human services	11,303,475	-	82,429	-	-	11,385,904
Cultural and recreational	1,945,619	-	-	-	-	1,945,619
Education	16,930,821	-	-	-	-	16,930,821
Debt service:						
Principal	6,544,885	-	-	-	-	6,544,885
Interest and fees	2,180,881	-	-	-	-	2,180,881
Total expenditures	<u>75,056,020</u>	<u>3,341,278</u>	<u>82,429</u>	<u>-</u>	<u>632,427</u>	<u>79,112,154</u>
Revenues over (under) expenditures	<u>3,611,492</u>	<u>(2,347,597)</u>	<u>219,134</u>	<u>2,786,886</u>	<u>42,093</u>	<u>4,312,008</u>
Other Financing Sources (Uses):						
Transfers in	2,786,886	3,131,709	2,396	-	-	5,920,991
Transfers out	(3,370,804)	-	-	(2,786,886)	-	(6,157,690)
Lease liability issued	230,613	-	-	-	-	230,613
Subscription liability issued	261,469	-	-	-	-	261,469
Proceeds from installment debt	1,115,000	-	-	-	-	1,115,000
Proceeds from sale of capital assets	35,608	-	-	-	-	35,608
Total other financing sources (uses)	<u>1,058,772</u>	<u>3,131,709</u>	<u>2,396</u>	<u>(2,786,886)</u>	<u>-</u>	<u>1,405,991</u>
Net change in fund balances	<u>4,670,264</u>	<u>784,112</u>	<u>221,530</u>	<u>-</u>	<u>42,093</u>	<u>5,717,999</u>
Fund Balances:						
Beginning of year - July 1	20,273,772	6,424,025	-	-	918,944	27,616,741
Restatement	-	-	126,967	-	-	126,967
Beginning of year, restated	<u>20,273,772</u>	<u>6,424,025</u>	<u>126,967</u>	<u>-</u>	<u>918,944</u>	<u>27,743,708</u>
End of year - June 30	<u>\$ 24,944,036</u>	<u>\$ 7,208,137</u>	<u>\$ 348,497</u>	<u>\$ -</u>	<u>\$ 961,037</u>	<u>\$ 33,461,707</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, 2023**

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)	\$ 5,717,999
Depreciation and amortization expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	2,975,603
Pension expense - LEOWSA	(179,741)
Pension expense - LGERS and ROD	(1,522,855)
OPEB plan expense	(235,640)
Net book value of capital assets disposed of during the year, not recognized on modified accrual basis.	(416,389)
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. This amount includes principal payments and premium amortization.	
Principal payments	6,544,885
Debt proceeds	(1,115,000)
Lease and subscription liabilities issued	(492,082)
Expenses that do not require current financial resources and are not reported as expenditures in the governmental funds statements.	
Amortization of deferred charge on refunding	(8,500)
Amortization of bond premium	475,028
Change in accrued interest	37,597
Change in compensated absences	235,854
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	2,073,308
The net revenue (expense) of the internal service fund is reported with governmental activities.	<u>(1,043,146)</u>
Change in net position of governmental activities per Exhibit B	<u>\$ 13,046,921</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, 2023

	Budgeted Amounts		Actual	Variance With Final Budget Over/Under
	Original	Final		
Revenues:				
Taxes	\$ 56,679,234	\$ 57,278,181	\$ 58,103,910	\$ 825,729
Intergovernmental	8,792,051	12,053,554	11,177,079	(876,475)
Charges for sales and services	4,358,326	4,406,537	5,593,654	1,187,117
Permits and fees	1,073,401	1,073,401	1,545,708	472,307
Interest on investments	6,000	6,000	897,078	891,078
Miscellaneous	988,835	1,314,859	1,350,083	35,224
Total revenues	<u>71,897,847</u>	<u>76,132,532</u>	<u>78,667,512</u>	<u>2,534,980</u>
Expenditures:				
General government	11,970,587	12,711,774	10,367,872	2,343,902
Public safety	24,873,145	26,883,967	25,216,664	1,667,303
Environmental protection	73,200	73,200	69,469	3,731
Economic and physical development	848,757	806,369	496,334	310,035
Human services	12,047,643	14,483,495	11,303,475	3,180,020
Cultural and recreational	2,250,923	2,404,990	1,945,619	459,371
Education	16,473,244	17,173,244	16,930,821	242,423
Debt service:				
Principal	6,063,085	6,061,285	6,544,885	(483,600)
Interest and fees	2,426,197	2,557,173	2,180,881	376,292
Contingency	100,000	100,000	-	100,000
Total expenditures	<u>77,126,781</u>	<u>83,255,497</u>	<u>75,056,020</u>	<u>8,199,477</u>
Revenues over (under) expenditures	<u>(5,228,934)</u>	<u>(7,122,965)</u>	<u>3,611,492</u>	<u>10,734,457</u>
Other Financing Sources (Uses):				
Transfers (to) other funds	(3,186,900)	(3,554,332)	(3,370,804)	183,528
Transfers from other funds	2,786,886	2,786,886	2,786,886	-
Proceeds from sale of capital assets	-	-	35,608	35,608
Lease liability issued	-	230,613	230,613	-
Subscription liability issued	-	-	261,469	261,469
Proceeds from installment debt	1,135,427	1,155,854	1,115,000	(40,854)
Total other financing sources (uses)	<u>735,413</u>	<u>619,021</u>	<u>1,058,772</u>	<u>439,751</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(4,493,521)</u>	<u>(6,503,944)</u>	<u>4,670,264</u>	<u>11,174,208</u>
Appropriated fund balance	<u>4,493,521</u>	<u>6,503,944</u>	<u>-</u>	<u>(6,503,944)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4,670,264</u>	<u>\$ 4,670,264</u>
Fund Balance:				
Beginning of year - July 1			<u>20,273,772</u>	
End of year - June 30			<u>\$ 24,944,036</u>	

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

DAVIE COUNTY, NORTH CAROLINA

OPIOID MITIGATION FUND - ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Restricted intergovernmental	\$ 627,184	\$ 627,184	\$ 301,476	\$ 325,708
Interest on investments	-	-	87	(87)
Total revenues	<u>627,184</u>	<u>627,184</u>	<u>301,563</u>	<u>325,621</u>
Expenditures:				
Public safety:				
Salaries and employee benefits	230,537	232,933	76,031	156,902
Other operating expense	396,647	396,647	6,398	390,249
Total expenditures	<u>627,184</u>	<u>629,580</u>	<u>82,429</u>	<u>547,151</u>
Revenues over (under) expenditures	-	(2,396)	219,134	(221,530)
Other Financing Sources (Uses):				
Operating transfers out:				
From General Fund	-	2,396	2,396	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>221,530</u>	<u>\$ (221,530)</u>
Fund Balance:				
Beginning of year - July 1			-	
Restatement			126,967	
Beginning of year, restated			<u>126,967</u>	
End of year - June 30			<u>\$ 348,497</u>	

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities			Governmental
	Major		Total	Activities
	Water and Sewer Fund	Nonmajor Fund		Self-Insurance Internal Service Fund
Assets:				
Current assets:				
Cash and cash equivalents	\$ 10,623,361	\$ 277,382	\$ 10,900,743	\$ -
Accounts receivable, net	1,506,188	-	1,506,188	1,738
Due from other governments	4,052,204	34,732	4,086,936	-
Inventory, at cost	365,154	-	365,154	-
Cash and cash equivalents, restricted	376,766	-	376,766	-
Total current assets	16,923,673	312,114	17,235,787	1,738
Non-current assets:				
Capital assets:				
Land and other non-depreciable assets	10,977,547	214,103	11,191,650	-
Other capital assets, net of depreciation	34,028,769	170,948	34,199,717	-
Capital assets, net	45,006,316	385,051	45,391,367	-
Total assets	61,929,989	697,165	62,627,154	1,738
Deferred Outflows of Resources:				
OPEB deferrals	139,021	-	139,021	-
Pension deferrals	585,701	-	585,701	-
Total deferred outflows of resources	724,722	-	724,722	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	1,033,901	41,067	1,074,968	568,729
Accrued interest	33,048	-	33,048	-
Due to other funds	-	-	-	3,358,754
Liabilities to be paid from restricted assets:				
Customer deposits	376,766	-	376,766	-
Current portion of compensated absences	92,414	-	92,414	-
Current portion of long-term debt	820,105	-	820,105	-
Total current liabilities	2,356,234	41,067	2,397,301	3,927,483

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Business-Type Activities			Governmental
	<u>Major</u>			Activities
	<u>Water and Sewer Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>	<u>Self-Insurance Internal Service Fund</u>
Non-current liabilities:				
Compensated absences payable	50,081	-	50,081	-
Total OPEB liability	579,978	-	579,978	-
Net pension liability	849,013	-	849,013	-
Non-current portion of long-term debt	12,975,269	-	12,975,269	-
Total non-current liabilities	<u>14,454,341</u>	<u>-</u>	<u>14,454,341</u>	<u>-</u>
Total liabilities	<u>16,810,575</u>	<u>41,067</u>	<u>16,851,642</u>	<u>3,927,483</u>
Deferred Inflows of Resources:				
Pension deferrals	5,606	-	5,606	-
OPEB deferrals	<u>53,399</u>	<u>-</u>	<u>53,399</u>	<u>-</u>
Total deferred inflows of resources	<u>59,005</u>	<u>-</u>	<u>59,005</u>	<u>-</u>
Net Position:				
Net investment in capital assets	31,210,942	385,051	31,595,993	-
Unrestricted	<u>14,574,189</u>	<u>271,047</u>	<u>14,845,236</u>	<u>(3,925,745)</u>
Total net position	<u>\$ 45,785,131</u>	<u>\$ 656,098</u>	<u>\$ 46,441,229</u>	<u>\$ (3,925,745)</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, 2023

	Business-Type Activities			Governmental
	Major	Nonmajor Fund	Total	Activities
	Water and Sewer Fund			Self-Insurance Internal Service Fund
Operating Revenues:				
Charges for sales and services	\$ 7,945,070	\$ 211,670	\$ 8,156,740	\$ 4,768,362
Miscellaneous	185,709	-	185,709	-
Total operating revenues	<u>8,130,779</u>	<u>211,670</u>	<u>8,342,449</u>	<u>4,768,362</u>
Operating Expenses:				
Salaries and benefits	2,346,189	-	2,346,189	-
Administration	-	-	-	1,914,350
Insurance claims paid	-	-	-	3,899,554
Other operating expenses	3,899,796	341,890	4,241,686	-
Depreciation	1,196,831	15,005	1,211,836	-
Total operating expenses	<u>7,442,816</u>	<u>356,895</u>	<u>7,799,711</u>	<u>5,813,904</u>
Operating income (loss)	<u>687,963</u>	<u>(145,225)</u>	<u>542,738</u>	<u>(1,045,542)</u>
Non-Operating Revenues (Expenses):				
Loss on disposal of capital assets	(29,945)	-	(29,945)	-
Grant revenue	4,846,775	-	4,846,775	-
Interest and fees	(231,718)	-	(231,718)	-
Interest on investments	1,783	-	1,783	-
Total non-operating revenues (expenses)	<u>4,586,895</u>	<u>-</u>	<u>4,586,895</u>	<u>-</u>
Income (loss) before transfers	5,274,858	(145,225)	5,129,633	(1,045,542)
Capital contributions	447,517	-	447,517	-
Transfer from General Fund	104,085	130,218	234,303	2,396
Total contributions and transfers	<u>551,602</u>	<u>130,218</u>	<u>681,820</u>	<u>2,396</u>
Change in net position	<u>5,826,460</u>	<u>(15,007)</u>	<u>5,811,453</u>	<u>(1,043,146)</u>
Net Position:				
Beginning of year - July 1	41,327,494	671,105	41,998,599	(2,882,599)
Restatement	(1,368,823)	-	(1,368,823)	-
Beginning of year - July 1, as restated	<u>39,958,671</u>	<u>671,105</u>	<u>40,629,776</u>	<u>(2,882,599)</u>
End of year - June 30	<u>\$ 45,785,131</u>	<u>\$ 656,098</u>	<u>\$ 46,441,229</u>	<u>\$ (3,925,745)</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, 2023

	Business-Type Activities			Governmental
	Major			Activities
	Water and Sewer	Nonmajor Fund	Total	Self-Insurance Internal Service Fund
Cash Flows from Operating Activities:				
Cash received from customers	\$ 4,121,761	\$ 209,523	\$ 4,331,284	\$ -
Cash received from interfund services provided	-	-	-	4,766,624
Cash paid for goods and services	(4,060,252)	(344,529)	(4,404,781)	(5,809,011)
Cash paid to employees for services	(2,146,753)	-	(2,146,753)	-
Customer deposits paid, net	65,374	-	65,374	-
Net cash provided (used) by operating activities	(2,019,870)	(135,006)	(2,154,876)	(1,042,387)
Cash Flows from Non-Capital Financing Activities:				
Payments to/from other funds	-	-	-	1,042,387
Interfund transfer in (out)	104,085	130,218	234,303	-
Net cash provided (used) by non-capital financing activities	104,085	130,218	234,303	1,042,387
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(4,824,065)	-	(4,824,065)	-
Capital contributions	447,517	-	447,517	-
Payments on revolving loan	(820,105)	-	(820,105)	-
Federal and state grants	4,846,775	-	4,846,775	-
Interest paid on bond maturities and installment purchases	(198,670)	-	(198,670)	-
Net cash provided (used) by capital and related financing activities	(548,548)	-	(548,548)	-
Cash Flows from Investing Activities:				
Interest on investments	1,783	-	1,783	-
Net increase (decrease) in cash and cash equivalents	(2,462,550)	(4,788)	(2,467,338)	-
Cash and Cash Equivalents:				
Beginning of year - July 1	13,462,677	282,170	13,744,847	-
End of year - June 30	\$ 11,000,127	\$ 277,382	\$ 11,277,509	\$ -

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, 2023

	Business-Type Activities			Governmental
	Major			Activities
	Water and Sewer	Nonmajor Fund	Total	Self-Insurance Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 687,963	\$ (145,225)	\$ 542,738	\$ (1,045,542)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,196,831	15,005	1,211,836	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(4,009,018)	(2,147)	(4,011,165)	(1,738)
(Increase) decrease in inventory	(3,852)	-	(3,852)	-
Increase (decrease) in accounts payable and accrued liabilities	(156,604)	(2,639)	(159,243)	4,893
Increase (decrease) in net pension liability	644,269	-	644,269	-
Increase (decrease) in deferred inflows of resources for pensions	(292,936)	-	(292,936)	-
(Increase) decrease in deferred outflows of resources for pensions	(254,413)	-	(254,413)	-
Increase (decrease) in deferred inflows of resources for OPEB	43,290	-	43,290	-
(Increase) decrease in deferred outflows of resources for OPEB	(36,635)	-	(36,635)	-
Increase (decrease) in customer deposits	65,374	-	65,374	-
Increase (decrease) in other post-employment benefits	83,516	-	83,516	-
Increase (decrease) in compensated absences payable	12,345	-	12,345	-
Net cash provided (used) by operating activities	<u>\$ (2,019,870)</u>	<u>\$ (135,006)</u>	<u>\$ (2,154,876)</u>	<u>\$ (1,042,387)</u>
Non-Cash Transactions:				
Non-operating expense - loss on disposal	<u>\$ (29,945)</u>	<u>\$ -</u>	<u>\$ (29,945)</u>	<u>\$ -</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, 2023

	<u>Custodial Funds</u>
Assets:	
Taxes receivable, net	\$ <u>40,416</u>
Net Position:	
Restricted for:	
Other governments	\$ <u>40,416</u>

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

DAVIE COUNTY, NORTH CAROLINA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Custodial Funds</u>
Additions:	
Property taxes collected for other governments	\$ <u>4,861,570</u>
Deductions:	
Tax distributions to other governments	<u>4,885,883</u>
Net increase (decrease) in fiduciary net position	(24,313)
Net Position:	
Beginning of year - July 1	<u>64,729</u>
End of year - June 30	<u>\$ 40,416</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, 2023

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, North Carolina, 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, 2023

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, 2023

Capital Projects Fund – 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.

Coronavirus Relief Fund – This special revenue fund accounts for funds received from federal government sources authorized by the CARES Act and the American Rescue Plan.

Opioid Mitigation Fund – The special revenue fund is used to account for the Opioid settlement funding from the North Carolina Department of Justice.

The County reports the following major enterprise fund:

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

The County reports the following nonmajor enterprise fund:

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:

Internal Service Fund – Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the government and to other governmental units on a cost reimbursement basis. The measurement focus is upon determination of net income, financial position, and changes in financial position. The generally accepted accounting principles here are those applicable to similar businesses in the private sector and, thus, these funds are maintained on the accrual basis. The County maintains one internal service fund, the Self Insurance Internal Service Fund, which is self-insured.

Custodial Funds – Custodial funds are custodial in nature and do not involve measurement of operating results. Custodial funds are used to account for assets the County holds on behalf of others. The County maintains the following custodial fund: the Property Tax Fund, which accounts for property taxes that are billed and collected by the County for various municipalities and special districts within the County.

The County reports the following nonmajor governmental funds:

Emergency Telephone System Fund – This special revenue fund is used to account for the E911 communications system activities.

Fire District Fund – This special revenue fund is used to account for the ad valorem tax levy of the Advance Rural Fire Protection District.

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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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.

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/amortization 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 leases and IT subscriptions 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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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.

B. 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 Opioid Mitigation Fund, the Emergency Telephone System Fund, the Fire District Fund, and the enterprise funds. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Projects Fund, Coronavirus Relief Fund, Opioid Mitigation Fund, and the Enterprise Capital Projects Fund. The Enterprise Capital Projects Fund is consolidated with the enterprise operating fund for reporting purposes. The County operates under a financial plan for the Self Insurance Internal Service Fund. The financial plan is adopted by the governing board at the time the budget ordinance is approved, as required by the General Statutes.

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the strategic goals level for the General Fund, which are Safe and Healthy Community, Growth and Infrastructure, Business Operations, Quality of Life and Place, Education, and Debt Service. Expenditures may not legally exceed appropriations at the fund level for the Special Revenue Funds, 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 \$100,000 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. 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.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

C. 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.

D. 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.

State law [G.S. 159-30] 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 majority of the County's investments are carried at fair value. Non-participating interest earning contracts are accounted for at cost. The North Carolina Capital Management Trust (NCCMT) is authorized by G.S. 159-30. The Government Portfolio is a 2a7 fund which invests in treasuries and government agencies and is rated AAAM by S&P and AAA-mf by Moody Investor Services. The Government Portfolio is reported at fair value.

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.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Restricted Assets

Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. The reserve for debt services is restricted for the purpose of payment of future debt service requirements. The unexpended debt proceeds of the Capital Projects Fund are classified as restricted because their use is restricted for the purpose for which the debt was originally issued. The advance from grantors of the Coronavirus Relief Fund represents funds restricted by the grantor for specified expenditures that have not been spent. The unexpended settlement proceeds of the Opioid Mitigation Fund represent funds restricted by the State for specified expenditures that have not been spent.

Governmental Activities:

General Fund	Reserve for debt service	\$ 1,005,570
Coronavirus Relief Fund	Advance from grantors	3,779,698
Opioid Mitigation Fund	Unexpended opioid settlement proceeds	348,822
Capital Projects Fund	Unexpended debt proceeds	<u>860,403</u>
Total		<u>5,994,493</u>

Business-Type Activities:

Water and Sewer Fund	Customer deposits	<u>376,766</u>
Total restricted cash		<u>\$ 6,371,259</u>

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, 2022.

Lease Receivable

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Allowances for Doubtful Accounts

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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 and is reported at lower of cost or market. The cost of the inventory carried in the County's enterprise funds is recorded as an expense as it is consumed.

Capital Assets

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015, are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015, are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. 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's capital assets also include certain right-to-use assets. These right-to-use assets arise in association with agreements where the County reports a lease (only applies when the County is the lessee) or agreements where the County reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, plus ancillary charges necessary to place the lease asset into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

The right-to-use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right-to-use subscription assets should be amortized on a straight-line basis over the subscription term.

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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

of Education give the Board of Education full use of the facilities, full responsibility for maintenance of the facilities, and provide that the County will convey title to the property back to the Board of Education after all restrictions of the financing agreements and all sales tax reimbursement requirements have been met. The properties are reflected as capital assets in the financial statements of the Davie County Board of Education.

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

	<u>Estimated Useful Lives</u>
Governmental Activities:	
Buildings	40 years
Furniture and equipment	5 - 10 years
Vehicles and motor equipment	5 years
Computer equipment and software	3 - 5 years
Business-Type Activities:	
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 assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criterion – a deferred charge on refunding, and OPEB and pension related 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 assets that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – prepaid property taxes, lease deferrals, OPEB deferrals, and 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.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Compensated Absences

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the County's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The County's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the County has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina's Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the state ("State Abatement Fund")
- 80% to abatement funds established by Local Governments ("Local Abatement Funds")
- 5% to a County Incentive Fund.

The County received \$428,443 as part of this settlement as of June 30, 2023. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. The County has expended \$82,429 as of June 30, 2023. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic. The County has recognized a receivable net of allowance for doubtful accounts in the Opioid Settlement Fund.

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.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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.

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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 – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "Restricted by State Statute". Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget. Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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 Human Services – portion of fund balance restricted by the revenue source for opioid abatement and remediation activities.

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, 2023**

Restricted for Economic and Physical Development – portion of fund balance restricted by revenue source for economic development related activities and unspent debt proceeds.

Restricted fund balance at June 30, 2023, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Opioid Mitigation Fund</u>	<u>Other Governmental Funds</u>
Restricted, All Other:				
Register of Deeds	\$ 292,910	\$ -	\$ -	\$ -
Human Services	-	-	348,497	-
Public safety	-	-	-	961,037
Economic and physical development	1,005,570	860,403	-	-
Total	<u>\$ 1,298,480</u>	<u>\$ 860,403</u>	<u>\$ 348,497</u>	<u>\$ 961,037</u>

Restricted net position on Exhibit A differs from restricted fund balance on Exhibit C by the amount restricted for Register of Deeds’ pension plan of \$77,876 as well as unexpended debt proceeds of \$860,403 for a net difference of \$782,527 at June 30, 2023.

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.

Future Capital Projects – portion of fund balance that is committed for potential capital projects in future year’s budgets that is not already classified in restricted.

Committed fund balance at June 30, 2023, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>
Future capital projects	<u>\$ 995,000</u>	<u>\$ 5,347,376</u>

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.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Assigned fund balance at June 30, 2023, is as follows:

Purpose	General Fund
Subsequent year's expenditures	\$ 2,700,633

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. Only the General Fund may report a positive unassigned fund balance.

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.

Davie County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least greater than or equal to 25% of the General Fund expenditures of the County. Monies in excess of the 25% target may be used to fund one-time capital expenditures or other one-time costs or may be transferred to a Capital Reserve Fund for future use for a specific purpose within a specified time frame. The Board of Commissioners may, from time to time, appropriate available fund balances that will reduce the available fund balances below the 25% threshold for the purposes of a declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of the County. In such circumstances, the Commissioners will adopt a plan to restore the available fund balance to or above the threshold within 36 months from the date of the appropriation. If restoration cannot be accomplished within such time period without severe hardship to the County, then the Commissioners will establish a different but appropriate time period.

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	\$ 24,944,036
Less:	
Leases	14,921
Stabilization by state statute	9,467,994
Fund balance available for appropriation	\$ 15,461,121

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

	General Fund	Capital Projects Fund	Water and Sewer Fund	W&S Capital Project Fund
Encumbrances	\$ 601,018	\$ 2,102,389	\$ 106,562	\$ 22,796,886

Defined Benefit Cost-Sharing Plans

The County participates in two cost-sharing, multi-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 liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans’ fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized 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.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, the County's deposits had a carrying amount of \$18,063,965 and a bank balance of \$18,863,352. Of the bank balance, \$1,037,617 was covered by federal depository insurance and \$17,825,735 was covered by collateral held under the Pooling Method. Cash on hand was \$2,800.

Investments

As of June 30, 2023, the County had \$26,278,316 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM rating from S&P and AAA-mf by Moody's Investor Services.

Interest Rate. As a means of limiting its exposure to fair value losses arising from risking interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 12 months. Also, the County's investment policy requires purchases of securities to be tiered with staggered maturity dates and limits all securities to a final maturity of no more than three years.

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investor Services as of June 30, 2023.

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>
2020	\$ 3,194,046	\$ 1,046,050	\$ 4,240,096
2021	3,204,144	760,984	3,965,128
2022	3,216,239	474,395	3,690,634
2023	3,229,681	185,707	3,415,388
Total	<u>\$ 12,844,110</u>	<u>\$ 2,467,136</u>	<u>\$ 15,311,246</u>

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Receivables

Receivables at the government-wide level at June 30, 2023, were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:					
General	\$ 5,862,345	\$ 835,849	\$ 5,768,161	\$ 4,174	\$ 12,470,529
Other governmental	<u>22,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,969</u>
Total receivables	5,885,314	835,849	5,768,161	4,174	12,493,498
Allowance for doubtful accounts	<u>(725,000)</u>	<u>(426,818)</u>	<u>-</u>	<u>-</u>	<u>(1,151,818)</u>
Total governmental activities	<u>\$ 5,160,314</u>	<u>\$ 409,031</u>	<u>\$ 5,768,161</u>	<u>\$ 4,174</u>	<u>\$ 11,341,680</u>
Business-Type Activities:					
Solid Waste Fund	\$ -	\$ -	\$ 34,732	\$ -	\$ 34,732
Water and Sewer Fund	<u>1,584,188</u>	<u>-</u>	<u>4,052,204</u>	<u>-</u>	<u>5,636,392</u>
Total receivables	1,584,188	-	4,086,936	-	5,671,124
Allowance for doubtful accounts	<u>(78,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78,000)</u>
Total business-type activities	<u>\$ 1,506,188</u>	<u>\$ -</u>	<u>\$ 4,086,936</u>	<u>\$ -</u>	<u>\$ 5,593,124</u>

Due from other governments consisted of the following:

Governmental Activities:	
Sales tax refund reimbursement	\$ 621,178
Local option sales tax	3,720,939
Due from state - DMV MV taxes	464,102
Other	<u>961,942</u>
Total governmental activities	<u>\$ 5,768,161</u>
Business-Type Activities:	
Scrap tire tax and white goods disposal tax	\$ 34,732
Grants	<u>4,052,204</u>
Total business-type activities	<u>\$ 4,086,936</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Lease Receivable

On January 1, 2012, Davie County, North Carolina, entered into a 246-month lease as Lessor for the use of AT&T Tower Lease. An initial lease receivable was recorded in the amount of \$263,225. As of June 30, 2023, the value of the lease receivable is \$252,466. The lessee is required to make monthly fixed payments of \$2,500. The lease has an interest rate of 10.0%. The value of the deferred inflow of resources as of June 30, 2023, was \$237,545, and Davie County recognized lease revenue of \$12,840 during the fiscal year. The lessee has 4 extension options, each for 60 months.

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2024	\$ 4,977	\$ 25,023	\$ 30,000
2025	5,499	24,501	30,000
2026	6,074	23,926	30,000
2027	6,710	23,290	30,000
2028	7,413	22,587	30,000
2028-2032	50,469	99,531	150,000
2033-2037	83,036	66,964	150,000
2038-2042	88,288	16,713	105,001
Total	<u>\$ 252,466</u>	<u>\$ 302,535</u>	<u>\$ 555,001</u>

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Capital Assets

Governmental Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2023</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Construction in progress	\$ 2,886,717	\$ 3,339,908	\$ 386,558	\$ (1,297,090)	\$ 4,542,977
Land	760,222	-	-	-	760,222
Total non-depreciable capital assets	<u>3,646,939</u>	<u>3,339,908</u>	<u>386,558</u>	<u>(1,297,090)</u>	<u>5,303,199</u>
Depreciable Capital Assets:					
Buildings	38,904,641	-	-	-	38,904,641
Furniture and equipment, computer equipment, and software	8,439,483	861,740	61,376	1,297,090	10,536,937
Vehicles and motor equipment	7,356,479	1,114,592	611,228	14,330	7,874,173
Total depreciable capital assets	<u>54,700,603</u>	<u>1,976,332</u>	<u>672,604</u>	<u>1,311,420</u>	<u>57,315,751</u>
Right-to-Use Assets:					
Leased vehicles, equipment, buildings, and infrastructure	5,578,088	307,129	-	-	5,885,217
IT subscriptions	-	301,769	-	-	301,769
Total right to use assets	<u>5,578,088</u>	<u>608,898</u>	<u>-</u>	<u>-</u>	<u>6,186,986</u>
Less Accumulated Depreciation:					
Buildings	11,688,705	989,615	-	-	12,678,320
Furniture and equipment, computer equipment, and software	6,456,552	580,426	61,376	-	6,975,602
Vehicles and motor equipment	5,355,620	822,268	581,397	(15,615)	5,580,876
Total accumulated depreciation	<u>23,500,877</u>	<u>2,392,309</u>	<u>642,773</u>	<u>(15,615)</u>	<u>25,234,798</u>
Less Accumulated Amortization:					
Leased vehicles, equipment, buildings, and infrastructure	339,140	473,922	-	-	813,062
IT subscriptions	-	113,249	-	-	113,249
Total accumulated amortization	<u>339,140</u>	<u>587,171</u>	<u>-</u>	<u>-</u>	<u>926,311</u>
Total depreciable capital assets	<u>36,438,674</u>				<u>37,341,628</u>
Governmental activity capital assets, net	<u>\$ 40,085,613</u>				<u>\$ 42,644,827</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

Governmental Activities:

General government	\$	1,585,078
Public safety		1,304,996
Environmental protection		5,239
Human services		34,656
Cultural and recreation		49,511
Total	\$	<u>2,979,480</u>

Proprietary Capital Assets

The capital asset activity of the proprietary funds at June 30, 2023 was as follows:

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>
Business-Type Activities:				
Solid Waste:				
Non-Depreciable Capital Assets:				
Land	\$ 214,103	\$ -	\$ -	\$ 214,103
Depreciable Capital Assets:				
Buildings	603,213	-	-	603,213
Equipment	31,436	-	-	31,436
Total depreciable capital assets	<u>634,649</u>	<u>-</u>	<u>-</u>	<u>634,649</u>
Less Accumulated Depreciation:				
Buildings	417,260	15,005	-	432,265
Equipment	31,436	-	-	31,436
Total accumulated depreciation	<u>448,696</u>	<u>15,005</u>	<u>-</u>	<u>463,701</u>
Total capital assets being depreciated, net	<u>185,953</u>			<u>170,948</u>
Solid waste capital assets, net	<u>400,056</u>			<u>385,051</u>

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

	Balance July 1, 2022	Increases	Decreases	Transfers	Balance June 30, 2023
Water and Sewer Fund:					
Non-Depreciable Capital Assets:					
Land	338,521	-	-	-	338,521
Construction-in-progress	5,194,092	5,444,934	-	-	10,639,026
Total non-depreciable capital assets	5,532,613	5,444,934	-	-	10,977,547
Depreciable Capital Assets:					
Water/sewer lines	38,529,173	-	-	-	38,529,173
Buildings	16,012,458	-	-	-	16,012,458
Equipment and vehicles	3,138,150	99,460	5,845	(14,330)	3,217,435
Total depreciable capital assets	57,679,781	99,460	5,845	(14,330)	57,759,066
Less Accumulated Depreciation:					
Water/sewer lines	11,590,301	313,944	-	-	11,904,245
Buildings	8,328,740	315,103	-	-	8,643,843
Equipment and vehicles	2,604,655	567,784	5,845	15,615	3,182,209
Total accumulated depreciation	22,523,696	1,196,831	5,845	15,615	23,730,297
Total capital assets being depreciated, net	35,156,085				34,028,769
Water/Sewer capital assets, net	40,688,698				45,006,316
Business-type activities capital assets, net	\$ 41,088,754				\$ 45,391,367

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2023, is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 42,644,827	\$ 45,391,367
Long-term debt	(61,077,495)	(13,795,374)
Unexpended debt proceeds	860,403	-
Long-term debt for assets not owned by the County	41,917,337	-
Net investment in capital assets	\$ 24,345,072	\$ 31,595,993

Deferred charges on refunding are excluded from the calculation of net investment in capital assets because the related debt was issued for capital assets not owned by the County.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2023, were as follows:

	Vendors	Accrued Interest	Total
Governmental Activities:			
General	\$ 3,138,496	\$ 379,361	\$ 3,517,857
Other governmental	579,934	-	579,934
Total	\$ 3,718,430	\$ 379,361	\$ 4,097,791
 Business-Type Activities:			
Solid waste	\$ 41,067	\$ -	\$ 41,067
Water and sewer	1,000,853	33,048	1,033,901
Total	\$ 1,041,920	\$ 33,048	\$ 1,074,968

Pension Plan and Other Post-Employment Obligations

Local Governmental Employees' Retirement System

Plan Description. The County is a participating employer in the state-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the state of North Carolina. LGERS 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 Annual Comprehensive Financial Report for the state of North Carolina. The state's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, was 13.04% of compensation for law enforcement officers and 12.14% 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 \$2,555,420 for the year ended June 30, 2023.

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, 2023, the County reported a liability of \$14,173,524 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022, utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the County's proportion was .25124% (measured as of June 30, 2022), which was an increase of .02721% from its proportion as of June 30, 2022 (measured as of June 30, 2021).

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

For the year ended June 30, 2023, the County recognized pension expense of \$4,170,738. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 610,724	\$ 59,878
Changes in assumptions	1,414,200	-
Net difference between projected and actual earnings on pension plan investments	4,684,498	-
Changes in proportion and differences between County contributions and proportionate share of contributions	480,593	33,544
County contributions subsequent to the measurement date	2,555,420	-
Total	<u>\$ 9,745,435</u>	<u>\$ 93,422</u>

\$2,555,420 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2024	2,236,157
2025	1,967,816
2026	660,837
2027	2,231,783
2028	-
Thereafter	-
Total	<u>\$ 7,096,593</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 and methods used in the December 31, 2021 actuarial valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

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 returns 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, 2022, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic Fixed Income	7.0%	5.0%
Inflation protection	6.0%	2.7%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. 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 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Discount Rate. The discount rate used to measure the total pension liability was 6.50 %. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 benefits payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.50%, 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 (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 25,581,385	\$ 14,173,524	\$ 4,772,784

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report 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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more creditable years of service. 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. A separate report was not issued for the plan.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2022 the Separation Allowance's membership consisted of:

Retirees receiving benefits	10
Terminated plan members entitled to, but not yet, receiving benefits	-
Active plan members	79
Total	89

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.

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

Actuarial Assumptions. The entry age normal actuarial cost method was used in the June 30, 2022, valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Payroll Growth Assumption	3.25 percent
Discount rate	4.05 percent

The actuarial assumptions used in the June 30, 2022; valuation was based on the results of an experience study for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

Pursuant to GASB 73, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Fidelity GO AA Bond index is often cited as an appropriate benchmark. The 20-year bond rate from that index was 4.05% on December 31, 2022. A discount rate of 2.06% was used at the prior measurement date.

Valuation Payroll - Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date. Members are assumed to receive their first salary increase on the valuation date.

Pay Increase Timing - Beginning of the year. Payroll amounts stated in the valuation data are amounts projected to be paid during the upcoming year.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Leave Conversion - Creditable service for unreduced retirement from NCLGERS has been increased by one year. Credited service for benefit calculation purposes has been increased by 1.1 years. The service conversions are based on the service totals received from the Local Government Employees' Retirement System.

Actuarial Funding Method - Entry Age Normal, level percent of payroll.

Deaths Before Retirement: Pub-2010 Safety Employees Male and Female Mortality tables projected generationally with MP-2019.

Deaths After Retirement (Healthy): Pub-2010 Safety Retirees Mortality Table projected generationally using MP- 2019. The male and female rates are set forward 1 year and adjusted by 97% for all ages.

Deaths After Retirement (Disabled): Pub-2010 General Disabled Retirees Mortality Table projected generationally using MP-2019. The male and female rates are set back 3 years.

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$127,301 as benefits came due for the reporting period.

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

At June 30, 2023, the County reported a total pension liability of \$2,290,473. The total pension liability was measured as of December 31, 2022 based on a June 30, 2022, actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the County recognized pension expense of \$309,078.

At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 538,624	\$ 438
Changes of assumptions	125,453	145,347
County benefit payments and plan administrative expense made subsequent to the measurement date	62,275	-
Total	\$ 726,352	\$ 145,785

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

\$62,275 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ending June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2024	138,267
2025	128,548
2026	95,940
2027	95,940
2028	53,241
Thereafter	6,356
Total	<u>\$ 518,292</u>

Sensitivity of the County’s Total Pension Liability to Changes in the Discount Rate. The following presents the County’s total pension liability calculated using the discount rate of 4.05 percent, as well as what the County’s total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05 percent) or 1-percentage-point higher (5.05 percent) than the current rate:

	1% Decrease (3.05%)	Discount Rate (4.05%)	1% Increase (5.05%)
Total pension liability	<u>\$ 2,483,532</u>	<u>\$ 2,290,473</u>	<u>\$ 2,115,501</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Schedule of Changes in Total Pension Liability

Law Enforcement Officers' Special Separation Allowance

	<u>2023</u>
Beginning balance	\$ 2,049,513
Service cost	113,818
Interest on the total pension liability	40,948
Difference between expected and actual experience in the measurement of the total pension liability	384,622
Changes of assumptions or other inputs	(171,127)
Benefit payments	<u>(127,301)</u>
Ending balance of the total pension liability	<u>\$ 2,290,473</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 2.06 percent at December 31, 2021 to 4.05 percent at December 31, 2022.

Changes in Benefit Terms. Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date.

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

The actuarial assumptions used in the June 30, 2022; valuation was based on the results of an actuarial experience study for the Local Governmental Employees' Retirement System for the five-year period ended December 31, 2019.

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 Annual Comprehensive Financial Report for the state of North Carolina. The state's Annual Comprehensive Financial Report 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.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Funding Policy. Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan.

The County contributed \$212,882 for the reporting year. No amounts were forfeited.

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.

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, 2023, 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 \$13,376,449; the County's total payroll was \$21,927,462. The total contribution for the fiscal year ended was \$925,508, which consisted of \$401,297 from the County and \$524,212 from the employees. The County's required contribution and the employees' voluntary contributions represented 3.00% and 4.14%, 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 non-contributory, cost-sharing multiple- employer 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 Annual Comprehensive Financial Report for the state of North Carolina. The State's Annual Comprehensive Financial Report 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.

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.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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 \$3,726 for the year ended June 30, 2023.

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

At June 30, 2023, the County reported an asset of \$52,069 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2022. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2023, the County’s proportion was .39327% (measured as of June 30, 2022), which was an increase of .02835% from its proportion measured as of June 30, 2022 (measured as of June 30, 2021).

For the year ended June 30, 2023, the County recognized pension expense of \$8,179. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 401	\$ 944
Changes of assumptions	2,757	-
Net difference between projected and actual earnings on pension plan investments	21,642	-
Changes in proportion and differences between County contributions and proportionate share of contributions	2,105	3,880
County contributions subsequent to the measurement date	3,726	-
Total	<u>\$ 30,631</u>	<u>\$ 4,824</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

\$3,726 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 ending June 30, 2024. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Amount
2024	6,579
2025	2,854
2026	7,205
2027	5,443
2028	-
Thereafter	-
Total	<u>\$ 22,081</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, 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, 2021, valuation was based on the results of an actuarial experience study as of December 31, 2019.

Future ad hoc cost of living adjustment 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.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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 99% 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, 2022, is 1.1%.

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in early 2022, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. 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 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 3.00%. The projection of cash flows used to determine the discount rate assumed that contributions from employers will be made at statutorily required rates. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.00%, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00%) or 1-percentage-point higher (4.00%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	(2.00%)	(3.00%)	(4.00%)
County's proportionate share of the net pension liability (asset)	<u>\$ (60,017)</u>	<u>\$ (52,069)</u>	<u>\$ (88,619)</u>

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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2021. The total pension liability for LEOSSA was measured as of December 31, 2022, with an actuarial valuation date of June 30, 2022. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$14,173,524	\$ (52,069)	\$ -	\$14,121,455
Proportion of the net pension liability (asset)	0.25124%	0.39327%	n/a	-
Total pension liability	-	-	2,290,473	2,290,473
Pension expense	4,170,738	8,179	309,078	4,487,995

At June 30, 2023, the County reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Deferred Outflows of Resources:				
Differences between expected and actual experience	\$ 610,724	\$ 401	\$ 538,624	\$ 1,149,749
Changes of assumptions	1,414,200	2,757	125,453	1,542,410
Net difference between projected and actual earnings on pension plan investments	4,684,498	21,642	-	4,706,140
Changes in proportion and differences between County contributions and proportionate share of contributions	480,593	2,105	-	482,698
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	2,555,420	3,726	62,275	2,621,421
	\$ 9,745,435	\$ 30,631	\$ 726,352	\$10,502,418
Deferred Inflows of Resources:				
Differences between expected and actual experience	\$ 59,878	\$ 944	\$ 438	\$ 61,260
Changes of assumptions	-	-	145,347	145,347
Changes in proportion and differences between County contributions and proportionate share of contributions	33,544	3,880	-	37,424
	\$ 93,422	\$ 4,824	\$ 145,785	\$ 244,031

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Other Post-Employment Benefits – Healthcare Benefits

Plan Description

Plan Administration. Under a County resolution, the County administers the Healthcare Benefits Plan (HCB Plan), a single-employer defined benefit healthcare plan that is used to provide post-employment benefits other than pensions (OPEB) for all retirees of the County who participate in the North Carolina Local Governmental Employees’ Retirement System (System). 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. The County Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

<u>County Contributions Based on Years of Creditable Service</u>		
<u>Years of Service</u>	<u>Age at Retirement</u>	<u>Percent Paid</u>
Less than 20	Any	0%
20 - 24	Less than 60	0%
20 – 24	60 or older	50%
25 – 29	Any	75%
30 or more	Any	100%

Plan Membership. At June 30, 2022 (valuation date), the HCB Plan membership consisted of the following:

<u>Members</u>	
Retirees and dependents receiving benefits	21
Active members	352
Total	<u>373</u>

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Total OPEB Liability

The County's total OPEB liability of \$8,285,404 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Payroll growth assumption	3.25 percent
Leave Conversion	Creditable service for unreduced retirement from NCLGERS has been increased by one year
Spouse Age Difference	Wives are assumed to be four years younger than husbands
Actuarial Funding Method	Entry age normal, level percent of payroll
Salary increases, including wage inflation	
General Employees	3.30 - 8.30 percent
Law Enforcement Officers	3.30 - 7.80 percent
Municipal Bond Index Rate	
Prior Measurement Date	2.16 percent
Measurement Date	3.69 percent
Health Care Cost Trends	
Pre-Medicare medical and Prescription Drug	7.50 percent for 2022 decreasing to an ultimate rate of 4.50 percent by 2030

The County selected a Municipal Bond Index Rate equal to the June average of the Bond Buyer 20-year General Obligation Bond Index published weekly by the Bond Buyer, and the discount rate used to measure the Total OPEB Liability is the Municipal Bond Index Rate as of the measurement date.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2022	<u>\$ 8,274,373</u>
Changes for the year:	
Service cost at end of year	570,306
Interest	176,221
Difference between expected and actual experience	291,807
Changes of assumptions or other inputs	(724,281)
Benefit payments and implicit subsidy credit	<u>(303,022)</u>
Net change in total OPEB liability	<u>11,031</u>
Balance at June 30, 2023	<u><u>\$ 8,285,404</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.69%.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2022 valuation were based on the North Carolina Local Governmental Employees' Retirement System (NCLGERS) experience study for the five year period January 1, 2015 through December 31, 2019.

Deaths Before Retirement: Pub-2010 General Employees Male and Female Mortality tables projected generationally with MP-2019.

Deaths After Retirement (Healthy): Pub-2010 General Retirees Mortality table projected generationally with MP- 2019. The male rates are set forward 2 years and adjusted with the following factors: 80 and younger, 96.0%; age 81, 96.8%; age 82, 97.6%; age 83, 98.4%; age 84, 99.2%; age 85 and older, 100.0%. The female rates are adjusted with the following factors: 91 and younger, 100.0%; age 92, 102.5%; age 93, 105.0%; age 94, 107.5%; age 95 and older, 110.0%.

Deaths After Retirement (Disabled): Pub-2010 General Disabled Retirees Mortality table projected generationally with MP-2019. The male rates are set forward 3 years, and the female rates are set back 1 year.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.69 percent) or 1-percentage-point higher (4.69 percent) than the current discount rate:

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
Total OPEB liability	\$ 9,160,200	\$ 8,285,404	\$ 7,504,026

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 7,298,883	\$ 8,285,404	\$ 9,464,011

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

For the year ended June 30, 2023, the County recognized OPEB expense of \$918,216. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 657,106	\$ 33,653
Changes of assumptions or other inputs	742,563	729,193
Benefit payments and administrative costs made subsequent to the measurement date	586,349	-
Total	\$ 1,986,018	\$ 762,846

\$586,349 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease in the total OPEB liability in the year ending June 30, 2024.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Other amounts reported as deferred inflows and outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2024	\$ 160,729
2025	160,729
2026	184,730
2027	112,430
2028	49,022
Thereafter	<u>(30,817)</u>
Total	<u>\$ 636,823</u>

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.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Deferred Outflows and Inflows of Resources

Deferred outflows and inflows of resources are comprised of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 136,664	\$ -
Pension deferrals	10,502,418	244,031
OPEB deferrals	1,986,018	762,846
Lease deferrals	-	237,545
Prepaid taxes not yet earned (General Fund)	-	76,971
Taxes receivable, net (General Fund)	-	409,031
Other receivables (General Fund)	-	965,102
Other receivables (Opioid Mitigation Fund)	-	4,434,618
Total	<u>\$ 12,625,100</u>	<u>\$ 7,130,144</u>

Closure and Post-Closure Care Costs – Landfill Facilities

Federal and state 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 \$22,300 per year. The liability recorded on the books in the Solid Waste Fund to provide for future post-closure costs has been paid in full as of June 30, 2023. Actual post-closure costs may be higher due to inflation, changes in technology, or changes in regulations.

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 two self-funded risk financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency.

Through these pools, the County obtains property coverage equal to the replacement cost of owned property subject to total insured values, with sub-limits on coverage for specified perils; general, auto, professional, employment practices, and law enforcement liability coverage of \$2 million per occurrence; auto physical damage for owned autos at actual cash value; crime coverage of \$250,000 per occurrence; and workers' compensation on coverage up to the statutory limits.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

All property coverage and some liability coverages are subject to per occurrence deductibles, as selected by the County. The pools are audited annually by certified public accountants, and audited financial statements are available to the County upon request.

Both of the pools are reinsured through a multi-state public entity captive for single occurrence losses in excess of \$500,000, up to a \$2 million limit for liability coverage, and single occurrence losses in excess of \$750,000 for workers' compensation.

Through the captive, the Liability and Property Pool is reinsured for \$2,000,000 of annual aggregate losses in excess of \$250,000 per occurrence for property, auto physical damage, and crime coverage, with additional limits of \$498 million purchased through a group of commercial carriers through the multi-state public entity captive.

The County carries commercial flood insurance coverage for other risks of loss. 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.

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 crime coverage with a \$250,000 occurrence limit. The Finance Director is bonded for \$50,000, and all other individuals holding positions requiring statutory bonds are covered elsewhere. At July 1, 2023, the Finance Director was bonded for \$1,000,000 to be in accordance with G.S. 159-29.

The County self-insures for employee health coverage, which is administered by a private company, with a stop loss provision of \$130,000 per member per plan year. The maximum lifetime benefit is unlimited, in accordance with healthcare reform. The County carries commercial insurance coverage above these limits. There have been no significant reductions in insurance coverage from the previous year and in the plan year from July 1, 2022 through June 30, 2023, the County did not have any stop-loss claims resulting in stop-loss credits. The County carries commercial coverage for all other risks of loss.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's).

Changes in the balances in claims for employee and dependent health insurance during the last fiscal year are as follows:

	<u>2023</u>
Unpaid claims, beginning	\$ 563,836
Incurred claims	3,904,447
Claim payments	<u>(3,899,554)</u>
Unpaid claims, ending	<u>\$ 568,729</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Claims and Judgments

At June 30, 2023, 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.

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, 2023 are comprised of the following individual issues:

Serviced by the General Fund:

\$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%	\$ 590,000
\$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%	34,720,000
\$5,000,000 Parks & Recreation Serial bond due on April 1 and October 1, in installments of \$250,000 through October 1, 2038; interest at 3.00% to 4.00%	<u>4,000,000</u>
Total general obligation bonds	<u>\$ 39,310,000</u>

The County has outstanding general obligation bonds from direct placements related to governmental-type activities totaling \$39,310,000 secured by a pledge of the faith and credit and taxing power of the County with a levy on all property taxable by the County such as ad valorem taxes, without limitation as to rate or amount, as may be necessary to pay the Bonds and the interest thereon. All general obligation bonds totaling \$39,310,000 have the following provisions in case of default, (1) the local government commission impounding the books and records of any unit of local governments and assume full control of all its financial affairs; (2) the Commission is vested with all of the powers of the governing board of the unit of local government as to levy taxes, expenditure of money, adoption of budgets and all other financial powers conferred upon such governing board by law; (3) the Commission will create a plan for refinancing, adjusting or comprising such debt.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 3,560,000	\$ 1,594,900
2025	3,655,000	1,425,300
2026	4,575,000	1,245,050
2027	4,695,000	1,018,800
2028	4,765,000	831,000
2029-2033	16,560,000	1,554,850
2034-2038	1,250,000	157,188
2039	250,000	4,688
Total	<u>\$ 39,310,000</u>	<u>\$ 7,831,776</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Installment Purchase Contracts

Installment purchase contract for economic development contracts due in annual installments of \$200,000 beginning February 15, 2017 through February 15, 2026; at 0% interest	\$ 600,000
Installment purchase contract for renovations to Central Davie Academy due in annual installments of \$173,000 beginning November 1, 2017 through May 1, 2026; at 2.29% interest	519,501
Installment purchase contract for vehicles and related equipment due in annual installments of \$173,000 beginning August 27, 2019 through June 1, 2024; at 1.953% interest	143,746
Installment purchase contract for various capital improvements due in annual installments of \$463,000 beginning August 1, 2020 through February 1, 2040; at 2.79% interest	7,862,000
Installment purchase contract for vehicles and related equipment due in annual installments of \$227,000 beginning February 3, 2021 through June 1, 2025; at 1.01% interest	454,000
Installment purchase contract for vehicles and related equipment due in annual installments of \$152,000 beginning November 10, 2021 through June 1, 2026; at 1.165% interest	459,000
Installment purchase contract for vehicles due in annual installments of \$235,000 beginning June 1, 2023 through June 1, 2027; at 3.450% interest	<u>895,000</u>
Total installment purchase contracts	<u>\$ 10,933,247</u>

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$600,000 secured with an escrow account held at Truist Bank in the amount of \$600,000. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$600,000 contain provisions that an event of default would result in the lender taking possession of the collateral escrow account and apply the proceeds thereof to the County's outstanding amount.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$519,501 secured with as Deed of Trust granting a lien on the mortgaged property, together with all buildings, improvements and fixtures located and to be located on the property. The outstanding installment purchase debt contains provisions that an event of default would result in (1) declare the entire amount of the principal component of the Installment Payments and accrued and unpaid interest component to the date of declaration to be immediately due and payable; (2) exercise all remedies available at law or in equity or under the Deed of Trust, including foreclosure and sale of the Mortgaged Property, and apply the proceeds of any such sale or other disposition, after deducting all costs and expenses, including court costs and reasonable attorneys' fees incurred with the recovery, repair, storage and other sale or other disposition costs, toward the principal component and accrued and unpaid interest of the balance of Installment Payments due; (3) subject to the Enforcement Limitation, proceed by appropriate court action to enforce performance by the County of the applicable covenants of the Agreement or to recover for the breach thereof.

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$143,746 are secured with the equipment. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$143,746 contain provisions that an event of default would result in (1) declare the entire amount of the principle component of the Installment Payments and the accrued interest and unpaid interest component to the date of declaration to be immediately due and payable; (2) exercise all remedies available at law or in equity or under the Security Agreement, including sale of the Equipment, and apply the proceeds of any such sale or other disposition, after deducting all costs and expenses, including court costs and reasonable attorneys' fees incurred with the recovery, repair, storage and other sale or other disposition costs, toward the principal component and accrued and unpaid interest of the balance of Installment Payments due; (3) subject to the Enforcement Limitation, proceed by appropriate court action to enforce performance by the County of the applicable covenants of the Agreement or to recover for the breach thereof.

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$7,862,000 are secured with mortgaged property. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$7,862,000 contain provisions that an event of default would result in (1) declare the entire amount of the principle component of the Installment Payments and the accrued interest and unpaid interest component to the date of declaration to be immediately due and payable; (2) exercise all remedies available at law or in equity or under the Deed of Trust, including foreclosure and sale of the Mortgaged Property, and apply the proceeds of any such sale or other disposition, after deducting all costs and expenses, including court costs and reasonable attorneys' fees incurred with the recovery, repair, storage and other sale or other disposition costs, toward the principal component and accrued and unpaid interest of the balance of Installment Payments due; (3) subject to the Enforcement Limitation, proceed by appropriate court action to enforce performance by the County of the applicable covenants of the Agreement or to recover for the breach thereof.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$454,000 secured with all moneys on deposit from time to time in the Project Fund and all property acquired by the County with funds advanced by Truist, all personal property obtained in substitution or replacement therefore, and all personal property obtained in the substitution or replacement for any of the Security Property, and all proceeds of the foregoing. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$454,000 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) payment of any remaining balance in the Project Fund to be applied against outstanding Required Payments in any manner Truist may reasonably deem appropriate (4) avail itself of all available remedies under the financing agreement, including sale of the Equipment, and recovery of attorneys' fees and other expenses.

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$459,000 are secured with the equipment. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$459,000 contain provisions that an event of default would result in (1) declare the entire amount of the principle component of the installment payments and the accrued interest and unpaid interest component to the date of declaration to be immediately due and payable; (2) accelerate the principle component of all outstanding installment payments, (3) retake possession of the equipment and hold the County liable for all related costs to do so, (4) take any action at law or in equity that may appear necessary or desirable to enforce or protect any of its rights under the property schedule of the agreement.

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$895,000 secured with all moneys on deposit from time to time in the Project Fund and all property acquired by the County with funds advanced by Truist, all personal property obtained in substitution or replacement therefore, and all personal property obtained in the substitution or replacement for any of the Security Property, and all proceeds of the foregoing. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$895,000 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) payment of any remaining balance in the Project Fund to be applied against outstanding Required Payments in any manner Truist may reasonably deem appropriate (4) avail itself of all available remedies under the financing agreement, including sale of the Equipment, and recovery of attorneys' fees and other expenses.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Annual debt service requirements to maturity for the County’s installment purchase contracts are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 1,568,746	\$ 277,609
2025	1,436,000	243,810
2026	1,217,000	215,278
2027	701,501	188,784
2028	463,000	167,679
2029-2033	2,313,000	644,657
2034-2038	2,310,000	322,245
2039-2040	924,000	38,669
Total	\$ 10,933,247	\$ 2,098,731

Certificates of Participation

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.

\$ 1,662,000

Total certificates of participation

\$ 1,662,000

The County has outstanding certificates of participation from direct placements related to governmental-type activities totaling \$1,662,000 secured with as Deed of Trust granting Davie County Public Facilities Financing Corporation a lien on the mortgaged property. The certificates contain provisions that an event of default would result in the exercise of all remedies available at law or in equity or under the Deed of Trust, including foreclosure and sale of the Mortgaged Property, and apply the proceeds of any such sale or other disposition, after deducting all costs and expenses, including court costs and reasonable attorneys’ fees incurred with the recovery, repair, storage and other sale or other disposition costs, toward the principal component and accrued and unpaid interest of the balance.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 842,000	\$ 41,882
2025	820,000	20,664
Total	<u>\$ 1,662,000</u>	<u>\$ 62,546</u>

Debt Related to Capital Activities

General obligation bonds (\$39,135,836) (including unamortized premium), Installment Purchases (\$1,119,501) and Certificates of Participation (\$1,662,000) 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. The deferred charges on refunding (\$136,664) are related to debt issues for assets not owned by the County.

Revolving Loans Payable

On June 6, 2019, the County was approved for a maximum loan amount of \$16,402,098 from the United States Environmental Protection Agency, passed through the North Carolina Department of Environmental Quality under the Clean Water State Revolving Fund. The loan proceeds are being used for a Sanitary Sewer Project. The loan is repayable at 1.53% for 20 years beginning six months after the completion of the project.

\$ 13,795,374

Total revolving loans payable

\$ 13,795,374

The County’s outstanding notes from direct borrowings related to business-type activities of \$13,795,374 contain provisions that an event of default would result in immediate prepayment of loan in whole and any further commitment of funds may be withdrawn.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

Annual debt service requirements to maturity for the County’s Revolving Loans are as follows:

Year Ending	Business-Type Activities	
June 30	Principal	Interest
2024	\$ 820,105	\$ 225,857
2025	820,105	213,309
2026	820,105	200,762
2027	820,105	188,214
2028	820,105	175,666
2029-2033	4,100,525	690,118
2034-2038	4,100,525	376,428
2039-2041	<u>1,493,799</u>	<u>75,286</u>
Total	<u>\$ 13,795,374</u>	<u>\$ 2,145,640</u>

Leases

The County has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On December 7, 2020, Davie County, North Carolina, entered into a 53-month lease as Lessee for the use of TS Fiber-Gov Center2. An initial lease liability was recorded in the amount of \$63,197. As of June 30, 2023, the value of the lease liability is \$35,067. Davie County is required to make monthly fixed payments of \$1,232. The lease has an interest rate of 1.5000%. The value of the right-to-use asset as of June 30, 2023, is \$63,197 with accumulated amortization of \$28,510. Davie County has 4 extension option(s), each for 12 months.

On December 7, 2020, Davie County, North Carolina, entered into a 53-month lease as Lessee for the use of TS Fiber-GovCenter. An initial lease liability was recorded in the amount of \$102,695. As of June 30, 2023, the value of the lease liability is \$56,983. Davie County is required to make monthly fixed payments of \$2,002. The lease has an interest rate of 1.5000%. The value of the right-to-use asset as of June 30, 2023, is \$102,695 with accumulated amortization of \$46,329. Davie County has 4 extension option(s), each for 12 months.

On June 1, 2020, Davie County, North Carolina, entered into a 53-month lease as Lessee for the use of Toshiba Copy/Print. An initial lease liability was recorded in the amount of \$3,599. As of June 30, 2023, the value of the lease liability is \$1,922. Davie County is required to make quarterly fixed payments of \$216. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of June 30, 2023, is \$3,599 with accumulated amortization of \$1,630.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On February 11, 2021, Davie County, North Carolina, entered into a 55-month lease as Lessee for the use of Health Postage. An initial lease liability was recorded in the amount of \$5,548. As of June 30, 2023, the value of the lease liability is \$3,112. Davie County is required to make quarterly fixed payments of \$316. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023, is \$5,548 with accumulated amortization of \$2,406.

On February 1, 2021, Davie County, North Carolina, entered into a 55-month lease as Lessee for the use of Sheriff Dell Computers. An initial lease liability was recorded in the amount of \$152,683. As of June 30, 2023, the value of the lease liability is \$76,829. Davie County is required to make annual fixed payments of \$39,026. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023, is \$152,683 with accumulated amortization of \$66,626.

On April 1, 2020, Davie County, North Carolina, entered into a 345-month lease as Lessee for the use of Gov Center Facility. An initial lease liability was recorded in the amount of \$4,818,876. As of June 30, 2023, the value of the lease liability is \$4,650,588. Davie County is required to make monthly fixed payments of \$17,063. The lease has an interest rate of 2.5630%. The value of the right-to-use asset as of June 30, 2023, is \$4,818,876 with accumulated amortization of \$335,226. Davie County has 2 extension option(s), each for 60 months.

On January 15, 2021, Davie County, North Carolina, entered into a 47-month lease as Lessee for the use of Sheriff TOM Vehicles. An initial lease liability was recorded in the amount of \$34,365. As of June 30, 2023, the value of the lease liability is \$16,954. Davie County is required to make monthly fixed payments of \$744. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of June 30, 2023, is \$34,366 with accumulated amortization of \$17,548.

On May 15, 2020, Davie County, North Carolina, entered into a 47-month lease as Lessee for the use of Sheriff TOM Vehicles. An initial lease liability was recorded in the amount of \$34,365. As of June 30, 2023, the value of the lease liability is \$16,954. Davie County is required to make monthly fixed payments of \$744. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of June 30, 2023, is \$34,366 with accumulated amortization of \$17,548.

On January 8, 2021, Davie County, North Carolina, entered into a 47-month lease as Lessee for the use of Sheriff TOM Vehicles. An initial lease liability was recorded in the amount of \$34,365. As of June 30, 2023, the value of the lease liability is \$16,954. Davie County is required to make monthly fixed payments of \$744. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of June 30, 2023, is \$34,365 with accumulated amortization of \$17,548.

On January 15, 2021, Davie County, North Carolina, entered into a 47-month lease as Lessee for the use of Sheriff TOM Vehicles. An initial lease liability was recorded in the amount of \$34,365. As of June 30, 2023, the value of the lease liability is \$16,955. Davie County is required to make monthly fixed payments of \$744. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of June 30, 2023, is \$34,365 with accumulated amortization of \$17,548.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On May 15, 2020, Davie County, North Carolina, entered into a 55-month lease as Lessee for the use of Sheriff TOM Vehicles. An initial lease liability was recorded in the amount of \$41,847. As of June 30, 2023, the value of the lease liability is \$23,815. Davie County is required to make monthly fixed payments of \$779. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023, is \$41,847 with accumulated amortization of \$18,261.

On January 19, 2021, Davie County, North Carolina, entered into a 55-month lease as Lessee for the use of Sheriff TOM Vehicles. An initial lease liability was recorded in the amount of \$43,387. As of June 30, 2023, the value of the lease liability is \$24,691. Davie County is required to make monthly fixed payments of \$808. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023, is \$43,387 with accumulated amortization of \$18,932.

On May 15, 2020, Davie County, North Carolina, entered into a 55-month lease as Lessee for the use of Sheriff TOM Vehicles. An initial lease liability was recorded in the amount of \$42,901. As of June 30, 2023, the value of the lease liability is \$24,415. Davie County is required to make monthly fixed payments of \$799. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023, is \$42,901 with accumulated amortization of \$18,720.

On January 15, 2021, Davie County, North Carolina, entered into a 55-month lease as Lessee for the use of Sheriff TOM Vehicles. An initial lease liability was recorded in the amount of \$42,901. As of June 30, 2023, the value of the lease liability is \$24,415. Davie County is required to make monthly fixed payments of \$799. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023, is \$42,901 with accumulated amortization of \$18,720.

On May 15, 2020, Davie County, North Carolina, entered into a 55-month lease as Lessee for the use of Sheriff TOM Vehicles. An initial lease liability was recorded in the amount of \$42,901. As of June 30, 2023, the value of the lease liability is \$24,415. Davie County is required to make monthly fixed payments of \$799. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023, is \$42,901 with accumulated amortization of \$18,720.

On July 30, 2018, Davie County, North Carolina, entered into a 27-month lease as Lessee for the use of Postage-Elections. An initial lease liability was recorded in the amount of \$2,117. As of June 30, 2023, the value of the lease liability is \$425. Davie County is required to make quarterly fixed payments of \$213. The lease has an interest rate of 0.5140%. The value of the right-to-use asset as of June 30, 2023, is \$2,117 with accumulated amortization of \$1,817.

On March 23, 2021, Davie County, North Carolina, entered into a 56-month lease as Lessee for the use of TS Fiber-Mocksville Police. An initial lease liability was recorded in the amount of \$3,892. As of June 30, 2023, the value of the lease liability is \$2,276. Davie County is required to make monthly fixed payments of \$70. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023, is \$3,892 with accumulated amortization of \$1,647. Davie County has 4 extension option(s), each for 12 months.

On January 24, 2020, Davie County, North Carolina, entered into a 45-month lease as Lessee for the use of Postage-C Manager. An initial lease liability was recorded in the amount of \$6,747. As of June 30, 2023, the value of the lease liability is \$3,398. Davie County is required to make quarterly fixed payments of \$429. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of June 30, 2023, is \$6,747 with accumulated amortization of \$3,538.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On July 27, 2021, Davie County, North Carolina, entered into a 60-month lease as Lessee for the use of Admin Water. An initial lease liability was recorded in the amount of \$7,042. As of June 30, 2023, the value of the lease liability is \$4,256. Davie County is required to make quarterly fixed payments of \$360. The lease has an interest rate of 0.9160%. The value of the right-to-use asset as of June 30, 2023, is \$7,042 with accumulated amortization of \$2,715.

On March 23, 2021, Davie County, North Carolina, entered into a 56-month lease as Lessee for the use of TS Fiber-911. An initial lease liability was recorded in the amount of \$15,568. As of June 30, 2023, the value of the lease liability is \$9,103. Davie County is required to make monthly fixed payments of \$280. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023, is \$15,568 with accumulated amortization of \$6,586. Davie County has 4 extension option(s), each for 12 months.

On March 23, 2021, Davie County, North Carolina, entered into a 56-month lease as Lessee for the use of TS Fiber-Brock. An initial lease liability was recorded in the amount of \$7,784. As of June 30, 2023, the value of the lease liability is \$4,551. Davie County is required to make monthly fixed payments of \$140. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023, is \$7,784 with accumulated amortization of \$3,293. Davie County has 4 extension option(s), each for 12 months.

On March 23, 2021, Davie County, North Carolina, entered into a 56-month lease as Lessee for the use of TS Fiber-Detention. An initial lease liability was recorded in the amount of \$23,762. As of June 30, 2023, the value of the lease liability is \$13,798. Davie County is required to make monthly fixed payments of \$420. The lease has an interest rate of 0.3160%. The value of the right-to-use asset as of June 30, 2023, is \$23,762 with accumulated amortization of \$10,052. Davie County has 4 extension option(s), each for 12 months.

On January 23, 2019, Davie County, North Carolina, entered into a 30-month lease as Lessee for the use of Postage-Sheriff. An initial lease liability was recorded in the amount of \$1,234. As of June 30, 2023, the value of the lease liability is \$339. Davie County is required to make quarterly fixed payments of \$113. The lease has an interest rate of 0.7270%. The value of the right-to-use asset as of June 30, 2023, is \$1,234 with accumulated amortization of \$964.

On March 23, 2021, Davie County, North Carolina, entered into a 56-month lease as Lessee for the use of 2 Fiber Optic Strands. An initial lease liability was recorded in the amount of \$3,892. As of June 30, 2023, the value of the lease liability is \$2,276. Davie County is required to make monthly fixed payments of \$70. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023, is \$3,892 with accumulated amortization of \$1,647. Davie County has 4 extension option(s), each for 12 months.

On December 1, 2021, Davie County, North Carolina, entered into a 60-month lease as Lessee for the use of Tax Postage. An initial lease liability was recorded in the amount of \$8,053. As of June 30, 2023, the value of the lease liability is \$5,436. Davie County is required to make quarterly fixed payments of \$403. The lease has an interest rate of 1.9685%. The value of the right-to-use asset as of June 30, 2023, is \$8,053 with accumulated amortization of \$2,511.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On July 1, 2021, Davie County, North Carolina, entered into a 55 month lease as Lessee for the use of Sheriff Dell Computers -810-9009633-001. An initial lease liability was recorded in the amount of \$88,218. As of June 30, 2023, the value of the lease liability is \$44,391. Davie County is required to make annual fixed payments of \$22,549. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023, is \$88,218 with accumulated amortization of \$38,495.

On July 1, 2021, Davie County, North Carolina, entered into a 55 month lease as Lessee for the use of Sheriff Dell Computers -810-9009633-002. An initial lease liability was recorded in the amount of \$218,911. As of June 30, 2023, the value of the lease liability is \$110,156. Davie County is required to make annual fixed payments of \$55,954. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023, is \$218,911 with accumulated amortization of \$95,525.

Year Ending	Governmental Activities		
June 30	Principal	Interest	Total
2024	\$ 340,664	\$ 123,346	\$ 464,010
2025	346,535	117,997	464,532
2026	165,683	112,895	278,578
2027	112,759	109,854	222,613
2028	114,547	107,261	221,808
2029 - 2033	677,660	486,838	1,164,498
2034 - 2038	860,591	389,227	1,249,818
2039 - 2043	1,010,614	269,066	1,279,680
2044- 2048	1,147,838	131,842	1,279,680
2049 - 2050	437,583	10,306	447,889
Total	\$ 5,214,474	\$ 1,858,632	\$ 7,073,106

Subscriptions

For the year ended June 30, 2023, the County implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

The SBITAs qualify as other than short-term SBITAs under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception. Subscriptions in affect at the end of the prior fiscal year had their assets and liabilities initially measured at the present value of the subscription payments expected over the remaining term of the Subscription after July 1, 2022.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

On July 1, 2022, Davie County, North Carolina, entered into a 22-month subscription for the use of Barracuda Software Solution. An initial subscription liability was recorded in the amount of \$14,944. As of June 30, 2023, the value of the subscription liability is \$0. Davie County is required to make annual fixed payments of \$15,208. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of June 30, 2023 is \$14,944 with accumulated amortization of \$7,982.

On July 1, 2022, Davie County, North Carolina, entered into a 22-month subscription for the use of Esri term license software. An initial subscription liability was recorded in the amount of \$37,838. As of June 30, 2023, the value of the subscription liability is \$0. Davie County is required to make annual fixed payments of \$41,099. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of June 30, 2023 is \$37,838 with accumulated amortization of \$20,301.

On August 1, 2022, Davie County, North Carolina, entered into a 36-month subscription for the use of Hyper-Reach Platform. An initial subscription liability was recorded in the amount of \$27,895. As of June 30, 2023, the value of the subscription liability is \$18,395. Davie County is required to make annual fixed payments of \$9,500. The subscription has an interest rate of 2.1843%. The value of the right-to-use asset as of June 30, 2023 is \$27,895 with accumulated amortization of \$8,524.

On July 1, 2022, Davie County, North Carolina, entered into a 24-month subscription for the use of Logan Systems Inc. An initial subscription liability was recorded in the amount of \$8,239. As of June 30, 2023, the value of the subscription liability is \$4,154. Davie County, North Carolina, is required to make monthly fixed payments of \$350. The subscription has an interest rate of 2.0237%. The value of the right-to-use asset as of June 30, 2023 is \$8,239 with accumulated amortization of \$4,120.

On July 1, 2022, Davie County, North Carolina, entered into a 37-month subscription for the use of EPR - FireWorks Modules. An initial subscription liability was recorded in the amount of \$107,167. As of June 30, 2023, the value of the subscription liability is \$71,976. Davie County is required to make annual fixed payments of \$35,561. The subscription has an interest rate of 2.1843%. The value of the right-to-use asset as of June 30, 2023 is \$127,467 with accumulated amortization of \$40,359.

On July 1, 2022, Davie County, North Carolina, entered into a 36-month subscription for the use of Dude Solutions Capital Forecast and Facility Condition Assessments. An initial subscription liability was recorded in the amount of \$26,281. As of June 30, 2023, the value of the subscription liability is \$17,840. Davie County is required to make annual fixed payments of \$8,441. The subscription has an interest rate of 2.1843%. The value of the right-to-use asset as of June 30, 2023 is \$26,281 with accumulated amortization of \$8,760.

On July 1, 2022, Davie County, North Carolina, entered into a 30-month subscription for the use of Spatalest - AppraisalEst. An initial subscription liability was recorded in the amount of \$39,105. As of June 30, 2023, the value of the subscription liability is \$19,573. Davie County is required to make annual fixed payments of \$20,000. The subscription has an interest rate of 2.1843%. The value of the right-to-use asset as of June 30, 2023 is \$59,105 with accumulated amortization of \$23,204.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

Year Ending <u>June 30</u>	Governmental Activities		
	Principal	Interest	Total
2024	\$ 76,439	\$ 2,837	\$ 79,276
2025	55,499	1,212	56,711
Total	\$ 131,938	\$ 4,049	\$ 135,987

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, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023	Due Within One Year
Governmental Activities:					
General obligation debt - direct placements	\$ 42,775,000	\$ -	\$ 3,465,000	\$ 39,310,000	\$ 3,560,000
Unamortized premiums	4,300,864	-	475,028	3,825,836	475,029
Notes from direct placements	11,569,992	1,115,000	1,751,745	10,933,247	1,568,746
Certificates of participation - direct placement	2,524,000	-	862,000	1,662,000	842,000
Lease liabilities	5,320,470	230,613	336,609	5,214,474	340,664
Subscription liabilities	-	261,469	129,531	131,938	76,439
Net pension liability (LGERS)	3,230,971	10,093,540	-	13,324,511	-
Total OPEB Liability	7,777,911	-	72,485	7,705,426	-
Compensated absences	1,714,872	1,661,805	1,897,659	1,479,018	837,000
Total pension liability (LEOSSA)	2,049,513	240,960	-	2,290,473	-
Total governmental activities	\$ 81,263,593	\$ 13,603,387	\$ 8,990,057	\$ 85,876,923	\$ 7,699,878
Business-Type Activities:					
<i>Water and Sewer Fund</i>					
Notes from direct borrowing	\$ 14,615,479	\$ -	\$ 820,105	\$ 13,795,374	\$ 820,105
Net pension liability (LGERS)	204,744	644,269	-	849,013	-
Total OPEB Liability	496,462	83,516	-	579,978	-
Compensated absences	130,150	235,350	223,005	142,495	92,414
Total Water and Sewer Fund	15,446,835	963,135	1,043,110	15,366,860	912,519
Total business-type activities	\$ 15,446,835	\$ 963,135	\$ 1,043,110	\$ 15,366,860	\$ 912,519

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

At June 30, 2023, the County had a legal debt margin of approximately \$390,583,082.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

C. Interfund Balances and Activity

Transfers from/to other funds for the year ended June 30, 2023 consist of the following:

	<u>Transfers</u>		<u>Purpose</u>
	<u>From</u>	<u>To</u>	
Transfers From/To Other Funds:			
General Fund	\$ 3,370,804	\$ 2,786,886	to fund premium pay for employees
Capital Projects Fund	-	3,131,709	to fund future capital projects
Water and Sewer Fund	-	104,085	to fund operations
Solid Waste Fund	-	130,218	to fund operations
Internal Service Fund	-	2,396	to fund insurance costs
Coronavirus Relief Fund	2,786,886	-	
Opioid Mitigation Fund	-	2,396	
Total	<u>\$ 6,157,690</u>	<u>\$ 6,157,690</u>	

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

The due to/from other funds at June 30, 2023 consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Self-Insurance Internal Service Fund	<u>\$ 3,358,754</u>

Transaction with Component Unit

The County contributed \$32,000 to the Davie County Watershed Improvement Commission for operations.

3. Related Organizations

The Davie Economic Development Commission was established to coordinate and promote the economic development of the County. Two of the twelve Board members are appointed by the County. The Commission maintains its own accounting system. The County contributed \$172,200 to the Council during the fiscal year ended June 30, 2023.

4. Joint Ventures

The County, in conjunction with the State of North Carolina, participates in a joint venture to operate the Davidson-Davie 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 COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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-Davie County Community College's facilities. The County contributed \$736,205 and \$72,100 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2023. 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, 2023. 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, 2023. The County contributed \$54,000 to the District for the fiscal year ended June 30, 2023. 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 Surry, Yadkin, Forsyth, Iredell, Catawba, Burke, Rutherford, Cleveland, Lincoln, Gaston, Cabarrus, Stanly, and Union Counties participates in a joint venture to operate Partners Behavioral Health Management. Partners is a Local Management Entity/Managed Care Organization (LME/MCO), a governmental entity, which manages the county's mental health, intellectual/developmental disability and substance use services. The Board of Directors shall consist of 21 voting members and 2 non-voting members for a total of 23 members. Each county is represented through the appointment by the Board of County Commissioners or Commissioner Designee. The number of appointments for each county will fluctuate each fiscal year based on nominees approved by Partners Board to fill vacancies and submitted for appointments by the respective Board of County Commissioners. The organization's continued existence depends on the participating government's support. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2023. Complete financial statements for the organization may be obtained from Partners Behavioral Health Management, 901 South New Hope Road, Gastonia, North Carolina 28054.

5. Jointly Governed Organization

The County, in conjunction with four other counties and 21 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 \$12,642 to the Council during the fiscal year ended June 30, 2023.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

6. Construction Commitments

The government has several active construction projects as of June 30, 2023. At year-end, the government's commitments with contractors are as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Water System Expansion	\$ 8,010,673	\$ 22,396,684
County Courthouse Chiller Replacement	5,435	421,635
EMS Station #4 Construction	1,332,155	625,830
Detention Center Construction	1,311,255	424,064
Detention Center Camera and Intercoms	475,000	222,381
Total	<u>\$ 11,134,518</u>	<u>\$ 24,090,594</u>

7. Summary Disclosure of Significant Commitments and Contingencies

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.

8. 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.

9. Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. Davie County was awarded \$8,322,333 in American Rescue Plan Funding. The County has received the full award. The County has elected to use \$1,753,254 for premium pay, \$4,543,496 for salaries and \$3,356 for COVID-19 supplies. The remaining funds will be transferred to the appropriate funds once the intended use of the funds is determined.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

10. Restatements

For the year ended June 30, 2023, the financial statements included a prior period adjustment to beginning net position of the governmental activities on the Statement of Activities (full accrual statements) in the amount of \$2,542,230. The adjustment relates to new information on how to account for Opioid Settlement Fund receivable and allowance recognition.

For the year ended June 30, 2023, the financial statements included a prior period adjustment to beginning net position of the Water and Sewer Fund on the Statement of Revenues, Expenses and Changes in Fund Net Position in the amount of \$1,368,823. The restatement is from capital assets related to construction in progress in the fund being placed in service in excess of capitalized amounts.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

DAVIE COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning balance	\$ 2,049,513	\$ 2,004,383	\$ 1,548,394	\$ 1,230,202
Service cost	113,818	108,882	74,876	72,344
Interest on the total pension liability	40,948	41,291	48,998	43,956
Difference between expected and actual experience in the measurement of the total pension liability	384,622	(582)	259,061	202,235
Changes of assumptions or other inputs	(171,127)	8,957	163,814	44,908
Benefit payments	<u>(127,301)</u>	<u>(113,418)</u>	<u>(90,760)</u>	<u>(45,251)</u>
Ending balance of the total pension liability	<u>\$ 2,290,473</u>	<u>\$ 2,049,513</u>	<u>\$ 2,004,383</u>	<u>\$ 1,548,394</u>

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

Pension schedules in the required supplementary information are intended to present information for ten years. Additional years' information will be displayed as it becomes available.

DAVIE COUNTY, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE LAST SEVEN FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,177,576	\$ 977,000	\$ 977,000
Service cost	74,045	58,265	58,265
Interest on the total pension liability	36,603	37,465	37,465
Difference between expected and actual experience in the measurement of the total pension liability	31,126	36,659	36,659
Changes of assumptions or other inputs	(50,660)	80,980	80,980
Benefit payments	<u>(38,488)</u>	<u>(12,793)</u>	<u>(12,793)</u>
Ending balance of the total pension liability	<u>\$ 1,230,202</u>	<u>\$ 1,177,576</u>	<u>\$ 1,177,576</u>

DAVIE COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A
PERCENTAGE OF COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE LAST SEVEN FISCAL YEARS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 2,290,473	\$ 2,049,513	\$ 2,004,383	\$ 1,548,394
Covered-employee payroll	3,998,735	2,860,296	2,860,296	2,860,601
Total pension liability as a percentage of covered-employee payroll	57.28%	71.65%	70.08%	54.13%

Notes to the Schedules:

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

Pension schedules in the required supplementary information are intended to present information for ten years. Additional years' information will be displayed as it becomes available.

DAVIE COUNTY, NORTH CAROLINA

**SCHEDULE OF TOTAL PENSION LIABILITY AS A
PERCENTAGE OF COVERED-EMPLOYEE PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE LAST SEVEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,230,202	\$ 1,177,576	\$ 977,000
Covered-employee payroll	2,781,841	2,578,802	2,429,565
Total pension liability as a percentage of covered-employee payroll	44.22%	45.66%	40.21%

DAVIE COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS

Schedule of Changes in the Total OPEB Liability and Related Ratios

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Service cost at end of year	\$ 570,306	\$ 545,674	\$ 350,164
Interest	176,221	167,839	227,458
Difference between expected and actual experience	291,807	60,911	(41,858)
Changes of assumptions or other inputs	(724,281)	39,969	781,980
Benefit payments and implicit subsidy credit	<u>(303,022)</u>	<u>(269,051)</u>	<u>(175,034)</u>
Net change in total OPEB liability	11,031	545,342	1,142,710
Total OPEB liability - beginning	<u>8,274,373</u>	<u>7,729,031</u>	<u>6,586,321</u>
Total OPEB liability - ending	<u>\$ 8,285,404</u>	<u>\$ 8,274,373</u>	<u>\$ 7,729,031</u>
Covered-employee payroll	\$16,524,217	\$15,247,814	\$15,247,814
Total OPEB liability as a percentage of covered-employee payroll	50.14%	54.27%	50.69%

Notes to Schedule:

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

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%
2022	2.16%
2023	3.69%

Pension schedules in the required supplementary information are intended to present information for ten years. Additional years' information will be displayed as it becomes available.

DAVIE COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS

Schedule of Changes in the Total OPEB Liability and Related Ratios

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost at end of year	\$ 338,323	\$ 279,702	\$ 303,012
Interest	222,328	173,588	151,622
Difference between expected and actual experience	213,873	639,556	(20,658)
Changes of assumptions or other inputs	272,174	145,523	(315,422)
Benefit payments and implicit subsidy credit	<u>(348,181)</u>	<u>(449,346)</u>	<u>(113,236)</u>
Net change in total OPEB liability	698,517	789,023	5,318
Total OPEB liability - beginning	<u>5,887,804</u>	<u>5,098,781</u>	-
Total OPEB liability - ending	<u>\$ 6,586,321</u>	<u>\$ 5,887,804</u>	<u>\$ 5,098,781</u>
Covered-employee payroll	\$13,907,651	\$13,907,651	\$12,895,580
Total OPEB liability as a percentage of covered-employee payroll	47.36%	42.33%	39.54%

DAVIE COUNTY, NORTH CAROLINA

**DAVIE COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS***

	Local Governmental Employees' Retirement System				
	2023	2022	2021	2020	2019
Proportion of the net pension liability (asset) (%)	0.25124%	0.22403%	0.21771%	0.22536%	0.22772%
Proportion of the net pension liability (asset) (\$)	\$14,173,524	\$ 3,435,715	\$ 7,779,706	\$ 6,154,406	\$ 5,402,297
Covered payroll	\$18,632,901	\$16,434,047	\$15,658,672	\$14,822,680	\$14,262,056
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	76.07%	20.91%	49.68%	41.52%	37.88%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%

* 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 PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS*

	Local Governmental Employees' Retirement System				
	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset) (%)	0.22227%	0.22739%	0.22178%	0.21736%	0.23290%
Proportion of the net pension liability (asset) (\$)	\$ 3,395,670	\$ 4,825,977	\$ 995,334	\$ (1,281,872)	\$ 2,807,339
Covered payroll	\$13,312,927	\$12,936,172	\$12,598,405	\$12,060,535	\$11,593,129
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	25.51%	37.31%	7.90%	(10.63%)	24.22%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

DAVIE COUNTY, NORTH CAROLINA

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

Local Governmental Employees' Retirement System					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 2,555,420	\$ 2,130,887	\$ 1,666,758	\$ 1,419,881	\$ 1,169,408
Contributions in relation to the contractually required contribution	<u>2,555,420</u>	<u>2,130,887</u>	<u>1,666,758</u>	<u>1,419,881</u>	<u>1,169,408</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 20,871,888	\$ 18,632,901	\$ 16,434,047	\$ 15,658,672	\$ 14,822,680
Contributions as a percentage of covered payroll	12.24%	11.44%	10.14%	9.07%	7.89%

DAVIE COUNTY, NORTH CAROLINA

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

Local Governmental Employees' Retirement System					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,090,295	\$ 991,110	\$ 876,944	\$ 890,745	\$ 851,104
Contributions in relation to the contractually required contribution	<u>1,090,295</u>	<u>991,110</u>	<u>876,944</u>	<u>890,745</u>	<u>851,104</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 14,262,056	\$ 13,312,927	\$ 12,936,172	\$ 12,598,405	\$ 12,060,535
Contributions as a percentage of covered payroll	7.64%	7.44%	6.78%	7.07%	7.06%

DAVIE COUNTY, NORTH CAROLINA

**DAVIE COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS***

	Register of Deeds' Supplemental Pension Fund				
	2023	2022	2021	2020	2019
Proportion of the net pension liability (asset) (%)	0.39327%	0.36492%	0.39573%	0.36493%	0.37849%
Proportion of the net pension liability (asset) (\$)	\$ (52,069)	\$ (70,112)	\$ (90,693)	\$ (72,044)	\$ (662,689)
Plan fiduciary net position as a percentage of the total pension liability**	139.04%	156.53%	173.62%	164.11%	153.31%

* 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 ROD plan.

DAVIE COUNTY, NORTH CAROLINA

**DAVIE COUNTY'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS***

	Register of Deeds' Supplemental Pension Fund				
	2018	2017	2016	2015	2,014
Proportion of the net pension liability (asset) (%)	0.42516%	0.40919%	0.42021%	0.40000%	0.39000%
Proportion of the net pension liability (asset) (\$)	\$ (72,571)	\$ (76,502)	\$ (97,379)	\$ (90,657)	\$ (83,261)
Plan fiduciary net position as a percentage of the total pension liability**	153.77%	160.17%	197.29%	193.88%	190.50%

DAVIE COUNTY, NORTH CAROLINA

DAVIE COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

	<u>Register of Deeds' Supplemental Pension Fund</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 3,726	\$ 4,508	\$ 4,489	\$ 3,789	\$ 3,469
Contributions in relation to the contractually required contribution	<u>3,726</u>	<u>4,508</u>	<u>4,489</u>	<u>3,789</u>	<u>3,469</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DAVIE COUNTY, NORTH CAROLINA

DAVIE COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

	<u>Register of Deeds' Supplemental Pension Fund</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 5,654	\$ 3,694	\$ 3,343	\$ 3,363	\$ 3,266
Contributions in relation to the contractually required contribution	<u>5,654</u>	<u>3,694</u>	<u>3,343</u>	<u>3,363</u>	<u>3,266</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 44,504,235	\$ 42,982,580	\$ (1,521,655)
Penalties and interest	100,000	243,192	143,192
Total	<u>44,604,235</u>	<u>43,225,772</u>	<u>(1,378,463)</u>
Other Taxes:			
Local Option Sales Tax:			
Article 39 - one percent	4,743,946	5,914,573	1,170,627
Article 40 - one-half of one percent	3,300,000	4,047,346	747,346
Article 42 - one-half of one percent	3,300,000	3,294,044	(5,956)
Article 44 - one-half of one percent	1,150,000	1,451,434	301,434
Total	<u>12,493,946</u>	<u>14,707,397</u>	<u>2,213,451</u>
Occupancy Tax	<u>180,000</u>	<u>170,741</u>	<u>(9,259)</u>
Unrestricted Intergovernmental Revenues:			
Hold Harmless revenue	1,759,312	1,759,312	-
Beer and wine tax	145,000	149,560	4,560
Towns of Mocksville, Cooleemee, and fire department reimbursement	471,966	414,103	(57,863)
Total	<u>2,376,278</u>	<u>2,322,975</u>	<u>(53,303)</u>
Restricted Intergovernmental Revenues:			
Federal and state grants	9,166,053	8,070,833	(1,095,220)
Court facilities fees	490,800	474,318	(16,482)
Controlled substance tax	-	8,152	8,152
Crime prevention	20,423	237,741	217,318
Representative Payee Fund	-	63,060	63,060
Total	<u>9,677,276</u>	<u>8,854,104</u>	<u>(823,172)</u>
Sales and Services:			
Emergency medical service fees	2,733,442	2,918,642	185,200
Health fees	148,525	159,602	11,077
Other fees	33,894	62,254	28,360
Rents	117,000	98,874	(18,126)
Tax collection fees	20,500	31,002	10,502
Health - client and third-party fees	1,353,176	2,323,280	970,104
Total	<u>4,406,537</u>	<u>5,593,654</u>	<u>1,187,117</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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Licenses and Permits:			
Building permits	302,916	592,734	289,818
Inspection and other related fees	220,500	342,879	122,379
Other permits and fees	64,985	45,284	(19,701)
Register of Deeds	485,000	564,811	79,811
Total	<u>1,073,401</u>	<u>1,545,708</u>	<u>472,307</u>
Investment Earnings	<u>6,000</u>	<u>897,078</u>	<u>891,078</u>
Miscellaneous Revenues:			
Other revenues	1,272,295	1,308,184	35,889
Library - gifts, fines and fees	42,564	41,899	(665)
Total	<u>1,314,859</u>	<u>1,350,083</u>	<u>35,224</u>
Total revenues	<u>76,132,532</u>	<u>78,667,512</u>	<u>2,534,980</u>
Expenditures:			
General Government:			
Governing Board:			
Salaries and employee benefits	98,583	91,881	
Other operating expenditures	356,084	267,422	
Total	<u>454,667</u>	<u>359,303</u>	<u>95,364</u>
Administration:			
Salaries and benefits	809,075	523,119	
Other operating expenditures	654,245	565,898	
Total	<u>1,463,320</u>	<u>1,089,017</u>	<u>374,303</u>
Human Resources:			
Operating expenditures	<u>59,773</u>	<u>49,990</u>	<u>9,783</u>
Elections:			
Salaries and employee benefits	200,010	175,968	
Other operating expenditures	129,594	124,504	
Total	<u>329,604</u>	<u>300,472</u>	<u>29,132</u>
Finance:			
Salaries and employee benefits	732,228	726,428	
Other operating expenditures	88,832	86,063	
Total	<u>821,060</u>	<u>812,491</u>	<u>8,569</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, 2023**

	Final Budget	Actual	Variance Over/Under
Data Processing:			
Salaries and employee benefits	655,294	643,463	
Other operating expenditures	1,080,357	818,687	
Total	1,735,651	1,542,827	192,824
Taxes:			
Salaries and employee benefits	603,712	589,270	
Other operating expenditures	351,608	363,415	
Total	955,320	952,685	2,635
Revaluation:			
Salaries and employee benefits	310,350	308,631	
Other operating expenditures	42,418	2,565	
Total	352,768	370,301	(17,533)
Legal:			
Contracted services	548,884	520,834	
Other operating expenditures	3,550	2,285	
Total	552,434	523,119	29,315
Register of Deeds:			
Salaries and employee benefits	312,379	307,043	
Other operating expenditures	103,192	59,451	
Total	415,571	374,733	40,838
Public Buildings:			
Salaries and employee benefits	653,657	638,044	
Other operating expenditures	3,187,043	2,190,305	
Capital outlay	781,591	558,916	
Total	4,622,291	3,387,265	1,235,026
Court Facilities:			
Operating expenditures	171,667	152,804	
Capital outlay	19,333	19,333	
Total	191,000	172,137	18,863
DAVIENET:			
Operating expenditures	21,000	7,101	
Capital outlay	8,500	-	
Total	29,500	7,101	22,399

DAVIE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Project Management:			
Other operating expenditures	16,000	15,977	
Total	<u>16,000</u>	<u>15,977</u>	23
Contributions to other agencies	<u>712,815</u>	<u>410,454</u>	<u>302,361</u>
Total general government	<u>12,711,774</u>	<u>10,367,872</u>	<u>2,343,902</u>
Public Safety:			
Sheriff:			
Salaries and employee benefits	7,339,053	7,255,510	
Other operating expenditures	1,873,100	1,623,987	
Capital outlay	<u>801,394</u>	<u>792,603</u>	
Total	<u>10,013,547</u>	<u>9,672,100</u>	<u>341,447</u>
Jail:			
Salaries and employee benefits	1,807,402	1,620,796	
Other operating expenditures	<u>828,386</u>	<u>826,997</u>	
Total	<u>2,635,788</u>	<u>2,447,793</u>	<u>187,995</u>
Detention - Opioid Response:			
Salaries and employee benefits	72,843	65,515	
Other operating expenditures	<u>14,700</u>	<u>13,726</u>	
Total	<u>87,543</u>	<u>79,241</u>	<u>8,302</u>
Davie Domestic Violence Service:			
Salaries and employee benefits	262,580	230,798	
Other operating expenditures	<u>67,119</u>	<u>62,495</u>	
Total	<u>329,699</u>	<u>293,293</u>	<u>36,406</u>
Davie Domestic Violence United Way:			
Salaries and employee benefits	2,972	2,968	
Other operating expenditures	<u>246</u>	<u>20</u>	
Total	<u>3,218</u>	<u>2,988</u>	<u>230</u>
Displaced Homemakers:			
Salaries and employee benefits	<u>19,759</u>	<u>19,757</u>	
Total	<u>19,759</u>	<u>19,757</u>	<u>2</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, 2023

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Fire:			
Salaries and employee benefits	437,559	392,447	
Other operating expenditures	157,611	97,622	
Assistance to local fire departments	3,651,439	3,651,439	
Capital outlay	7,089	134,556	
Total	<u>4,253,698</u>	<u>4,276,064</u>	<u>(22,366)</u>
Inspections:			
Salaries and employee benefits	686,537	561,100	
Other operating expenditures	90,514	71,396	
Capital outlay	44,000	28,820	
Total	<u>821,051</u>	<u>661,316</u>	<u>159,735</u>
Medical Examiner:			
Salaries and employee benefits	4,700	3,118	
Professional services	50,150	49,973	
Total	<u>54,850</u>	<u>53,091</u>	<u>1,759</u>
Convalescent Care Unit:			
Salaries and employee benefits	341,884	295,239	
Other operating expenditures	56,550	28,286	
Capital outlay	128,950	128,950	
Total	<u>527,384</u>	<u>452,475</u>	<u>74,909</u>
Emergency Medical Service:			
Salaries and employee benefits	4,267,391	4,063,969	
Other operating expenditures	1,059,068	988,627	
Capital outlay	702,625	318,645	
Total	<u>6,029,084</u>	<u>5,371,241</u>	<u>657,843</u>
Emergency Management:			
Other operating expenditures	250,000	250,000	-
Animal Protection:			
Salaries and employee benefits	457,108	430,322	
Operating expenditures	59,440	35,869	
Total	<u>516,548</u>	<u>466,191</u>	<u>50,357</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, 2023**

	Final Budget	Actual	Variance Over/Under
Communication:			
Salaries and employee benefits	1,145,757	1,042,108	
Other operating expenditures	178,339	111,305	
Capital outlay	17,702	17,701	
Total	1,341,798	1,171,114	170,684
 Total public safety	 26,883,967	 25,216,664	 1,667,303
 Environmental Protection:			
 Contributions to Other Agencies:			
Forestry service	73,200	69,469	3,731
 Economic and Physical Development:			
Planning and Zoning:			
Salaries and employee benefits	254,569	137,949	
Other operating expenditures	51,203	9,701	
Total	305,772	147,650	158,122
 Agricultural Extension:			
Salaries and employee benefits	2,393	724	
Operating expenditures	285,504	255,260	
Total	287,897	255,984	31,913
 Contributions to other agencies	 212,700	 92,700	 120,000
 Total economic and physical development	 806,369	 496,334	 310,035
 Health:			
Administration-Basic Programs:			
Salaries and employee benefits	150,582	119,577	
Other operating expenditures	62,439	32,553	
Capital outlay	3,203	3,203	
Total	216,224	155,333	60,891
 Clinical Services:			
Other operating expenditures	22,700	13,422	
Total	22,700	13,422	9,278

DAVIE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Family Planning:			
Salaries and employee benefits	263,424	238,900	
Other operating expenditures	<u>164,371</u>	<u>113,454</u>	
Total	<u>427,795</u>	<u>352,354</u>	<u>75,441</u>
Adolescent Pregnancy Prevention:			
Other operating expenditures	<u>25,375</u>	<u>16,120</u>	
Total	<u>25,375</u>	<u>16,120</u>	<u>9,255</u>
Maternal and Child Health:			
Salaries and employee benefits	950,894	900,693	
Other operating expenditures	<u>288,160</u>	<u>178,130</u>	
Total	<u>1,239,054</u>	<u>1,078,823</u>	<u>160,231</u>
Women, Infants, and Children:			
Salaries and employee benefits	211,521	128,234	
Other operating expenditures	<u>94,610</u>	<u>52,726</u>	
Total	<u>306,131</u>	<u>180,960</u>	<u>125,171</u>
Environmental Health:			
Salaries and employee benefits	539,749	464,997	
Other operating expenditures	74,910	64,794	
Capital outlay	<u>35,165</u>	<u>33,756</u>	
Total	<u>649,824</u>	<u>563,547</u>	<u>86,277</u>
Health - Other:			
Salaries and employee benefits	851,476	725,438	
Other operating expenditures	772,348	287,232	
Capital outlay	<u>238,385</u>	<u>11,456</u>	
Total	<u>1,862,209</u>	<u>1,024,126</u>	<u>838,083</u>
Total health	<u>4,749,312</u>	<u>3,384,685</u>	<u>1,364,627</u>
Social Services:			
Administration:			
Salaries and employee benefits	5,428,846	4,495,745	
Other operating expenditures	2,466,224	1,811,296	
Capital outlay	<u>64,087</u>	<u>64,086</u>	
Total	<u>7,959,157</u>	<u>6,371,127</u>	<u>1,588,030</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, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Foster Care Support:			
Salaries and employee benefits	55,121	24,291	
Other operating expenditures	15	-	
Total	<u>55,136</u>	<u>24,291</u>	<u>30,845</u>
 Total social services	 <u>8,014,293</u>	 <u>6,465,117</u>	 <u>1,549,176</u>
Veteran's Service Officer:			
Salaries and employee benefits	75,311	71,963	
Other operating expenditures	4,370	3,880	
Total	<u>79,681</u>	<u>75,843</u>	<u>3,838</u>
Senior Center:			
Salaries and employee benefits	710,793	622,170	
Other operating expenditures	711,390	537,634	
Total	<u>1,422,183</u>	<u>1,159,804</u>	<u>262,379</u>
Contributions to other agencies	<u>218,026</u>	<u>218,026</u>	<u>-</u>
Total human services	<u>14,483,495</u>	<u>11,303,475</u>	<u>3,180,020</u>
Cultural and Recreational:			
Recreation:			
Operating expenditures	148,667	143,591	
Total	<u>148,667</u>	<u>143,591</u>	<u>5,076</u>
Recreation and Parks:			
Salaries and employee benefits	409,633	324,845	
Operating expenditures	579,979	413,264	
Capital outlay	102,220	67,377	
Total	<u>1,091,832</u>	<u>805,486</u>	<u>286,346</u>
Library:			
Salaries and employee benefits	645,094	559,493	
Other operating expenditures	248,077	174,238	
Total	<u>893,171</u>	<u>733,731</u>	<u>159,440</u>
Contribution to other agencies	<u>271,320</u>	<u>262,811</u>	<u>8,509</u>
Total cultural and recreational	<u>2,404,990</u>	<u>1,945,619</u>	<u>459,371</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, 2023**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Education:			
Public schools - current expense	12,975,194	12,975,194	
Capital outlay - one-half cent tax	3,000,000	2,980,054	
Capital outlay - State and local	200,000	-	
Community College	808,305	808,305	
Contributions to other agencies:			
JCPC	154,745	132,268	
Ignite Davie	35,000	35,000	
Total education	<u>17,173,244</u>	<u>16,930,821</u>	<u>242,423</u>
Debt Service:			
Principal retirement	6,061,285	6,544,885	(483,600)
Interest and fees	2,557,173	2,180,881	376,292
Total debt service	<u>8,618,458</u>	<u>8,725,766</u>	<u>(107,308)</u>
Contingency	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total expenditures	<u>83,255,497</u>	<u>75,056,020</u>	<u>8,199,477</u>
Revenues over (under) expenditures	<u>(7,122,965)</u>	<u>3,611,492</u>	<u>10,734,457</u>
Other Financing Sources (Uses):			
Operating transfers to other funds:			
Capital Projects Fund	(3,131,709)	(3,131,709)	-
Special revenue funds	(91,142)	(2,396)	88,746
Solid Waste Fund	(225,000)	(130,218)	94,782
Water and Sewer Fund	(104,085)	(104,085)	-
Employee Health Fund	(2,396)	(2,396)	-
Total operating transfers to other funds	<u>(3,554,332)</u>	<u>(3,370,804)</u>	<u>183,528</u>
Operating transfers from other funds:			
Special revenue funds	<u>2,786,886</u>	<u>2,786,886</u>	<u>-</u>
Proceeds from sale of capital assets	-	35,608	35,608
Lease liability issued	230,613	230,613	-
Subscription liability issued	-	261,469	261,469
Proceeds from installment debt	1,155,854	1,115,000	(40,854)
Total other financing sources (uses)	<u>619,021</u>	<u>1,058,772</u>	<u>439,751</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, 2023**

	Final Budget	Actual	Variance Over/Under
Revenues and other financing sources over (under) expenditures and other financing uses	(6,503,944)	4,670,264	11,174,208
Appropriated fund balance	6,503,944	-	(6,503,944)
Net change in fund balance	\$ -	4,670,264	\$ 4,670,264
Fund Balance:			
Beginning of year - July 1		20,273,772	
End of year - June 30		\$ 24,944,036	

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, 2023

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental:					
Scattered Site Housing 2010	\$ 400,000	\$ 401,000	\$ -	\$ 401,000	\$ 1,000
Single Family Rehabilitation 2010	526,624	528,666	-	528,666	2,042
JP Green Milling Company CDBG grant	90,000	90,000	-	90,000	-
Ashley Furniture - CDBG	712,595	712,595	-	712,595	-
Ashley Furniture - Rural Center	1,230,100	1,230,100	-	1,230,100	-
Ashley Furniture - Golden Leaf	2,500,000	2,500,000	-	2,500,000	-
Ashley Furniture - One NC Fund	1,662,000	825,000	-	825,000	(837,000)
State Superfund Cleanup Grant - oil mitigation	1,564,159	1,347,031	43,279	1,390,310	(173,849)
2012 Urgent Repair grant	75,000	73,793	-	73,793	(1,207)
NC Commerce - CDBG	27,476	25,159	-	25,159	(2,317)
Gildan Project - Golden Leaf grant	1,000,000	1,000,000	-	1,000,000	-
NC Education Lottery	2,000,000	1,831,772	-	1,831,772	(168,228)
NC DOT - Roadways Adjacent to Schools	547,199	547,199	-	547,199	-
NC State Appropriations	250,000	250,000	-	250,000	-
NC Department of Information Technology grant	517,599	232,767	-	232,767	(284,832)
NC State Grant Funds	2,300,000	1,350,000	950,000	2,300,000	-
Parks and Recreation Trust Fund grant	365,000	365,000	-	365,000	-
Total restricted intergovernmental	<u>15,767,752</u>	<u>13,310,082</u>	<u>993,279</u>	<u>14,303,361</u>	<u>(1,464,391)</u>
Investment earnings:					
Recreation building	-	19,175	402	19,577	19,577
Urgent Repair program	-	131	-	131	131
Oil spill mitigation	-	6,639	-	6,639	6,639
Interest on Investment Bonds	18,176	28,681	-	28,681	10,505
Total investment earnings	<u>18,176</u>	<u>54,626</u>	<u>402</u>	<u>55,028</u>	<u>36,852</u>
Miscellaneous:					
Mebane Charitable Trust Foundation	25,000	-	-	-	(25,000)
Ashley Furniture lease proceeds	2,500,000	2,500,000	-	2,500,000	-
Gildan lease proceeds	1,000,000	1,001,546	-	1,001,546	1,546
Davie Economic Development (Dunlop)	25,000	25,000	-	25,000	-
Davie Economic Development (Ashley)	24,000	24,000	-	24,000	-
Sponsorship	55,025	55,025	-	55,025	-
Total miscellaneous	<u>3,629,025</u>	<u>3,605,571</u>	<u>-</u>	<u>3,605,571</u>	<u>(23,454)</u>
Total revenues	<u>19,414,953</u>	<u>16,970,279</u>	<u>993,681</u>	<u>17,963,960</u>	<u>(1,450,993)</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, 2023

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Expenditures:					
General Government:					
Commerce Fellows	27,746	25,159	-	25,159	2,587
Senior Center Portico	124,179	124,179	-	124,179	-
Admin Building Capital Project	968,412	789,379	-	789,379	179,033
Brock Capital Project	918,821	469,744	-	469,744	449,077
Davie County Community Park	8,244,162	7,271,420	-	7,271,420	972,742
HHS/Sheriff Leasehold Improvements	8,854,150	8,767,680	-	8,767,680	86,470
Hospital	854,649	854,649	-	854,649	-
Facility Needs Study	838,600	446,614	202,638	649,252	189,348
Election Equipment	607,701	607,701	-	607,701	-
EMS Station 4	1,773,374	-	1,332,155	1,332,155	441,219
Parking Lot Paving	500,000	-	284,974	284,974	215,026
Medical Examiner's Room	515,000	131,525	-	131,525	383,475
Detention Center	2,200,000	1,308,755	2,500	1,311,255	888,745
Total general government	<u>26,426,794</u>	<u>20,796,805</u>	<u>1,822,267</u>	<u>22,619,072</u>	<u>3,807,722</u>
Public safety:					
Viper VHF Comm Project	2,801,426	2,665,653	-	2,665,653	135,773
Computer Aided Dispatch Project	1,987,720	1,223,285	548,956	1,772,241	215,479
Jail Update 2022 & 2023 Project	486,469	-	252,619	252,619	233,850
Courthouse Capital Project	2,193,082	870,715	667,918	1,538,633	654,449
EMS Station 2	1,038,528	975,211	-	975,211	63,317
Animal control building	<u>476,626</u>	<u>476,626</u>	<u>-</u>	<u>476,626</u>	<u>-</u>
Total public safety	<u>8,983,851</u>	<u>6,211,490</u>	<u>1,469,493</u>	<u>7,680,983</u>	<u>1,302,868</u>
Environmental protection:					
Oil spill mitigation	<u>1,707,430</u>	<u>1,657,912</u>	<u>49,518</u>	<u>1,707,430</u>	<u>-</u>
Economic and physical development:					
Ashley Furniture	8,666,200	7,822,988	-	7,822,988	843,212
JP Green Milling Company grant	113,500	113,500	-	113,500	-
Gildan Golden Leaf project	3,374,130	3,374,130	-	3,374,130	-
Dunlop Tyres	<u>525,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>525,000</u>
Total economic and physical development	<u>12,678,830</u>	<u>11,310,618</u>	<u>-</u>	<u>11,310,618</u>	<u>1,368,212</u>
Human services:					
Single Family Rehabilitation 2010	526,624	524,897	-	524,897	1,727
2012 Urgent Repair program	75,000	74,008	-	74,008	992
Scattered Site Housing 2010	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>-</u>
Total human services	<u>1,001,624</u>	<u>998,905</u>	<u>-</u>	<u>998,905</u>	<u>2,719</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, 2023

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Cultural and recreational:					
Recreation buildings	150,000	31,413	-	31,413	118,587
Davie Little League	300,000	300,000	-	300,000	-
Davie County Community Park PARTF	<u>847,560</u>	<u>721,093</u>	-	<u>721,093</u>	<u>126,467</u>
Total cultural and recreational	<u>1,297,560</u>	<u>1,052,506</u>	-	<u>1,052,506</u>	<u>245,054</u>
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
Davidson Community College - Davie Campus	2,825,000	-	-	-	2,825,000
Davie County High School	64,122,513	63,969,348	-	63,969,348	153,165
Central Davie renovation	<u>613,800</u>	<u>613,800</u>	-	<u>613,800</u>	-
Total education	<u>68,922,565</u>	<u>65,830,350</u>	-	<u>65,830,350</u>	<u>3,092,215</u>
Total expenditures	<u>121,018,654</u>	<u>107,858,586</u>	<u>3,341,278</u>	<u>111,199,864</u>	<u>9,818,790</u>
Revenues over (under) expenditures	<u>(101,603,701)</u>	<u>(90,888,307)</u>	<u>(2,347,597)</u>	<u>(93,235,904)</u>	<u>8,367,797</u>
Other Financing Sources (Uses):					
Operating transfers in (out):					
From General Fund	31,729,502	24,810,993	3,131,709	27,942,702	(3,786,800)
To General Fund	(9,180,497)	(8,735,736)	-	(8,735,736)	444,761
Proceeds from debt:					
Installment debt proceeds	10,311,789	12,518,789	-	12,518,789	2,207,000
Bond proceeds	59,500,000	59,500,000	-	59,500,000	-
Bond premium	7,242,907	7,270,247	-	7,270,247	27,340
USDA loan proceeds	<u>2,000,000</u>	<u>2,000,000</u>	-	<u>2,000,000</u>	-
Total other financing sources (uses)	<u>101,603,701</u>	<u>97,364,293</u>	<u>3,131,709</u>	<u>100,496,002</u>	<u>(1,107,699)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 6,475,986</u>	784,112	<u>\$ 7,260,098</u>	<u>\$ 7,260,098</u>
Fund Balance:					
Beginning of year - July 1			<u>6,424,025</u>		
End of year - June 30			<u>\$ 7,208,137</u>		

DAVIE COUNTY, NORTH CAROLINA

CORONAVIRUS RELIEF FUND - MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 8,319,858	\$ 3,782,061	\$ 2,786,886	\$ 6,568,947	\$ (1,750,911)
Expenditures:					
Salaries & benefits	1,411,002	1,410,325	-	1,410,325	(677)
Other operating expense	310,219	309,666	-	309,666	(553)
Capital outlay	308,900	308,816	-	308,816	(84)
Total expenditures	<u>2,030,121</u>	<u>2,028,807</u>	<u>-</u>	<u>2,028,807</u>	<u>(1,314)</u>
Revenues over (under) expenditures	<u>6,289,737</u>	<u>1,753,254</u>	<u>2,786,886</u>	<u>4,540,140</u>	<u>(1,749,597)</u>
Other Financing Sources (Uses):					
Transfers in (out):					
To General Fund	(9,563,879)	(1,709,914)	(2,786,886)	(4,496,800)	5,067,079
To Water and Sewer	(40,363)	(40,363)	-	(40,363)	-
To Self-Insurance Internal Service	(2,977)	(2,977)	-	(2,977)	-
From General Fund	<u>3,317,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,317,482)</u>
Total other financing sources (uses)	<u>(6,289,737)</u>	<u>(1,753,254)</u>	<u>(2,786,886)</u>	<u>(4,540,140)</u>	<u>1,749,597</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

DAVIE COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	<u>Special Revenue Funds</u>		
	<u>Emergency Telephone System Fund</u>	<u>Fire District Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 961,825	\$ 6,198	\$ 968,023
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 788	\$ 6,198	\$ 6,986
Fund Balances:			
Restricted:			
Restricted, all other	961,037	-	961,037
Total liabilities and fund balances	\$ 961,825	\$ 6,198	\$ 968,023

DAVIE COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Special Revenue Funds</u>		
	<u>Emergency Telephone System Fund</u>	<u>Fire District Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Ad valorem taxes	\$ -	\$ 535,449	\$ 535,449
Restricted intergovernmental revenues	138,949	-	138,949
Interest on investments	122	-	122
Total revenues	<u>139,071</u>	<u>535,449</u>	<u>674,520</u>
Expenditures:			
Current:			
Public safety	<u>96,978</u>	<u>535,449</u>	<u>632,427</u>
Net change in fund balances	42,093	-	42,093
Fund Balances:			
Beginning of year - July 1	<u>918,944</u>	<u>-</u>	<u>918,944</u>
End of year - June 30	<u>\$ 961,037</u>	<u>\$ -</u>	<u>\$ 961,037</u>

DAVIE COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 138,948	\$ 138,949	\$ 1
Interest on investments	250	122	(128)
Total revenues	<u>139,198</u>	<u>139,071</u>	<u>(127)</u>
Expenditures:			
Phone & furniture	56,019	23,833	32,186
Software	103,573	44,065	59,508
Hardware	49,144	20,908	28,236
Training	19,208	8,172	11,036
Total expenditures	<u>227,944</u>	<u>96,978</u>	<u>130,966</u>
Revenues over (under) expenditures	(88,746)	42,093	130,839
Other Financing Sources (Uses):			
Transfer from General Fund	<u>88,746</u>	-	<u>88,746</u>
Net change in fund balance	<u>\$ -</u>	42,093	<u>\$ 42,093</u>
Fund Balance:			
Beginning of year - July 1		<u>918,944</u>	
End of year - June 30		<u>\$ 961,037</u>	

DAVIE COUNTY, NORTH CAROLINA**EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE
PSAP RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2023**

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	\$ 961,037
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning Fund Balance - Budget-to-Actual vs. PSAP report)	<u>(720,103)</u>
Ending balance, PSAP Revenue - Expenditure Report	<u><u>\$ 240,934</u></u>

DAVIE COUNTY, NORTH CAROLINA

**FIRE DISTRICT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 541,705	\$ 535,449	\$ (6,256)
Expenditures:			
Public safety:			
Advance Rural Fire Protection District	541,705	535,449	6,256
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>-</u>	
End of year - June 30		<u>\$ -</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating Revenues:			
Charges for services:			
Water sales	\$ 5,060,000	\$ 5,457,507	\$ 397,507
Sewer charges	420,000	856,182	436,182
East Davie sewer charges	1,064,800	1,339,432	274,632
Water and sewer taps	125,500	269,125	143,625
East Davie fees	500	22,824	22,324
Miscellaneous charges	129,000	185,709	56,709
Total	<u>6,799,800</u>	<u>8,130,779</u>	<u>1,330,979</u>
Non-Operating Revenues:			
Federal grant revenues	794,570	4,846,775	4,052,205
Interest earnings	1,000	1,783	783
Total	<u>795,570</u>	<u>4,848,558</u>	<u>4,052,988</u>
Total revenues	<u>7,595,370</u>	<u>12,979,337</u>	<u>5,383,967</u>
Expenditures:			
Administration:			
Salaries and employee benefits		384,650	
Other operating expenditures		128,444	
Total	<u>542,682</u>	<u>513,094</u>	<u>29,588</u>
Water Operations:			
Salaries and employee benefits		854,852	
Utilities		26,004	
Maintenance		322,770	
Other operating expenditures		295,180	
Total	<u>1,589,471</u>	<u>1,498,806</u>	<u>90,665</u>
Water Treatment Plant:			
Salaries and employee benefits		715,385	
Utilities		209,639	
Maintenance		409,423	
Chemicals		438,476	
Supplies		20,865	
Other operating expenditures		234,308	
Total	<u>2,207,647</u>	<u>2,028,096</u>	<u>179,551</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Waste Treatment Plant:			
Salaries and employee benefits		97,652	
Utilities		74,647	
Maintenance		604,191	
Other operating expenditures		<u>71,768</u>	
Total	<u>1,064,988</u>	<u>848,258</u>	<u>216,730</u>
Waste Treatment Plant - East Davie:			
Salaries and employee benefits		84,105	
Utilities		46,156	
Maintenance		42,674	
Other operating expenditures		<u>948,523</u>	
Total	<u>1,359,528</u>	<u>1,121,458</u>	<u>238,070</u>
Debt Service:			
Interest and fees	238,405	198,670	39,735
Debt principal	<u>820,105</u>	<u>820,105</u>	<u>-</u>
Total	<u>1,058,510</u>	<u>1,018,775</u>	<u>39,735</u>
Capital Outlay:			
Improvements	<u>183,500</u>	<u>99,460</u>	<u>84,040</u>
Total	<u>183,500</u>	<u>99,460</u>	<u>84,040</u>
Contingency	<u>(1,224,871)</u>	<u>-</u>	<u>(1,224,871)</u>
Total expenditures	<u>6,781,455</u>	<u>7,127,947</u>	<u>(346,492)</u>
Revenues over (under) expenditures	<u>813,915</u>	<u>5,851,390</u>	<u>5,037,475</u>
Other Financing Sources (Uses):			
Transfers from other funds	104,085	104,085	-
Transfer to Water Capital project	<u>(918,000)</u>	<u>(918,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(813,915)</u>	<u>(813,915)</u>	<u>-</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues and other financing sources over (under) expenditures and other financing uses	\$ -	5,037,475	\$ 5,037,475

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

Reconciling items:

Debt principal	\$ 820,105
Capital outlay expenditures capitalized	99,460
Nonoperating expense - loss on disposal	(29,945)
Capital items not charged to capital outlay	(26,728)
Capital contribution capital project fund	447,517
Change in deferred outflow of resources - OPEB	36,635
Change in deferred outflow of resources - pensions deferrals	254,413
Change in deferred inflows of resources - OPEB	(53,399)
Change in net pension liability	(644,269)
Change in deferred inflows of resources - pensions deferrals	292,936
Change in compensated absences payable	(12,345)
Change in other post-employment benefits	(83,516)
Change in accrued interest payable	(33,048)
Depreciation	(1,196,831)
Transfer in (out) - Water and Sewer Capital Projects Fund	<u>918,000</u>
Total reconciling items	<u>788,985</u>
Change in net position	<u>\$ 5,826,460</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, 2023

	Project Authorization	Actual		Total to Date	Variance Over/Under
		Prior Years	Current Year		
Revenues:					
Restricted intergovernmental:					
Rural Center grant - Hospital Sewer project	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
NC DEQ Regionalization grant	-	50,000	-	50,000	50,000
State Reserve Project grant	9,123,807	-	-	-	(9,123,807)
EDA Water projects	3,583,000	1,552,483	447,517	2,000,000	(1,583,000)
Local contribution	182,000	214,000	-	214,000	32,000
Miscellaneous revenues	103,000	103,000	-	103,000	-
Investment earnings	-	71,870	-	71,870	71,870
Total revenues	<u>13,991,807</u>	<u>2,991,353</u>	<u>447,517</u>	<u>3,438,870</u>	<u>(10,552,937)</u>
Expenditures:					
Water projects:					
Construction	62,327,903	20,527,448	4,599,015	25,126,463	37,201,440
Land	911,192	702,666	5,600	708,266	202,926
Mocksville - S. Point Pump Station	6,500,000	-	6,920	6,920	6,493,080
Administrative costs	4,660,989	4,117,126	860,127	4,977,253	(316,264)
Total	<u>74,400,084</u>	<u>25,347,240</u>	<u>5,471,662</u>	<u>30,818,902</u>	<u>43,581,182</u>
Hospital Sewer Project:					
Construction	2,198,550	2,017,181	-	2,017,181	181,369
Administrative costs	449,800	45,035	-	45,035	404,765
Total	<u>2,648,350</u>	<u>2,062,216</u>	<u>-</u>	<u>2,062,216</u>	<u>586,134</u>
Total expenditures	<u>77,048,434</u>	<u>27,409,456</u>	<u>5,471,662</u>	<u>32,881,118</u>	<u>44,167,316</u>
Revenues over (under) expenditures	<u>(63,056,627)</u>	<u>(24,418,103)</u>	<u>(5,024,145)</u>	<u>(29,442,248)</u>	<u>33,614,379</u>
Other Financing Sources (Uses):					
Long-term debt issued	52,495,291	15,435,584	-	15,435,584	(37,059,707)
Operating transfers - in (out):					
From General Fund	-	200,000	-	200,000	200,000
From Water and Sewer Fund	10,561,336	10,265,984	918,000	11,183,984	622,648
Total other financing sources (uses)	<u>63,056,627</u>	<u>25,901,568</u>	<u>918,000</u>	<u>26,819,568</u>	<u>(36,237,059)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,483,465</u>	<u>\$ (4,106,145)</u>	<u>\$ (2,622,680)</u>	<u>\$ (2,622,680)</u>

DAVIE COUNTY, NORTH CAROLINA

NONMAJOR ENTERPRISE FUND - SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Recycling	\$ 103,000	\$ 211,670	\$ (108,670)
Expenditures:			
Landfill operations:			
Purchased services	343,000	328,431	14,569
Other operating expenditures	<u>80,000</u>	<u>13,459</u>	<u>66,541</u>
Total expenditures	<u>423,000</u>	<u>341,890</u>	<u>81,110</u>
Revenues over (under) expenditures	<u>(320,000)</u>	<u>(130,220)</u>	<u>(189,780)</u>
Other Financing Sources (Uses):			
Operating transfers in:			
From General Fund	225,000	130,218	(94,782)
Appropriated fund balance	<u>95,000</u>	<u>-</u>	<u>(95,000)</u>
Total other financing sources (uses)	<u>320,000</u>	<u>130,218</u>	<u>(189,782)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(2)</u>	<u>\$ (2)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Depreciation		<u>(15,005)</u>	
Change in net position		<u>\$ (15,007)</u>	

DAVIE COUNTY, NORTH CAROLINA**SELF-INSURANCE INTERNAL SERVICE FUND
STATEMENT OF NET POSITION
JUNE 30, 2023****Assets:**

Current assets:

Accounts receivable, net \$ 1,738**Liabilities:**

Current liabilities:

Due to other funds 3,358,754Accounts payable and accrued liabilities 568,729Total liabilities 3,927,483**Net Position:**Unrestricted \$ (3,925,745)

DAVIE COUNTY, NORTH CAROLINA

**SELF-INSURANCE INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - FINANCIAL PLAN AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Insurance premiums	\$ 6,073,283	\$ 4,768,362	\$ (1,304,921)
Expenditures:			
Administration	1,975,679	1,914,350	61,329
Insurance claims paid	<u>4,100,000</u>	<u>3,899,554</u>	<u>200,446</u>
Total expenditures	<u>6,075,679</u>	<u>5,813,904</u>	<u>261,775</u>
Revenues over (under) expenditures	(2,396)	(1,045,542)	(1,043,146)
Other Financing Sources (Uses):			
Operating transfers in (out):			
From General Fund	<u>2,396</u>	<u>2,396</u>	<u>-</u>
Change in net position	<u>\$ -</u>	(1,043,146)	<u>\$ (1,043,146)</u>
Net Position:			
Beginning of year - July 1		<u>(2,882,599)</u>	
End of year - June 30		<u>\$ (3,925,745)</u>	

DAVIE COUNTY, NORTH CAROLINA

**SELF-INSURANCE INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

Cash Flows from Operating Activities:

Cash received from interfund services provided	\$ 4,766,624
Cash paid for goods and services	<u>(5,809,011)</u>
Net cash provided (used) by operating activities	<u>(1,042,387)</u>

Cash Flows from Non-Capital Financing Activities:

Payments to/from other funds	<u>1,042,387</u>
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Net increase (decrease) in cash and cash equivalents	-
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Cash and Cash Equivalents:

Beginning of year - July 1	<u>-</u>
----------------------------	----------

End of year - June 30	<u><u>\$ -</u></u>
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Reconciliation of Operating Income (Loss) to

Net Cash Provided (Used) by Operating Activities:

Operating income (loss)	\$ (1,045,542)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	(1,738)
Increase (decrease) in accounts payable and accrued liabilities	<u>4,893</u>

Net cash provided (used) by operating activities	<u><u>\$ (1,042,387)</u></u>
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DAVIE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2023

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2022</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2023</u>
2022-2023	\$ -	\$ 43,176,687	\$ 42,845,882	\$ 330,805
2021-2022	383,881	-	234,866	149,015
2020-2021	198,571	-	100,239	98,332
2019-2020	135,353	-	62,100	73,253
2018-2019	85,749	-	33,441	52,308
2017-2018	53,525	-	17,187	36,338
2016-2017	41,591	-	11,682	29,909
2015-2016	32,884	-	6,543	26,341
2014-2015	21,399	-	4,645	16,754
2013-2014	27,531	-	4,737	22,794
2012-2013	38,211	-	38,211	-
	<u>\$ 1,018,695</u>	<u>\$ 43,176,687</u>	<u>\$ 43,359,533</u>	<u>835,849</u>
Total				835,849
Less: Allowance for uncollectible accounts				<u>(426,818)</u>
Ad valorem taxes receivable, net				<u>\$ 409,031</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				<u>\$ 43,225,772</u>
Reconciling items:				
Taxes written off				38,211
Penalties and interest collected				(243,192)
Future years collection				(36,462)
Miscellaneous				375,204
Total reconciling items				<u>133,761</u>
Total collections and credits				<u>\$ 43,359,533</u>

DAVIE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2023

	County-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 5,430,809,264	\$ 0.773	\$ 41,980,160	\$ 37,271,649	\$ 4,708,511
Utilities	128,751,330	0.773	943,747	943,747	-
Penalties	-		46,710	46,710	-
Total	<u>5,559,560,594</u>		<u>42,970,617</u>	<u>38,262,106</u>	<u>4,708,511</u>
Discoveries:					
Current year taxes	5,413,731	0.773	40,087	40,087	-
Prior year taxes	22,790,431		175,597	175,597	-
Penalties	-		63,069	63,069	-
Total	<u>28,204,162</u>		<u>278,753</u>	<u>278,753</u>	<u>-</u>
Releases	<u>(8,837,689)</u>		<u>(72,683)</u>	<u>(72,683)</u>	<u>-</u>
Total property valuation	<u>\$ 5,578,927,067</u>				
Net Levy			43,176,687	38,468,176	4,708,511
Uncollected taxes at June 30, 2023			<u>330,805</u>	<u>330,805</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 42,845,882</u>	<u>\$ 38,137,371</u>	<u>\$ 4,708,511</u>
Current Levy Collection Percentage			<u>99.23%</u>	<u>99.14%</u>	<u>100.00%</u>
Secondary Market Disclosures:					
Assessed valuation:					100%
Assessment ratio real property					\$ 4,250,047,653
Personal property					1,200,128,084
Public service companies					<u>128,751,330</u>
Total assessed valuation					<u>\$ 5,578,927,067</u>
Tax rate per \$100					<u>\$ 0.773</u>
Levy (includes discoveries, releases, and abatements)					\$ 43,176,687
In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30:					
Special Fire Protection District					<u>164,285</u>
Total					<u>\$ 43,340,972</u>

DAVIE COUNTY, NORTH CAROLINA

**TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2023**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2023 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Ashley Furniture	Manufacturing	\$ 168,117,339	3.40%
Gildan Yarns	Manufacturing	102,852,611	2.08%
Avgol	Manufacturing	93,424,290	1.89%
Duke Energy Corporation	Utility	72,662,290	1.47%
Brakebush Brothers	Manufacturing	68,149,363	1.38%
Ingersoll Rand	Manufacturing	36,279,927	0.73%
Kontoor Brands Inc	Manufacturing	30,560,203	0.62%
Energy United	Utility	27,742,846	0.56%
Bermuda Run Owner LLC	Skilled Nursing Facility	21,393,660	0.43%
Funder America Inc	Manufacturing	20,091,123	0.41%
Total		<u>\$ 641,273,652</u>	<u>12.97%</u>

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