

**DAVIE COUNTY
NORTH CAROLINA**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

DAVIE COUNTY NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

Terry N. Renegar, Chairman

John H Ferguson, Vice-Chairman

Mark S. Jones

Richard B. Poindexter

Robert C. Wisecarver

COUNTY OFFICIALS

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

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DAVIE COUNTY, NORTH CAROLINA

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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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davie County, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Davie County’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Davie County Watershed Improvement Commission. Those statements were audited by other auditors whose report thereon 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Davie County Watershed Improvement Commission were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davie County, North Carolina, as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 9 to the financial statements, for fiscal year ended June 30, 2018, the County adopted new accounting guidance, Governmental Accounting Standards Board (GASB) No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and 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 and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2018 on our consideration of Davie County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 30, 2018

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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, 2018. 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

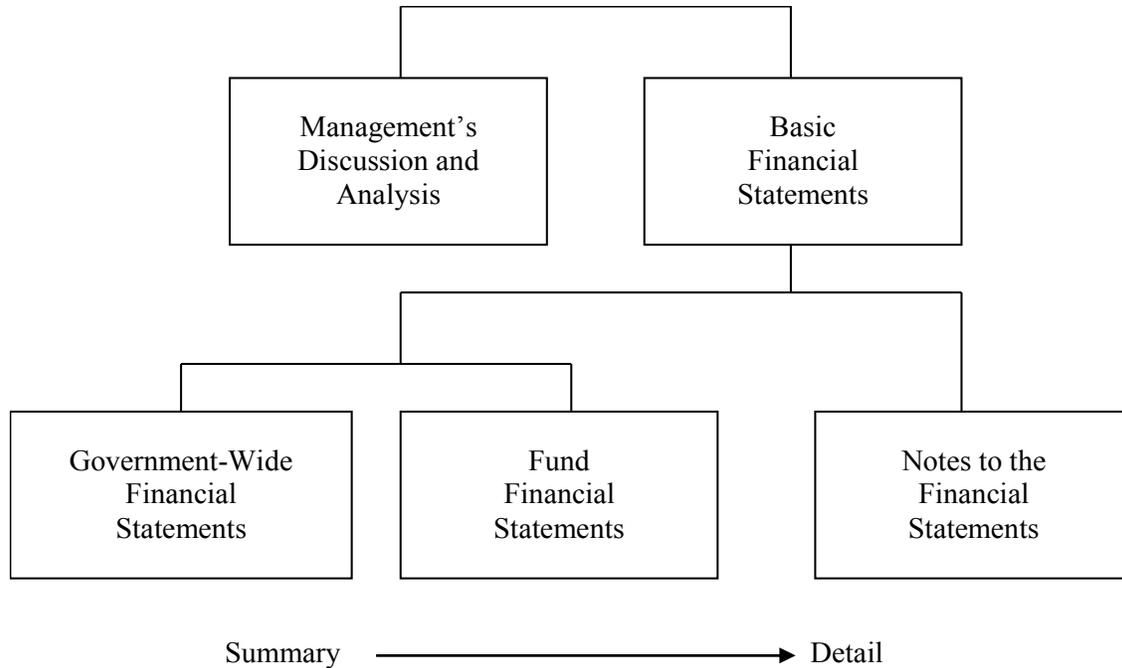
- The liabilities and deferred inflows of resources of Davie County exceeded its assets and deferred outflows of resources at the close of the fiscal year by \$777,847 (*net position*).
- The government's total net position decreased by \$7,719,414 in the current year, primarily due to the decrease in net position in the governmental activities. This is mostly due to the construction of Davie County High School.
- As of the close of the current fiscal year, Davie County's governmental funds reported combined ending fund balances of \$21,821,263, a decrease of \$7,030,566 in comparison with the prior year. Approximately 51.9% of this total amount, or \$11,335,429, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,112,804, or 9.1%, of total General Fund expenditures for the fiscal year.
- Davie County has AA and Aa2 general obligation bond ratings.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

Fund financial statements provide a more detailed look at the County's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Davie County, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the County's budget ordinance. All of the funds of Davie County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

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

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Davie County's progress in funding its obligation to provide pension benefits to its employees. Required supplemental information can be found beginning on page 73 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 liabilities and deferred inflows of resources of Davie County exceeded its assets and deferred outflows of resources by \$777,847 as of June 30, 2018. The County's net position decreased by \$7,719,414 for the fiscal year ended June 30, 2018. One of the largest portions of net position, \$41,891,126, 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, \$10,116,152, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Assets:						
Current and other assets	\$ 25,301,745	\$ 36,405,696	\$ 12,431,845	\$ 11,352,939	\$ 37,733,590	\$ 47,758,635
Capital assets	19,427,890	23,768,616	23,696,136	25,354,554	43,124,026	49,123,170
Total assets	<u>44,729,635</u>	<u>60,174,312</u>	<u>36,127,981</u>	<u>36,707,493</u>	<u>80,857,616</u>	<u>96,881,805</u>
Deferred Outflows of Resources						
	<u>2,961,777</u>	<u>4,158,168</u>	<u>164,157</u>	<u>246,614</u>	<u>3,125,934</u>	<u>4,404,782</u>
Liabilities:						
Long-term liabilities	73,527,938	82,733,697	191,074	407,128	73,719,012	83,140,825
Other liabilities	9,351,301	7,944,214	918,828	1,002,959	10,270,129	8,947,173
Total liabilities	<u>82,879,239</u>	<u>90,677,911</u>	<u>1,109,902</u>	<u>1,410,087</u>	<u>83,989,141</u>	<u>92,087,998</u>
Deferred Inflows of Resources						
	<u>741,301</u>	<u>409,449</u>	<u>30,955</u>	<u>19,948</u>	<u>772,256</u>	<u>429,397</u>
Net Position:						
Net investment in capital assets	18,194,990	21,159,616	23,696,136	25,354,554	41,891,126	46,514,170
Restricted	10,116,152	6,050,839	-	-	10,116,152	6,050,839
Unrestricted	<u>(64,240,270)</u>	<u>(53,965,335)</u>	<u>11,455,145</u>	<u>10,169,518</u>	<u>(52,785,125)</u>	<u>(43,795,817)</u>
Total net position	<u>\$ (35,929,128)</u>	<u>\$ (26,754,880)</u>	<u>\$ 35,151,281</u>	<u>\$ 35,524,072</u>	<u>\$ (777,847)</u>	<u>\$ 8,769,192</u>

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 98.86%
- Continued low cost of debt due to the County's high bond rating
- Management's proactive stance on monitoring spending across County departments to ensure compliance with the budget

Davie County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 4,732,364	\$ 3,915,252	\$ 6,584,672	\$ 6,353,013	\$ 11,317,036	\$ 10,268,265
Operating grants and contributions	8,027,570	8,546,785	-	-	8,027,570	8,546,785
Capital grants and contributions	1,047,808	545,632	-	-	1,047,808	545,632
General revenues:						
Property taxes	35,628,230	35,197,844	-	-	35,628,230	35,197,844
Other taxes	7,960,055	7,367,519	-	-	7,960,055	7,367,519
Other	108,536	146,723	5,150	1,526	113,686	148,249
Total revenues	<u>57,504,563</u>	<u>55,719,755</u>	<u>6,589,822</u>	<u>6,354,539</u>	<u>64,094,385</u>	<u>62,074,294</u>
Expenses:						
General government	15,601,030	9,222,187	-	-	15,601,030	9,222,187
Public safety	14,973,066	14,157,509	-	-	14,973,066	14,157,509
Environmental protection	86,304	87,599	-	-	86,304	87,599
Economic and physical development	1,754,660	1,024,349	-	-	1,754,660	1,024,349
Human services	7,929,565	8,596,526	-	-	7,929,565	8,596,526
Culture and recreation	1,119,716	1,059,941	-	-	1,119,716	1,059,941
Education	20,704,387	38,151,824	-	-	20,704,387	38,151,824
Interest and fiscal changes	2,482,547	2,187,028	-	-	2,482,547	2,187,028
Solid waste	-	-	398,968	343,578	398,968	343,578
Water and sewer	-	-	6,763,557	5,292,332	6,763,557	5,292,332
Total expenses	<u>64,651,274</u>	<u>74,486,963</u>	<u>7,162,525</u>	<u>5,635,910</u>	<u>71,813,799</u>	<u>80,122,873</u>
Change in net position before transfers	(7,146,711)	(18,767,208)	(572,703)	718,629	(7,719,414)	(18,048,579)
Capital contributions						
Transfers, net	<u>(296,657)</u>	<u>(259,084)</u>	<u>296,657</u>	<u>259,084</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(7,443,368)</u>	<u>(19,026,292)</u>	<u>(276,046)</u>	<u>977,713</u>	<u>(7,719,414)</u>	<u>(18,048,579)</u>
Net position, July 1	(26,754,880)	(7,287,967)	35,524,072	34,546,359	8,769,192	27,258,392
Restatement	<u>(1,730,880)</u>	<u>(440,621)</u>	<u>(96,745)</u>	<u>-</u>	<u>(1,827,625)</u>	<u>(440,621)</u>
Beginning of year - July 1, restated	<u>(28,485,760)</u>	<u>(7,728,588)</u>	<u>35,427,327</u>	<u>34,546,359</u>	<u>6,941,567</u>	<u>26,817,771</u>
End of year - June 30	<u>\$ (35,929,128)</u>	<u>\$ (26,754,880)</u>	<u>\$ 35,151,281</u>	<u>\$ 35,524,072</u>	<u>\$ (777,847)</u>	<u>\$ 8,769,192</u>

Governmental Activities. Governmental activities decreased the County's net position by \$7,443,368. A key element for this decrease was that expenditures for Davie County High School construction amounted to \$6,412,434 for the year.

Business-Type Activities. Business-type activities decreased Davie County's net position by \$276,046. A key element for this decrease was the loss on disposal of capital assets due to changes in projects.

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 \$14,154,474, while total fund balance reached \$18,346,462. Fund balance available represents 25.0% of total General Fund expenditures and transfers out, 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, 2018, the net change in fund balance was a decrease of \$6,695,025 with an ending fund balance of \$2,687,978. There were significant expenditures for construction of Davie County High School during the current year.

At June 30, 2018, the governmental funds of Davie County reported a combined fund balance of \$21,821,263, a decrease of \$7,030,566 from the prior year. The primary reason for this decrease in fund balance is the significant construction expenditures for Davie County High School in the Capital Projects Fund.

General Fund Budgetary Highlights. During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increases in appropriations that become necessary to maintain services.

Total amendments to the General Fund increased revenues by \$2,349,649. A major portion of this increase was attributable to changes in amounts of funding received from the State of North Carolina and other grants.

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 \$129,846, and those for the Water and Sewer Fund was \$11,325,299. The Solid Waste Fund net position decreased \$3,856, and the Water and Sewer Fund net position decreased \$272,190. 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, 2018 total \$43,124,026 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include:

- Purchase of replacement vehicles for sheriff's office, emergency medical services, and development services
- Emergency medical services station #2 building construction
- Radios and related equipment for detention center

Davie County's Capital Assets
Figure 4

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 722,688	\$ 722,688	\$ 552,624	\$ 552,624	\$ 1,275,312	\$ 1,275,312
Buildings	23,724,854	22,689,522	16,460,496	16,460,496	40,185,350	39,150,018
Furniture, equipment and computer	6,347,844	6,228,060	2,882,049	2,901,125	9,229,893	9,129,185
Vehicles and motor equipment	5,334,217	4,464,497	-	-	5,334,217	4,464,497
Water/sewer lines	-	-	20,509,414	20,177,618	20,509,414	20,177,618
Construction in progress	<u>1,928,392</u>	<u>6,454,085</u>	<u>3,038,860</u>	<u>4,111,612</u>	<u>4,967,252</u>	<u>10,565,697</u>
	38,057,995	40,558,852	43,443,443	44,203,475	81,501,438	84,762,327
Less:						
Accumulated depreciation	<u>18,630,105</u>	<u>16,790,236</u>	<u>19,747,307</u>	<u>18,848,921</u>	<u>38,377,412</u>	<u>35,639,157</u>
Capital assets, net	<u>\$ 19,427,890</u>	<u>\$ 23,768,616</u>	<u>\$ 23,696,136</u>	<u>\$ 25,354,554</u>	<u>\$ 43,124,026</u>	<u>\$ 49,123,170</u>

Additional information on Davie County's capital assets can be found beginning on page 41 of the basic financial statements.

Long-Term Debt. As of June 30, 2018, Davie County had total bonded debt outstanding of \$69,175,394, all of which is debt backed by the full faith and credit of the County.

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

	Governmental Activities	
	2018	2017
General obligation debt	\$ 50,745,000	\$ 53,605,000
QZAB	602,600	602,600
COPS	6,127,000	7,057,000
Installment loans	5,698,000	6,132,000
Unamortized premiums	6,002,794	6,468,075
Total	\$ 69,175,394	\$ 73,864,675

Davie County's total debt decreased by \$4,689,281 during the fiscal year, primarily due to principal payments of bonds for construction of Davie County High School.

As mentioned in the financial highlights section of this document, Davie County maintained its Aa2 bond rating from Moody's Investor Service and AA rating from Standard & Poor's Corporation, at the point the new High School bonds were issued. This bond rating is a clear indication of the sound financial condition of Davie County. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Davie County is approximately \$300,959,200. The County has no authorized, unissued bonds at June 30, 2018.

Additional information regarding Davie County's long-term debt can be found beginning on page 64 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

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

- The County's unemployment rate of 3.7% is lower than the state average of 4.2%.
- Wake Forest Baptist Health opened its new Davie Medical Center in Bermuda Run in 2013, and the need for highly trained healthcare professionals at this facility continues to grow. Large healthcare systems (Wake Forest Baptist Health, Novant Health, Carolinas Medical, Cone Health) hire large numbers of healthcare professionals from Davie and other nearby counties. However, this left the former hospital vacant.
- Davidson County Community College (DCCC) and Davie County are working on a project to advance the future of high-quality healthcare in our region. The former Davie County Hospital facility is being renovated for a real-life, hands-on, high technology healthcare education. Since 2015, DCCC has been holding classes at the hospital site. This arrangement was made possible by a

three-way partnership between DCCC, Davie County, and Wake Forest Baptist Health. DCCC and Davie County hope to expand other in-demand healthcare programs, including EMT and Paramedic; Nurse Aide, Practical Nursing, and Associate Degree Nursing; Pharmacy; Human Services, including a substance abuse certificate; Medication Aide; Home Health Aide; and Mammography.

- The County is in the process of designing and constructing an expansion project for Eastern Davie, which includes line extensions, connections, and pump stations, to access additional capacity through an interlocal agreement with Winston-Salem/Forsyth County Utilities Commission. As part of this project, the Town of Bermuda Run Sewer Treatment Facility will be decommissioned and the County will provide wastewater treatment services for the Town. The County also has a policy to invest a minimum of \$500,000 per year to replace and/or extend water and sewer lines.

Budget Highlights for the Fiscal Year Ending June 30, 2019

Governmental Activities. The property tax rate of 76.8 cents was increased by 1 cent for the Parks and Recreation General Obligation Bonds. The County's budget includes the implementation of five focus areas as outlined in the County's Strategic Plan and Performance Based Budget. Budgeted expenditures in the General Fund are increased to \$61,104,785.

S&P Global Ratings has upgraded the credit rating of the County from "AA" to "AA+" in connection with the sale and issuance of the Parks and Recreation General Obligation bonds in October 2018.

Business-Type Activities. An increase in water and sewer rates of 2.25% for all customers was adopted effective July 1, 2018 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

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DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Davie County Watershed
				Improvement Commission
Assets:				
Cash and cash equivalents	\$ 17,099,873	\$ 10,784,662	\$ 27,884,535	\$ 310,655
Taxes receivable, net	492,740	-	492,740	-
Accounts receivable, net	147,496	1,172,546	1,320,042	-
Due from other governments	4,053,507	25,126	4,078,633	-
Accrued interest on investments	1,476	-	1,476	-
Restricted cash and cash equivalents	3,433,964	210,740	3,644,704	-
Inventories	118	238,771	238,889	-
Net pension asset	72,571	-	72,571	-
Capital assets:				
Land and construction in progress	2,651,080	3,591,484	6,242,564	-
Other capital assets, net of depreciation	16,776,810	20,104,652	36,881,462	-
Total capital assets	19,427,890	23,696,136	43,124,026	-
Total assets	44,729,635	36,127,981	80,857,616	310,655
Deferred Outflows of Resources:				
Deferred charges on refunding	293,384	-	293,384	-
Pension deferrals	2,559,689	157,218	2,716,907	-
OPEB deferrals	108,704	6,939	115,643	-
Total deferred outflows of resources	2,961,777	164,157	3,125,934	-
Liabilities:				
Accounts payable and accrued liabilities	3,380,871	199,821	3,580,692	18
Liabilities to be paid from restricted assets:				
Customer deposits	-	210,740	210,740	-
Long-term liabilities:				
Net pension liability (LGRS)	3,193,330	202,340	3,395,670	-
Total pension liability (LEOSSA)	1,177,576	-	1,177,576	-
Total OPEB liability	4,792,854	305,927	5,098,781	-
Due within one year	6,489,281	65,150	6,554,431	-
Due in more than one year	63,845,327	125,924	63,971,251	-
Total liabilities	82,879,239	1,109,902	83,989,141	18
Deferred Inflows of Resources				
Prepaid property taxes	253,313	-	253,313	-
Pension deferrals	209,681	13,191	222,872	-
OPEB deferrals	278,307	17,764	296,071	-
Total deferred inflows of resources	741,301	30,955	772,256	-
Net Position:				
Net investment in capital assets	18,194,990	23,696,136	41,891,126	-
Restricted for:				
Stabilization for state statute	5,088,766	-	5,088,766	-
Register of Deeds	234,676	-	234,676	-
Register of Deeds' pension plan	95,941	-	95,941	-
Education	516,655	-	516,655	-
Public safety	763,323	-	763,323	-
Economic and physical development	3,416,791	-	3,416,791	-
Unrestricted (deficit)	(64,240,270)	11,455,145	(52,785,125)	310,637
Total net position	\$ (35,929,128)	\$ 35,151,281	\$ (777,847)	\$ 310,637

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 15,601,030	\$ 739,590	\$ 1,727,656	\$ -
Public safety	14,973,066	2,604,375	1,253,974	-
Environmental protection	86,304	-	-	-
Economic and physical development	1,754,660	25,947	37,533	1,047,808
Human services	7,929,565	1,362,452	4,816,611	-
Cultural and recreational	1,119,716	-	191,796	-
Education	20,704,387	-	-	-
Interest and fiscal charges	2,482,547	-	-	-
Total governmental activities	<u>64,651,274</u>	<u>4,732,364</u>	<u>8,027,570</u>	<u>1,047,808</u>
Business-Type Activities:				
Water and Sewer Fund	6,763,557	6,449,217	-	-
Solid Waste Fund	398,968	135,455	-	-
Total business-type activities	<u>7,162,525</u>	<u>6,584,672</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 71,813,799</u>	<u>\$ 11,317,036</u>	<u>\$ 8,027,570</u>	<u>\$ 1,047,808</u>
Component Unit:				
Davie County Watershed Improvement commission	\$ 18,479	\$ -	\$ -	\$ -
Total component unit	<u>\$ 18,479</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	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	\$ (13,133,784)	\$ -	\$ (13,133,784)	
Public safety	(11,114,717)	-	(11,114,717)	
Environmental protection	(86,304)	-	(86,304)	
Economic and physical development	(643,372)	-	(643,372)	
Human services	(1,750,502)	-	(1,750,502)	
Cultural and recreational	(927,920)	-	(927,920)	
Education	(20,704,387)	-	(20,704,387)	
Interest and fiscal charges	(2,482,547)	-	(2,482,547)	
Total governmental activities	<u>(50,843,532)</u>	<u>-</u>	<u>(50,843,532)</u>	
Business-Type Activities:				
Water and Sewer Fund	-	(314,340)	(314,340)	
Solid Waste Fund	-	(263,513)	(263,513)	
Total business-type activities	<u>-</u>	<u>(577,853)</u>	<u>(577,853)</u>	
Total primary government	<u>(50,843,532)</u>	<u>(577,853)</u>	<u>(51,421,385)</u>	
Component Unit:				
Davie County Watershed Improvement Commission				\$ <u>(18,479)</u>
Total component unit				<u>(18,479)</u>
General Revenues:				
Taxes:				
Property taxes, levied for general purpose	35,628,230	-	35,628,230	-
Local option sales tax	7,828,372	-	7,828,372	-
Other taxes	131,683	-	131,683	-
Investment earnings, unrestricted	108,536	5,150	113,686	29,000
Other unrestricted intergovernmental revenue	-	-	-	140
Total general revenues, excluding transfers	<u>43,696,821</u>	<u>5,150</u>	<u>43,701,971</u>	<u>29,140</u>
Transfers to/from other funds	<u>(296,657)</u>	<u>296,657</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>43,400,164</u>	<u>301,807</u>	<u>43,701,971</u>	<u>29,140</u>
Change in net position	<u>(7,443,368)</u>	<u>(276,046)</u>	<u>(7,719,414)</u>	<u>10,661</u>
Net Position:				
Beginning of year - July 1, previously stated	(26,754,880)	35,524,072	8,769,192	299,976
Restatement	<u>(1,730,880)</u>	<u>(96,745)</u>	<u>(1,827,625)</u>	<u>-</u>
Beginning of year, restated	<u>(28,485,760)</u>	<u>35,427,327</u>	<u>6,941,567</u>	<u>299,976</u>
End of year - June 30	<u>\$ (35,929,128)</u>	<u>\$ 35,151,281</u>	<u>\$ (777,847)</u>	<u>\$ 310,637</u>

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

DAVIE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital Projects Fund</u>	<u>Emergency Telephone System Fund</u>	
Assets:				
Cash and cash equivalents	\$ 13,213,209	\$ 3,119,440	\$ 767,224	\$ 17,099,873
Taxes receivable, net	492,740	-	-	492,740
Accounts receivable, net	136,887	10,609	-	147,496
Due from other governments	4,006,507	23,500	23,500	4,053,507
Due from other funds	39,452	-	-	39,452
Accrued interest on investments	1,476	-	-	1,476
Restricted cash and cash equivalents	3,433,964	-	-	3,433,964
Inventories	118	-	-	118
Total assets	<u>\$ 21,324,353</u>	<u>\$ 3,153,549</u>	<u>\$ 790,724</u>	<u>\$ 25,268,626</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:				
Liabilities:				
Accounts payable and accrued liabilities	\$ 2,095,860	\$ 465,571	\$ 3,901	\$ 2,565,332
Total liabilities	<u>2,095,860</u>	<u>465,571</u>	<u>3,901</u>	<u>2,565,332</u>
Deferred Inflows of Resources:				
Prepaid property taxes	253,313	-	-	253,313
Property taxes receivable	492,740	-	-	492,740
Other receivables	135,978	-	-	135,978
Total deferred inflows of resources	<u>882,031</u>	<u>-</u>	<u>-</u>	<u>882,031</u>
Fund Balances:				
Non-spendable:				
Inventories	118	-	-	118
Restricted:				
Stabilization by state statute	4,191,870	873,396	23,500	5,088,766
Restricted, all other	3,668,640	1,814,582	763,323	6,246,545
Committed	995,000	-	-	995,000
Assigned	4,378,030	-	-	4,378,030
Unassigned	5,112,804	-	-	5,112,804
Total fund balances	<u>18,346,462</u>	<u>2,687,978</u>	<u>786,823</u>	<u>21,821,263</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,324,353</u>	<u>\$ 3,153,549</u>	<u>\$ 790,724</u>	

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

DAVIE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances	\$	21,821,263
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		19,427,890
Deferred outflows related to long-term debt issue refunding		293,384
Deferred inflows of resources for taxes and other receivables		628,718
Net pension asset (ROD)		72,571
Net pension liability (LGERs)		(3,193,330)
Deferred inflows of resources related to pensions		(209,681)
Deferred outflows of resources related to pensions		2,559,689
Deferred inflows of resources related to OPEB		(278,307)
Deferred outflows of resources related to OPEB		108,704
Total OPEB liability		(4,792,854)
Total pension liability (LEOSSA)		(1,177,576)
Accrued vacation payable		(1,159,214)
The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.		(488,349)
Some liabilities, including interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(69,542,036)</u>
Net position of governmental activities, per Exhibit A	\$	<u><u>(35,929,128)</u></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, 2018

	<u>Major Funds</u>		<u>Nonmajor Fund</u>	<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Emergency Telephone System Fund</u>	
Revenues:				
Taxes	\$ 43,625,605	\$ -	\$ -	\$ 43,625,605
Intergovernmental	6,754,787	1,002,808	282,287	8,039,882
Charges for services	3,676,782	-	-	3,676,782
Permits and fees	890,190	-	-	890,190
Interest on investments	108,182	-	354	108,536
Miscellaneous	990,496	45,000	-	1,035,496
Total revenues	<u>56,046,042</u>	<u>1,047,808</u>	<u>282,641</u>	<u>57,376,491</u>
Expenditures:				
General government	6,370,600	874,164	-	7,244,764
Public safety	16,627,915	478,561	143,439	17,249,915
Environmental protection	49,226	37,078	-	86,304
Economic and physical development	1,336,028	445,000	-	1,781,028
Human services	8,944,257	-	-	8,944,257
Cultural and recreational	1,216,587	-	-	1,216,587
Education	14,107,057	6,597,330	-	20,704,387
Debt service:				
Principal	5,108,000	-	-	5,108,000
Interest and fees	2,659,158	-	-	2,659,158
Total expenditures	<u>56,418,828</u>	<u>8,432,133</u>	<u>143,439</u>	<u>64,994,400</u>
Revenues over (under) expenditures	<u>(372,786)</u>	<u>(7,384,325)</u>	<u>139,202</u>	<u>(7,617,909)</u>
Other Financing Sources (Uses):				
Transfers in	-	689,300	-	689,300
Transfers out	(985,957)	-	-	(985,957)
Proceeds from installment debt	884,000	-	-	884,000
Total other financing sources (uses)	<u>(101,957)</u>	<u>689,300</u>	<u>-</u>	<u>587,343</u>
Net change in fund balances	(474,743)	(6,695,025)	139,202	(7,030,566)
Fund Balances:				
Beginning of year - July 1	<u>18,821,205</u>	<u>9,383,003</u>	<u>647,621</u>	<u>28,851,829</u>
End of year - June 30	<u>\$ 18,346,462</u>	<u>\$ 2,687,978</u>	<u>\$ 786,823</u>	<u>\$ 21,821,263</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, 2018

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)	\$ (7,030,566)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	313,943
Change in deferred outflows - pension	(1,400,301)
Change in deferred inflows - pension	49,550
Change in net pension asset and liability	1,340,558
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.	4,437,666
Expenses reported on fund financial statements that are capitalized on government-wide statements	78,046
Benefit payments and pension administration costs for LEOSSA are deferred outflows of resources on the Statement of Net Position.	103,486
Contributions and pension administration costs for OPEB are deferred outflows of resources on the Statement of Net Position.	(169,603)
Expenses related to compensated absences, Law Enforcement Officers' Separation Allowance, and other post-employment benefits that do not require current financial resources are not reported as expenditures in the governmental funds statement.	(205,662)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(101,954)
The net revenue (expense) of the internal service fund is reported with governmental activities.	<u>(203,862)</u>
Change in net position of governmental activities per Exhibit B	<u>\$ (7,443,368)</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, 2018

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Over/Under
Revenues:				
Taxes	\$ 42,318,384	\$ 42,810,067	\$ 43,625,605	\$ 815,538
Intergovernmental	5,811,878	6,941,924	6,754,787	(187,137)
Charges for sales and services	2,933,841	3,099,161	3,676,782	577,621
Permits and fees	748,350	748,350	890,190	141,840
Interest on investments	85,000	85,000	108,182	23,182
Miscellaneous	850,991	1,413,591	990,496	(423,095)
Total revenues	<u>52,748,444</u>	<u>55,098,093</u>	<u>56,046,042</u>	<u>947,949</u>
Expenditures:				
General government	6,961,743	7,099,391	6,370,600	728,791
Public safety	16,753,360	17,249,719	16,627,915	621,804
Environmental protection	55,231	55,231	49,226	6,005
Economic and physical development	1,285,192	1,457,272	1,336,028	121,244
Human services	9,245,893	10,004,671	8,944,257	1,060,414
Cultural and recreational	1,213,255	1,266,664	1,216,587	50,077
Education	13,187,152	14,523,401	14,107,057	416,344
Debt service:				
Principal	4,962,457	5,138,457	5,108,000	30,457
Interest and fees	2,790,431	2,821,069	2,659,158	161,911
Contingency	50,000	50,000	-	50,000
Total expenditures	<u>56,504,714</u>	<u>59,665,875</u>	<u>56,418,828</u>	<u>3,247,047</u>
Revenues over (under) expenditures	<u>(3,756,270)</u>	<u>(4,567,782)</u>	<u>(372,786)</u>	<u>4,194,996</u>
Other Financing Sources (Uses):				
Transfers (to) other funds	(1,126,300)	(1,116,300)	(985,957)	130,343
Proceeds from sale of capital assets	15,000	15,000	-	(15,000)
Installment debt issued	892,000	884,000	884,000	-
Total other financing sources (uses)	<u>(219,300)</u>	<u>(143,926)</u>	<u>(101,957)</u>	<u>41,969</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(3,975,570)</u>	<u>(4,711,708)</u>	<u>(474,743)</u>	<u>4,236,965</u>
Appropriated fund balance	<u>3,975,570</u>	<u>4,711,708</u>	<u>-</u>	<u>(4,711,708)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(474,743)</u>	<u>\$ (474,743)</u>
Fund Balance:				
Beginning of year - July 1			<u>18,821,205</u>	
End of year - June 30			<u>\$ 18,346,462</u>	

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Business-Type Activities			Governmental
	Major			Activities
	Water and Sewer Fund	Solid Waste Fund	Total	Self-Insurance Internal Service Fund
Assets:				
Current assets:				
Cash and cash equivalents	\$ 10,556,001	\$ 228,661	\$ 10,784,662	\$ -
Accounts receivable, net	1,162,936	9,610	1,172,546	-
Due from other governments	-	25,126	25,126	-
Inventory, at cost	238,771	-	238,771	-
Cash and cash equivalents, restricted	210,740	-	210,740	-
Total current assets	12,168,448	263,397	12,431,845	-
Non-current assets:				
Capital assets:				
Land and other non-depreciable assets	3,377,381	214,103	3,591,484	-
Other capital assets, net of depreciation	19,858,685	245,967	20,104,652	-
Capital assets, net	23,236,066	460,070	23,696,136	-
Total non-current assets	23,236,066	460,070	23,696,136	-
Total assets	35,404,514	723,467	36,127,981	-
Deferred Outflows of Resources:				
OPEB deferrals	6,939	-	6,939	-
Pension deferrals	66,391	-	66,391	-
Contributions to the pension plan in the current year	90,827	-	90,827	-
Total deferred outflows of resources	164,157	-	164,157	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	162,461	37,360	199,821	448,897
Due to other funds	-	-	-	39,452
Liabilities to be paid from restricted assets:				
Customer deposits	210,740	-	210,740	-
Current portion of compensated absences	54,000	-	54,000	-
Accrued landfill post-closure liabilities	-	11,150	11,150	-
Total current liabilities	427,201	48,510	475,711	488,349
Non-current liabilities:				
Compensated absences payable	40,883	-	40,883	-
Total OPEB liability	305,927	-	305,927	-
Net pension liability	202,340	-	202,340	-
Accrued landfill post-closure liabilities	-	85,041	85,041	-
Total non-current liabilities	549,150	85,041	634,191	-
Total liabilities	976,351	133,551	1,109,902	488,349
Deferred Inflows of Resources:				
Pension deferrals	13,191	-	13,191	-
OPEB deferrals	17,764	-	17,764	-
Total deferred inflows of resources	30,955	-	30,955	-
Net Position:				
Net investment in capital assets	23,236,066	460,070	23,696,136	-
Unrestricted	11,325,299	129,846	11,455,145	(488,349)
Total net position	\$ 34,561,365	\$ 589,916	\$ 35,151,281	\$ (488,349)

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, 2018

	Business-Type Activities			Governmental
	Major			Activities
	Water and Sewer Fund	Solid Waste Fund	Total	Self-Insurance Internal Service Fund
Operating Revenues:				
Charges for sales and services	\$ 6,308,814	\$ 135,455	\$ 6,444,269	\$ 3,668,899
Miscellaneous	140,403	-	140,403	-
Total operating revenues	<u>6,449,217</u>	<u>135,455</u>	<u>6,584,672</u>	<u>3,668,899</u>
Operating Expenses:				
Salaries and benefits	1,314,929	-	1,314,929	-
Administration	-	-	-	913,839
Insurance claims paid	-	-	-	2,958,922
Other operating expenses	3,433,110	383,963	3,817,073	-
Depreciation	932,196	15,005	947,201	-
Total operating expenses	<u>5,680,235</u>	<u>398,968</u>	<u>6,079,203</u>	<u>3,872,761</u>
Operating income (loss)	<u>768,982</u>	<u>(263,513)</u>	<u>505,469</u>	<u>(203,862)</u>
Non-Operating Revenues (Expenses):				
Loss on disposal of capital assets	(1,083,322)	-	(1,083,322)	-
Interest on investments	5,150	-	5,150	-
Total non-operating revenues (expenses)	<u>(1,078,172)</u>	<u>-</u>	<u>(1,078,172)</u>	<u>-</u>
Income (loss) before transfers	(309,190)	(263,513)	(572,703)	(203,862)
Transfer from General Fund	<u>37,000</u>	<u>259,657</u>	<u>296,657</u>	<u>-</u>
Change in net position	<u>(272,190)</u>	<u>(3,856)</u>	<u>(276,046)</u>	<u>(203,862)</u>
Net Position:				
Beginning of year - July 1	34,930,300	593,772	35,524,072	(284,487)
Restatement	<u>(96,745)</u>	<u>-</u>	<u>(96,745)</u>	<u>-</u>
Beginning of year - July 1, as restated	<u>34,833,555</u>	<u>593,772</u>	<u>35,427,327</u>	<u>(284,487)</u>
End of year - June 30	<u>\$ 34,561,365</u>	<u>\$ 589,916</u>	<u>\$ 35,151,281</u>	<u>\$ (488,349)</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, 2018

	Business-Type Activities			Governmental
	Major			Activities
	Water and Sewer	Solid Waste	Total	Self-Insurance Internal Service Fund
Cash Flows from Operating Activities:				
Cash received from customers	\$ 6,458,009	\$ 133,385	\$ 6,591,394	\$ 3,668,899
Cash paid for goods and services	(3,703,781)	(423,564)	(4,127,345)	(3,880,102)
Cash paid to employees for services	(1,303,005)	-	(1,303,005)	-
Customer deposits paid, net	7,317	-	7,317	-
Net cash provided (used) by operating activities	1,458,540	(290,179)	1,168,361	(211,203)
Cash Flows from Non-Capital Financing Activities:				
Interfund transfer in (out)	37,000	259,657	296,657	-
Net cash provided (used) by non-capital financing activities	37,000	259,657	296,657	-
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(372,105)	-	(372,105)	-
Cash Flows from Investing Activities:				
Interest on investments	5,150	-	5,150	-
Net increase (decrease) in cash and cash equivalents	1,128,585	(30,522)	1,098,063	(211,203)
Cash and Cash Equivalents:				
Beginning of year - July 1	9,638,156	259,183	9,897,339	211,203
End of year - June 30	\$ 10,766,741	\$ 228,661	\$ 10,995,402	\$ -
Reconciliation of Operating Income (Loss) to				
Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 768,982	\$ (263,513)	\$ 505,469	\$ (203,862)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	932,196	15,005	947,201	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	8,792	(2,070)	6,722	-
(Increase) decrease in inventory	12,435	-	12,435	-
Increase (decrease) in accounts payable and accrued liabilities	(283,106)	(28,451)	(311,557)	(46,793)
Increase (decrease) due to other funds	-	-	-	39,452
(Increase) decrease in deferred outflows of resources for pensions	(30,387)	-	(30,387)	-
(Increase) decrease in net pension liability	(85,818)	-	(85,818)	-
Increase (decrease) in deferred inflows of resources for pensions	113,026	-	113,026	-
Increase (decrease) in deferred inflows of resources for OPEB	17,764	-	17,764	-
(Increase) decrease in deferred outflows of resources for OPEB	(6,939)	-	(6,939)	-
Increase (decrease) in customer deposits	7,317	-	7,317	-
Increase (decrease) in other post-employment benefits	7,113	-	7,113	-
Increase (decrease) in accrued landfill post-closure liabilities	-	(11,150)	(11,150)	-
Increase (decrease) in compensated absences payable	(2,835)	-	(2,835)	-
Net cash provided (used) by operating activities	\$ 1,458,540	\$ (290,179)	\$ 1,168,361	\$ (211,203)
Non-Cash Transactions:				
Non-operating expense - loss on disposal	\$ (1,083,322)	\$ -	\$ (1,083,322)	\$ -

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

DAVIE COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018**

	<u>Agency Funds</u>
Assets:	
Cash and investments	\$ 27,617
Taxes receivable	<u>158,333</u>
Total assets	<u>\$ 185,950</u>
Liabilities:	
Accounts payable and accrued liabilities	\$ 24,945
Intergovernmental payable	<u>161,005</u>
Total liabilities	<u>\$ 185,950</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, 2018

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The County, which is governed by a five-member Board of Commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units legally separate entities for which the County is financially accountable.

Davie County Watershed Improvement Commission

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

Davie County Industrial Facilities and Pollution Control Financing Authority

Davie County Industrial Facilities and Pollution Control Financing Authority (the "Authority") exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the basic financial statements.

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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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.

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.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The County reports the following major enterprise funds:

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

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

The County reports the following fund types:

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 Insurance Internal Service Fund, which is self-insured.

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

Nonmajor Funds – The Emergency Telephone System Fund is reported as a nonmajor special revenue fund. It is used to account for the E911 communications system activities.

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

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements – The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus, except for the agency funds, which have no measurement focus. The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving or (giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. As of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

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

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.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The County's investments are carried at fair value. Non-participating interest earning contracts are accounted for at cost. The NC Capital Management Trust Government Portfolio, an SEC-registered (2a-7) government money market fund, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

Cash and Cash Equivalents

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

Restricted Assets

Restricted cash and cash equivalents held by the County is for sinking fund deposits and its interest earnings to fund the repayment of the Qualified Zone Academy bonds at a future date. Customer deposits held by the County before any services are supplied are restricted to the service for which the deposit was collected. The reserve for debt services is restricted for the purpose of payment of future debt service requirements. The unexpended debt proceeds of the general fund are classified as restricted because their use is complete restricted for the purpose for which the debt was originally issued.

Governmental Activities:

General Fund	QZAB Sinking Fund	\$ 516,655
General Fund	Reserve for debt service	1,602,209
General Fund	Unexpended debt proceeds	<u>1,315,100</u>
Total		<u>3,433,964</u>

Business-Type Activities:

Water and Sewer Fund	Customer deposits	<u>210,740</u>
Total restricted cash		<u>\$ 3,644,704</u>

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2017.

Allowances for Doubtful Accounts

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

Inventories

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

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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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 position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has three items that meet this criteria – a 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 position 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, property taxes receivable, other receivables, and other OPEB 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.

Compensated Absences

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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

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

Restricted Fund Balance

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

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

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

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

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

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Restricted for Economic Development – portion of fund balance restricted by revenue source for economic development related activities.

Restricted fund balance at June 30, 2018 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>
Restricted, All Other:			
Register of Deeds	\$ 234,676	\$ -	\$ -
Public safety	1,315,100	-	763,323
Education	516,655	-	-
Economic and physical development	1,602,209	1,814,582	-
Total	<u>\$ 3,668,640</u>	<u>\$ 1,814,582</u>	<u>\$ 763,323</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 \$95,941 as well as unexpended debt proceeds of \$1,315,100 at June 30, 2018.

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, 2018 is as follows:

<u>Purpose</u>	<u>General Fund</u>
Future capital projects	<u>\$ 995,000</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, 2018**

Assigned fund balance at June 30, 2018 is as follows:

<u>Purpose</u>	<u>General Fund</u>
Subsequent year's expenditures	<u>\$ 4,378,030</u>

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	\$ 18,346,462
Less:	
Inventories	118
Stabilization by state statute	<u>4,191,870</u>
Fund balance available for appropriation	<u>\$ 14,154,474</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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	\$ 143,526	\$ 839,287	\$ 31,359	\$ 70,682

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 (LERS) 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, 2018

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, 2018, the County's deposits had a carrying amount of \$28,860,687 and a bank balance of \$29,224,974. Of the bank balance, \$1,000,000 was covered by federal depository insurance and \$28,224,974 was covered by collateral held under the Pooling Method. Cash on hand was \$2,850.

Investments

As of June 30, 2018, the County had the following investments and maturities:

Investment Type	Valuation Measurement Method	Fair Value	Less Than 6 Months	6-12 Months
NCCMT - Government Portfolio	Amortized Cost	\$ 2,176,664	N/A	N/A
Commercial Paper	Fair Value - Level 2	516,655	516,655	-
Total investments		\$ 2,693,319	\$ 516,655	\$ -

*Because the NC Cash Management Trust Term Portfolio has a weighted average maturity of less than 90 days, it was presented as an investment with a maturity of less than 6 months.

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

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

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from 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.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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). As of June 30, 2018, the County's investments in commercial paper were rated P1 by Standard & Poor's, and A1 by Moody's Investors Service. The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAA by Standard & Poor's as of June 30, 2018.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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>
2015	\$ 2,590,654	\$ 848,439	\$ 3,439,093
2016	3,041,930	722,458	3,764,388
2017	3,075,677	453,662	3,529,339
2018	<u>3,099,273</u>	<u>178,208</u>	<u>3,277,481</u>
Total	<u>\$ 11,807,534</u>	<u>\$ 2,202,767</u>	<u>\$ 14,010,301</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Receivables

Receivables at the government-wide level at June 30, 2018 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	\$ 875,132	\$ 1,028,868	\$ 4,006,507	\$ 1,476	\$ 5,911,983
Other governmental	<u>10,609</u>	<u>-</u>	<u>47,000</u>	<u>-</u>	<u>57,609</u>
Total receivables	885,741	1,028,868	4,053,507	1,476	5,969,592
Allowance for doubtful accounts	<u>(738,245)</u>	<u>(536,128)</u>	<u>-</u>	<u>-</u>	<u>(1,274,373)</u>
Total governmental activities	<u>\$ 147,496</u>	<u>\$ 492,740</u>	<u>\$ 4,053,507</u>	<u>\$ 1,476</u>	<u>\$ 4,695,219</u>
Business-Type Activities:					
Solid Waste Fund	\$ 9,610	\$ -	\$ 25,126	\$ -	\$ 34,736
Water and Sewer Fund	<u>1,281,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,281,936</u>
Total receivables	1,291,546	-	25,126	-	1,316,672
Allowance for doubtful accounts	<u>(119,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(119,000)</u>
Total business-type activities	<u>\$ 1,172,546</u>	<u>\$ -</u>	<u>\$ 25,126</u>	<u>\$ -</u>	<u>\$ 1,197,672</u>

Due from other governments consisted of the following:

Governmental Activities:

Sales tax refund reimbursement	\$ 564,201
Grants	696,123
Local option sales tax	2,202,806
Due from State - DMV MV taxes	339,013
Other	<u>251,364</u>
Total	<u>\$ 4,053,507</u>

Business-Type Activities:

Scrap tire tax and white goods disposal tax	<u>\$ 25,126</u>
Total	<u>\$ 25,126</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Capital Assets

Governmental Capital Assets

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

	<u>Balance</u> <u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2018</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Construction in progress	\$ 6,454,085	\$ 1,164,308	\$ 4,654,669	\$(1,035,332)	\$ 1,928,392
Land	<u>722,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>722,688</u>
Total non-depreciable capital assets	<u>7,176,773</u>	<u>1,164,308</u>	<u>4,654,669</u>	<u>(1,035,332)</u>	<u>2,651,080</u>
Depreciable Capital Assets:					
Buildings	22,689,522	-	-	1,035,332	23,724,854
Furniture and equipment, computer equipment, and software	6,228,060	175,836	56,052	-	6,347,844
Vehicles and motor equipment	<u>4,464,497</u>	<u>860,829</u>	<u>39,924</u>	<u>48,815</u>	<u>5,334,217</u>
Total depreciable capital assets	<u>33,382,079</u>	<u>1,036,665</u>	<u>95,976</u>	<u>1,084,147</u>	<u>35,406,915</u>
Less Accumulated Depreciation:					
Buildings	10,101,416	580,930	-	-	10,682,346
Furniture and equipment, computer equipment, and software	4,187,174	619,237	56,052	-	4,750,359
Vehicles and motor equipment	<u>2,501,646</u>	<u>686,863</u>	<u>39,924</u>	<u>48,815</u>	<u>3,197,400</u>
Total accumulated depreciation	<u>16,790,236</u>	<u>\$ 1,887,030</u>	<u>\$ 95,976</u>	<u>\$ 48,815</u>	<u>18,630,105</u>
Total depreciable capital assets	<u>16,591,843</u>				<u>16,776,810</u>
Governmental activity capital assets, net	<u>\$ 23,768,616</u>				<u>\$ 19,427,890</u>

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

Governmental Activities:	
General government	\$ 663,068
Public safety	1,171,750
Human services	43,477
Cultural and recreation	<u>8,735</u>
Total	<u>\$ 1,887,030</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Proprietary Capital Assets

The capital asset activity of the proprietary funds at June 30, 2018 was as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</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	342,241	15,005	-	357,246
Equipment	31,436	-	-	31,436
Total accumulated depreciation	<u>373,677</u>	<u>\$ 15,005</u>	<u>\$ -</u>	<u>388,682</u>
Total capital assets being depreciated, net	<u>260,972</u>			<u>245,967</u>
Solid waste capital assets, net	<u>475,075</u>			<u>460,070</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

	Balance June 30, 2017	Increases	Decreases	Transfers	Balance June 30, 2018
Water and Sewer Fund:					
Non-Depreciable Capital Assets:					
Land	338,521	\$ -	\$ -	\$ -	338,521
Construction-in-progress	4,111,612	342,366	1,083,322	(331,796)	3,038,860
Total non-depreciable capital assets	4,450,133	342,366	1,083,322	(331,796)	3,377,381
Depreciable Capital Assets:					
Water/sewer lines	20,177,618	-	-	331,796	20,509,414
Buildings	15,857,283	-	-	-	15,857,283
Equipment and vehicles	2,869,689	29,739	-	(48,815)	2,850,613
Total depreciable capital assets	38,904,590	29,739	-	282,981	39,217,310
Less Accumulated Depreciation:					
Water/sewer lines	9,870,512	340,254	-	-	10,210,766
Buildings	6,772,297	311,224	-	-	7,083,521
Equipment and vehicles	1,832,435	280,718	-	(48,815)	2,064,338
Total accumulated depreciation	18,475,244	\$ 932,196	\$ -	\$ (48,815)	19,358,625
Total capital assets being depreciated, net	20,429,346				19,858,685
Water/Sewer capital assets, net	24,879,479				23,236,066
Business-type activities capital assets, net	\$ 25,354,554				\$ 23,696,136

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2018 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 19,427,890	\$ 23,696,136
Long-term debt	(69,175,394)	-
Unexpended debt proceeds	1,315,100	-
Long-term debt for assets not owned by the County	66,627,394	-
Net investment in capital assets	\$ 18,194,990	\$ 23,696,136

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

B. Liabilities

Payables

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

	Vendors	Accrued Interest	Total
Governmental Activities:			
General	\$ 2,544,757	\$ 366,642	\$ 2,911,399
Other governmental	469,472	-	469,472
Total	\$ 3,014,229	\$ 366,642	\$ 3,380,871
 Business-Type Activities:			
Solid waste	\$ 37,360	\$ -	\$ 37,360
Water and sewer	162,461	-	162,461
Total	\$ 199,821	\$ -	\$ 199,821

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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2018, was 8.25% of compensation for law enforcement officers and 7.56% 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 \$1,090,295 for the year ended June 30, 2018.

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

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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

At June 30, 2018, the County reported a liability of \$3,395,670 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the County's proportion was .22227%, which was a decrease of .00512% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$1,097,030. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 195,622	\$ 96,121
Changes in assumptions	484,949	-
Net difference between projected and actual earnings on pension plan investments	824,473	-
Changes in proportion and differences between County contributions and proportionate share of contributions	8,733	123,729
County contributions subsequent to the measurement date	1,090,295	-
Total	\$ 2,604,072	\$ 219,850

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

\$1,090,295 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, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2019	\$ 123,682
2020	965,767
2021	473,981
2022	(269,503)
2023	-
Thereafter	-
Total	<u>\$ 1,293,927</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 7.75 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension liability calculated using the discount rate of 7.20%, as well as what the County’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20%) or 1-percentage-point higher (8.20%) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
County's proportionate share of the net pension liability (asset)	\$ 10,193,878	\$ 3,395,670	\$ (2,278,688)

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

Law Enforcement Officers' Special Separation Allowance

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to, but not yet, receiving benefits	-
Active plan members	<u>55</u>
Total	<u><u>56</u></u>

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 December 31, 2016 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.16 percent

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five year period ending December 31, 2014.

Deaths after retirement (healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from the valuation date using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths before retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths after retirement (beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted 123% for males and females.

Deaths after retirement (disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

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 \$12,793 as benefits came due for the reporting period.

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

At June 30, 2018, the County reported a total pension liability of \$1,177,576. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was rolled forward to December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the County recognized pension expense of \$112,241.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,688	\$ -
Changes of assumptions	49,358	-
County benefit payments and plan administrative expense made subsequent to the measurement date	6,397	-
Total	<u>\$ 86,443</u>	<u>\$ -</u>

\$6,397 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 ended June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	Amount
June 30	Amount
2019	\$ 15,367
2020	15,367
2021	15,367
2022	15,367
2023	15,900
Thereafter	2,678
Total	<u>\$ 80,046</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 3.16 percent, as well as what the County’s total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.16 percent) or 1-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total pension liability	<u>\$ 1,286,008</u>	<u>\$ 1,177,576</u>	<u>\$ 1,078,385</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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

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

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.86 percent at June 30, 2016 to 3.16 percent at June 30, 2017.

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 December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (the "Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the Pension Trust Fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires that the County contribute each month an amount equal to 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 \$133,733 for the reporting year. No amounts were forfeited.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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, 2018, 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 \$10,273,067; the County's total payroll was \$15,043,616. The total contribution for the fiscal year ended was \$612,900, which consisted of \$307,956 from the County and \$304,944 from the employees. The County's required contribution and the employees' voluntary contributions represented 3.00% and 3.21%, 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, defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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, 2018**

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 \$5,654 for the year ended June 30, 2018.

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

At June 30, 2018, the County reported an asset of \$72,571 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2017, the County's proportion was .42516%, which was an increase of .01597% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the County recognized pension expense of \$9,517. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,246	\$ 233
Changes of assumptions	12,245	-
Net difference between projected and actual earnings on pension plan investments	6,169	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,078	2,789
County contributions subsequent to the measurement date	5,654	-
Total	\$ 26,392	\$ 3,022

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

\$5,654 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Amount</u>
2019	\$ 10,490
2020	4,946
2021	706
2022	1,574
2023	-
Thereafter	-
Total	<u>\$ 17,716</u>

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.5 to 7.75 percent, including inflation and productivity factor
Investment rate of return	3.75 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2017 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. All rates of return and inflation are annualized.

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

Sensitivity of the County’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County’s proportionate share of the net pension asset calculated using the discount rate of 3.75%, as well as what the County’s proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Discount Rate (3.75%)	1% Increase (4.75%)
County's proportionate share of the net pension liability (asset)	<u>\$ (57,039)</u>	<u>\$ (72,571)</u>	<u>\$ (85,631)</u>

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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

The net pension liability for LGERS and ROD was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability for LEOSSA was measured as of June 30, 2017, with an actuarial valuation date of December 31, 2016. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. 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)	\$ 3,395,670	\$ (72,571)	\$ -	\$ 3,323,099
Proportion of the Net Pension Liability (Asset)	0.22227%	0.42516%	n/a	-
Total pension liability	-	-	1,177,576	1,177,576
Pension expense	1,097,030	9,517	112,241	1,218,788

At June 30, 2018, 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	\$ 195,622	\$ 1,246	\$ 30,688	\$ 227,556
Changes of assumptions	484,949	12,245	49,358	546,552
Net difference between projected and actual earnings on pension plan investments	824,473	6,169	-	830,642
Changes in proportion and differences between County contributions and proportionate share of contributions	8,733	1,078	-	9,811
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>1,090,295</u>	<u>5,654</u>	<u>6,397</u>	<u>1,102,346</u>
	<u>\$ 2,604,072</u>	<u>\$ 26,392</u>	<u>\$ 86,443</u>	<u>\$ 2,716,907</u>
Deferred Inflows of Resources:				
Differences between expected and actual experience	96,121	233	-	96,354
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>123,729</u>	<u>2,789</u>	<u>-</u>	<u>126,518</u>
	<u>\$ 219,850</u>	<u>\$ 3,022</u>	<u>\$ -</u>	<u>\$ 222,872</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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 Government 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.

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

Plan Membership. At June 30, 2017 and June 30, 2018, the HCB Plan membership consisted of the following:

Members	
Retirees and dependents receiving benefits	17
Active members	294
Total	<u>311</u>

Total OPEB Liability

The County’s total OPEB liability of \$5,098,781 was measured as of June 30, 2017 and was determined by an actuarial valuation as of June 30, 2016.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2016 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
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General Employees	3.50 - 7.75 percent
Law Enforcement Officers	3.50 - 7.35 percent
Municipal Bond Index Rate	
Prior Measurement Date	3.01 percent
Measurement Date	3.56 percent
Health Care Cost Trends	
Pre-Medicare	7.75 percent for 2016 decreasing to an ultimate rate of 5.00 percent by 2022

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2017	<u>\$ 5,093,463</u>
Changes for the year:	
Service cost at end of year	303,012
Interest	151,622
Difference between expected and actual experience	(20,658)
Changes of assumptions or other inputs	(315,422)
Benefit payments and implicit subsidy credit	<u>(113,236)</u>
Net change in total OPEB liability	<u>5,318</u>
Balance at June 30, 2018	<u>\$ 5,098,781</u>

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

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

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016 valuation were based on a review of recent plan experience done concurrently with the June 30, 2016 valuation.

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

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Total OPEB liability	\$ 5,687,609	\$ 5,098,781	\$ 4,575,333

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	\$ 4,399,454	\$ 5,098,781	\$ 5,943,874

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

For the year ended June 30, 2018, the County recognized OPEB expense of \$419,730. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 18,199
Changes of assumptions or other inputs	-	277,872
Benefit payments and administrative costs made subsequent to the measurement date	115,643	-
Total	\$ 115,643	\$ 296,071

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

\$115,643 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 ended June 30, 2019.

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
2019	\$ (40,009)
2020	(40,009)
2021	(40,009)
2022	(40,009)
2023	(40,009)
Thereafter	<u>(96,026)</u>
Total	<u>\$ (296,071)</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, 2018

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	\$ 293,384	\$ -
Pension deferrals	2,716,907	222,872
OPEB deferrals	115,643	296,071
Prepaid taxes not yet earned (General Fund)	-	253,313
Taxes receivable, net (General Fund)	-	492,740
Other receivables (General Fund)	-	135,978
Total	<u>\$ 3,125,934</u>	<u>\$ 1,400,974</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 \$11,150 per year. A liability of \$96,191 is recorded on the books in the Solid Waste Fund to provide for future post-closure costs. Actual post-closure costs may be higher due to inflation, changes in technology, or changes in regulations.

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.

All property coverage and some liability coverage 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.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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.

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, all other individuals holding positions requiring statutory bonds are covered elsewhere.

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, 2017 through June 30, 2018, 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>2018</u>
Unpaid claims, beginning	\$ 495,690
Incurred claims	2,912,129
Claim payments	<u>(2,958,922)</u>
Unpaid claims, ending	<u>\$ 448,897</u>

Claims and Judgments

At June 30, 2018, 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.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Operating Leases

The County is committed under various operating leases for land, buildings, and equipment. For the year ended June 30, 2018, total lease expenditures under these operating leases totaled \$21,000. For the current year, the operating leases were for storage spaces and the Cooleemee Branch Library. These are annual commitments that expire in June of each fiscal year. Therefore, there are no future obligations.

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, 2018 is 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%	\$ 3,250,000
\$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%	47,495,000
Total general obligation bonds	<u>\$ 50,745,000</u>

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2019	\$ 2,925,000	\$ 2,106,500
2020	3,000,000	1,970,250
2021	3,105,000	1,830,550
2022	3,190,000	1,685,900
2023	3,235,000	1,611,200
2024-2028	15,465,000	4,789,050
2029-2032	19,825,000	1,924,600
Total	\$ 50,745,000	\$ 15,918,050

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Installment Purchase Contracts

Installment purchase contract for capital purchases due in increasing annual installments from June 1, 2016 through June 1, 2020; at 1.515% interest	\$ 1,074,000
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	1,600,000
Installment purchase contract for capital purchases due in increasing annual installments from June 1, 2017 through June 1, 2021; at 1.39% interest	763,000
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	1,550,000
Installment purchase contract for vehicles and related equipment due in annual installments of \$173,000 beginning June 2, 2018 through June 1, 2022; at 1.97% interest	<u>711,000</u>
Total installment purchase contracts	<u><u>\$ 5,698,000</u></u>

Annual debt service requirements to maturity for the County's Installment Purchase contracts are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2019	\$ 1,330,000	\$ 76,379
2020	1,344,000	57,455
2021	809,000	38,289
2022	555,000	27,238
2023	372,000	19,694
2024-2026	<u>1,288,000</u>	<u>39,388</u>
Total	<u><u>\$ 5,698,000</u></u>	<u><u>\$ 258,443</u></u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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.

\$ 6,127,000

Total certificates of participation

\$ 6,127,000

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 919,000	\$ 154,400
2020	907,000	131,242
2021	895,000	108,385
2022	882,000	85,831
2023	862,000	63,606
2024-2025	<u>1,662,000</u>	<u>62,546</u>
Total	<u>\$ 6,127,000</u>	<u>\$ 606,010</u>

Advance Refunding

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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

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

Qualified Zone Academy Bonds

On March 17, 2004, the County issued \$602,600 in Qualified Zone Academy Bonds to finance the renovation of certain qualifying school facilities. Bonds qualifying as “Qualified Zone Academy Bonds” under Section 1397E of the Internal Revenue Code are interest-free obligations of the issuer. The creditor receives federal tax credits in lieu of receiving interest payments from the issuer. The principal of \$602,600 is payable in full on March 17, 2020; however, beginning March 17, 2005, the County was required to make sinking fund deposits to a restricted bank account in the amount of \$30,456 annually to fully fund the retirement of these bonds at maturity. The current sinking fund balance is \$516,655.

Debt Related to Capital Activities

General obligation bonds (\$56,747,794 including unamortized premium), QZAB (\$602,600), Installment Purchases (\$3,150,000) and Certificates of Participation (\$6,127,000) 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 (\$293,384) are related to debt issues for assets not owned by the County.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

Long-Term Obligations Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2018:

	Restated Balance			Balance	Due Within
	June 30, 2017	Increases	Decreases	June 30, 2018	One Year
Governmental Activities:					
General obligation debt	\$ 53,605,000	\$ -	\$ 2,860,000	\$ 50,745,000	\$ 2,925,000
Unamortized premiums	6,468,075	-	465,281	6,002,794	465,281
Installment purchase contracts	6,132,000	884,000	1,318,000	5,698,000	1,330,000
Qualified Zone Academy bonds	602,600	-	-	602,600	-
Certificates of participation	7,057,000	-	930,000	6,127,000	919,000
Net pension liability (LGERS)	4,537,819	-	1,344,489	3,193,330	-
Total OPEB Liability	4,787,855	111,441	106,442	4,792,854	-
Compensated absences	1,380,670	1,374,965	1,596,421	1,159,214	850,000
Total pension liability (LEOSSA)	<u>977,000</u>	<u>200,576</u>	<u>-</u>	<u>1,177,576</u>	<u>-</u>
Total governmental activities	<u>\$ 85,548,019</u>	<u>\$ 2,570,982</u>	<u>\$ 8,620,633</u>	<u>\$ 79,498,368</u>	<u>\$ 6,489,281</u>
Business-Type Activities:					
<i>Solid Waste Fund</i>					
Accrued landfill					
post-closure care costs	<u>\$ 107,341</u>	<u>\$ -</u>	<u>\$ 11,150</u>	<u>\$ 96,191</u>	<u>\$ 11,150</u>
<i>Water and Sewer Fund</i>					
Net pension liability (LGERS)	288,158	-	85,818	202,340	-
Total OPEB Liability	298,814	7,113	-	305,927	-
Compensated absences	<u>97,718</u>	<u>123,134</u>	<u>125,969</u>	<u>94,883</u>	<u>54,000</u>
Total Water and Sewer Fund	<u>684,690</u>	<u>130,247</u>	<u>211,787</u>	<u>603,150</u>	<u>54,000</u>
Total business-type activities	<u>\$ 792,031</u>	<u>\$ 130,247</u>	<u>\$ 222,937</u>	<u>\$ 699,341</u>	<u>\$ 65,150</u>

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

At June 30, 2018, the County had a legal debt margin of approximately \$300,959,200.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

Conduit Debt Obligations

Davie County Industrial Facilities and Pollution Control Financing Authority have issued industrial revenue bonds to provide financial assistance to private businesses for economic development purposes. These bonds are secured by the properties financed as well as letters of credit and are payable solely from payments received from the private businesses involved. Ownership of the acquired facilities is in the name of the private business served by the bond issuance. Neither the County, the Authority, the state, nor any political subdivision, thereof, is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2018, there was one series of industrial revenue bond outstanding, with an aggregate principal amount payable of \$1,931,062.

C. Interfund Balances and Activity

	Transfers	
	From	To
Transfers From/To Other Funds:		
General Fund	\$ 985,957	\$ -
Capital Projects Fund	-	689,300
Water and Sewer Fund	-	37,000
Solid Waste Fund	-	259,657
Total	\$ 985,957	\$ 985,957

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

Due To/From Other Funds at June 30, 2018 consisted of the following:

	From	To
Due From/To Other Funds:		
Internal Service Fund	\$ 39,452	\$ -
General Fund	-	39,452
Total	\$ 39,452	\$ 39,452

All interfund balances in the current year were for cash advances.

Transaction with Component Unit

The County contributed \$29,000 to the Davie County Watershed Improvement Commission for operations.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

3. Related Organizations

The Council of Economic Development (Council) was established to coordinate and promote the economic development of the County. Two of the twelve Board members are appointed by the County. The Council maintains its own accounting system. The County contributed \$150,898 to the Council during the fiscal year ended June 30, 2018.

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

4. Joint Ventures

The County, in conjunction with the State of North Carolina, participates in a joint venture to operate the colleges of Davidson and Davie Counties (Community College). The County appoints two members out of the fifteen-member Board of Trustees of the Community College. The President of the Community College's student government serves as an ex-officio non-voting member of the Community College's Board of Trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Davie Campus of Davidson County Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Davie Campus of Davidson County Community College's facilities. The County contributed \$671,335 and \$55,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2018. 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, 2018. 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, 2018. The County contributed \$44,796 to the District for the fiscal year ended June 30, 2018. Complete financial statements for the Yadkin Valley Economic Development District, Inc. can be obtained from the District's offices at P.O. Box 309, Boonville, North Carolina 27011.

The County, in conjunction with Forsyth County and Stokes County, participates in Cardinal Innovations Healthcare, an area mental health authority. The County appoints three members to the 19-member Board. Cardinal Innovations Healthcare is a joint venture established to provide the

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

participating counties with legally mandated mental health services. The County has an ongoing financial responsibility to Cardinal Innovations Healthcare because Cardinal's continued existence depends on the participating governments' continued funding. The County contributed \$108,538 to Cardinal Innovations Healthcare during the fiscal year ended June 30, 2018. None of the participating governments has any equity interest in Cardinal Innovations Healthcare so no equity interest has been reflected in the financial statement at June 30, 2018. Complete financial statements for Cardinal Innovations Healthcare can be obtained from its corporate office at 4855 Milestone Avenue, Kannapolis, North Carolina 28081.

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 \$12,010 to the Council during the fiscal year ended June 30, 2018.

6. Construction Commitments

The government has several active construction projects as of June 30, 2018. At year-end, the government's commitments with contractors are as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
East Davie Sewer project	\$ 1,371,682	\$ 57,795
Brock Building project	407,023	3,798
Courthouse project	496,322	12,861
Davie High School Repurposing	517,806	3,934,566
Total	<u>\$ 2,792,833</u>	<u>\$ 4,009,020</u>

7. 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.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2018

9. Change in Account Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the County to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the County related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for governmental activities decreased \$1,730,880 and business-type activities decreased \$96,745.

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

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DAVIE COUNTY, NORTH CAROLINA

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

	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 977,000	\$ 912,271
Service cost	58,265	58,470
Interest on the total pension liability	37,465	32,563
Difference between expected and actual experience in the measurement of the total pension liability	36,659	-
Changes of assumptions or other inputs	80,980	(26,018)
Benefit payments	<u>(12,793)</u>	<u>(286)</u>
Ending balance of the total pension liability	<u>\$ 1,177,576</u>	<u>\$ 977,000</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 to information for ten years and that additional years' information will be displayed as it becomes available.

DAVIE COUNTY, NORTH CAROLINA

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

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

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 to information for ten years and that additional years' information will be displayed as it becomes available.

DAVIE COUNTY, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

Schedule of Changes in the Total OPEB Liability and Related Ratios

	<u>2018</u>
Service cost at end of year	\$ 303,012
Interest	151,622
Difference between expected and actual experience	(20,658)
Changes of assumptions or other inputs	(315,422)
Benefit payments and implicit subsidy credit	<u>(113,236)</u>
Net change in total OPEB liability	5,318
Total OPEB liability - beginning	<u>5,093,463</u>
Total OPEB liability - ending	<u>\$ 5,098,781</u>
Covered payroll	\$ 12,895,580
Total OPEB liability as a percentage of covered payroll	39.54%

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>
2017	3.01%
2018	3.56%

DAVIE COUNTY, NORTH CAROLINA

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

Local Government Employees' Retirement System					
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
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-employee 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-employee 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%

* 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.

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

DAVIE COUNTY, NORTH CAROLINA

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

Local Government 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-employee payroll	\$ 14,262,056	\$ 13,312,927	\$ 12,936,172	\$ 12,598,405	\$ 12,060,535
Contributions as a percentage of covered-employee payroll	7.64%	7.44%	6.78%	7.07%	7.06%

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

DAVIE COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund				
	2018	2017	2016	2015	2014
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)
Covered-employee payroll	\$ 72,528	\$ 69,661	\$ 67,069	\$ 66,390	\$ 66,534
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-100.06%	-109.82%	-145.19%	-136.55%	-125.14%
Plan fiduciary net position as a percentage of the total pension liability**	153.77%	160.17%	197.29%	193.88%	190.50%

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

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

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

DAVIE COUNTY, NORTH CAROLINA

DAVIE COUNTY'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARSRegister of Deeds' Supplemental Pension Fund

	<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>				
Covered-employee payroll	\$ 74,792	\$ 72,528	\$ 69,661	\$ 67,069	\$ 66,390
Contributions as a percentage of covered-employee payroll	7.56%	5.09%	4.80%	5.01%	4.92%

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

DAVIE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 34,581,384	\$ 35,513,771	\$ 932,387
Penalties and interest	145,000	151,779	6,779
Total	<u>34,726,384</u>	<u>35,665,550</u>	<u>939,166</u>
Other Taxes:			
Local Option Sales Tax:			
Article 39 - one percent	2,923,000	2,640,563	(282,437)
Article 40 - one-half of one percent	2,135,000	2,130,425	(4,575)
Article 42 - one-half of one percent	1,853,000	1,897,656	44,656
Article 44 - one-half of one percent	-	(263)	(263)
Expanded sales tax	<u>1,041,000</u>	<u>1,159,991</u>	<u>118,991</u>
Total	<u>7,952,000</u>	<u>7,828,372</u>	<u>(123,628)</u>
Occupancy Tax	<u>131,683</u>	<u>131,683</u>	<u>-</u>
Unrestricted Intergovernmental Revenues:			
Hold Harmless revenue	700,000	825,226	125,226
Towns of Mocksville, Cooleemee, and fire department reimbursement	<u>299,621</u>	<u>291,646</u>	<u>(7,975)</u>
Total	<u>999,621</u>	<u>1,116,872</u>	<u>117,251</u>
Restricted Intergovernmental Revenues:			
Federal and state grants	5,526,303	5,211,212	(315,091)
Court facilities fees	413,000	404,845	(8,155)
Controlled substance tax	3,000	11,239	8,239
Crime prevention	-	10,619	10,619
Total	<u>5,942,303</u>	<u>5,637,915</u>	<u>(304,388)</u>
Sales and Services:			
Emergency medical service fees	2,177,569	2,215,272	37,703
Health fees	88,223	131,105	42,882
Other fees	35,137	44,565	9,428
Rents	65,320	73,294	7,974
Tax collection fees	10,600	25,737	15,137
Health - client and third-party fees	<u>722,312</u>	<u>1,186,809</u>	<u>464,497</u>
Total	<u>3,099,161</u>	<u>3,676,782</u>	<u>577,621</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, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Licenses and Permits:			
Building permits	136,000	214,613	78,613
Inspection and other related fees	187,000	220,577	33,577
Other permits and fees	40,350	53,198	12,848
Register of Deeds	385,000	401,802	16,802
Total	<u>748,350</u>	<u>890,190</u>	<u>141,840</u>
Investment Earnings	<u>85,000</u>	<u>108,182</u>	<u>23,182</u>
Miscellaneous Revenues:			
Other revenues	1,372,091	941,949	(430,142)
Library - gifts, fines and fees	41,500	48,547	7,047
Total	<u>1,413,591</u>	<u>990,496</u>	<u>(423,095)</u>
Total revenues	<u>55,098,093</u>	<u>56,046,042</u>	<u>947,949</u>
Expenditures:			
General Government:			
Governing Board:			
Salaries and employee benefits	91,342	85,186	
Other operating expenditures	465,407	218,547	
Total	<u>556,749</u>	<u>303,733</u>	<u>253,016</u>
Administration:			
Salaries and benefits	353,920	350,453	
Other operating expenditures	90,882	79,533	
Total	<u>444,802</u>	<u>429,986</u>	<u>14,816</u>
Elections:			
Salaries and employee benefits	148,047	144,073	
Other operating expenditures	126,593	105,403	
Total	<u>274,640</u>	<u>249,476</u>	<u>25,164</u>
Finance:			
Salaries and employee benefits	487,252	478,815	
Other operating expenditures	87,683	79,551	
Total	<u>574,935</u>	<u>558,366</u>	<u>16,569</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, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Data Processing:			
Salaries and employee benefits	444,045	445,309	
Other operating expenditures	765,749	746,160	
Capital outlay	55,840	55,833	
Total	<u>1,265,634</u>	<u>1,247,302</u>	<u>18,332</u>
Taxes:			
Salaries and employee benefits	479,490	443,094	
Other operating expenditures	267,825	250,274	
Total	<u>747,315</u>	<u>693,368</u>	<u>53,947</u>
Revaluation:			
Salaries and employee benefits	176,779	170,312	
Other operating expenditures	33,400	22,031	
Total	<u>210,179</u>	<u>192,343</u>	<u>17,836</u>
Legal:			
Contracted services	428,855	414,356	
Other operating expenditures	3,111	2,622	
Total	<u>431,966</u>	<u>416,978</u>	<u>14,988</u>
Register of Deeds:			
Salaries and employee benefits	258,539	255,524	
Other operating expenditures	45,495	41,181	
Total	<u>304,034</u>	<u>296,705</u>	<u>7,329</u>
Public Buildings:			
Salaries and employee benefits	343,685	323,008	
Other operating expenditures	1,277,336	1,100,612	
Capital outlay	239,682	155,237	
Total	<u>1,860,703</u>	<u>1,578,857</u>	<u>281,846</u>
Court Facilities:			
Operating expenditures	158,075	141,729	
Capital outlay	15,000	10,212	
Total	<u>173,075</u>	<u>151,941</u>	<u>21,134</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
DAVIENET:			
Operating expenditures	3,300	3,312	
Capital outlay	12,800	12,793	
Total	<u>16,100</u>	<u>16,105</u>	(5)
Project Management:			
Salaries and employee benefits	49,011	50,087	
Other operating expenditures	5,000	105	
Total	<u>54,011</u>	<u>50,192</u>	3,819
Contributions to other agencies	<u>185,248</u>	<u>185,248</u>	-
Total general government	<u>7,099,391</u>	<u>6,370,600</u>	728,791
Public Safety:			
Sheriff:			
Salaries and employee benefits	4,278,776	4,136,718	
Other operating expenditures	923,476	862,370	
Capital outlay	629,264	602,602	
Total	<u>5,831,516</u>	<u>5,601,690</u>	229,826
Jail:			
Salaries and employee benefits	1,550,524	1,472,725	
Other operating expenditures	746,171	695,444	
Capital outlay	42,956	42,955	
Total	<u>2,339,651</u>	<u>2,211,124</u>	128,527
Davie Domestic Violence Service:			
Salaries and employee benefits	189,090	168,789	
Other operating expenditures	55,672	46,666	
Total	<u>244,762</u>	<u>215,455</u>	29,307
Davie Domestic Violence United Way:			
Salaries and employee benefits	19,000	18,917	
Other operating expenditures	2,397	2,397	
Total	<u>21,397</u>	<u>21,314</u>	83

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Displaced Homemakers:			
Salaries and employee benefits	22,326	21,289	
Total	<u>22,326</u>	<u>21,289</u>	1,037
Fire:			
Salaries and employee benefits	242,698	236,349	
Other operating expenditures	77,112	65,557	
Assistance to local fire departments	2,407,098	2,407,096	
Total	<u>2,726,908</u>	<u>2,709,002</u>	17,906
Inspections:			
Salaries and employee benefits	341,492	272,377	
Other operating expenditures	26,200	19,990	
Capital outlay	107,650	92,650	
Total	<u>475,342</u>	<u>385,017</u>	90,325
Medical Examiner:			
Salaries and employee benefits	-	1,901	
Professional services	38,000	25,368	
Total	<u>38,000</u>	<u>27,269</u>	10,731
Emergency Medical Service:			
Salaries and employee benefits	3,179,396	3,174,948	
Other operating expenditures	806,479	735,260	
Capital outlay	268,366	264,275	
Total	<u>4,254,241</u>	<u>4,174,483</u>	79,758
Animal Protection:			
Salaries and employee benefits	305,356	299,091	
Operating expenditures	50,150	47,833	
Total	<u>355,506</u>	<u>346,924</u>	8,582
Communication:			
Salaries and employee benefits	805,656	796,589	
Other operating expenditures	134,414	117,759	
Total	<u>940,070</u>	<u>914,348</u>	25,722
Total public safety	<u>17,249,719</u>	<u>16,627,915</u>	621,804

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Environmental Protection:			
Contributions to Other Agencies:			
Forestry service	55,231	49,226	6,005
Total environmental protection	<u>55,231</u>	<u>49,226</u>	<u>6,005</u>
Economic and Physical Development:			
Planning and Zoning:			
Salaries and employee benefits	174,943	168,347	
Other operating expenditures	121,880	36,467	
Total	<u>296,823</u>	<u>204,814</u>	<u>92,009</u>
Agricultural Extension:			
Salaries and employee benefits	3,230	2,923	
Operating expenditures	192,729	164,700	
Total	<u>195,959</u>	<u>167,623</u>	<u>28,336</u>
Contributions to other agencies	<u>964,490</u>	<u>963,591</u>	<u>899</u>
Total economic and physical development	<u>1,457,272</u>	<u>1,336,028</u>	<u>121,244</u>
Human Services:			
Health:			
Administration-Basic Programs:			
Salaries and employee benefits	230,025	229,596	
Other operating expenditures	76,650	62,814	
Capital outlay	17,500	13,800	
Total	<u>324,175</u>	<u>306,210</u>	<u>17,965</u>
Clinical Services:			
Salaries and employee benefits	45,331	39,476	
Other operating expenditures	18,235	14,593	
Total	<u>63,566</u>	<u>54,069</u>	<u>9,497</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, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Family Planning:			
Salaries and employee benefits	214,726	198,150	
Other operating expenditures	60,574	48,488	
Capital outlay	762	-	
Total	<u>276,062</u>	<u>246,638</u>	<u>29,424</u>
Adolescent Pregnancy Prevention:			
Other operating expenditures	24,201	17,867	
Total	<u>24,201</u>	<u>17,867</u>	<u>6,334</u>
Maternal and Child Health:			
Salaries and employee benefits	589,039	568,813	
Other operating expenditures	120,383	111,569	
Capital outlay	729	-	
Total	<u>710,151</u>	<u>680,382</u>	<u>29,769</u>
Home Health Program:			
Other operating expenditures	17,250	1,211	
Total	<u>17,250</u>	<u>1,211</u>	<u>16,039</u>
Women, Infants, and Children:			
Salaries and employee benefits	220,566	204,162	
Other operating expenditures	118,425	101,098	
Total	<u>338,991</u>	<u>305,260</u>	<u>33,731</u>
Environmental Health:			
Salaries and employee benefits	259,196	267,329	
Other operating expenditures	46,570	40,250	
Capital outlay	73,555	71,303	
Total	<u>379,321</u>	<u>378,882</u>	<u>439</u>
Health - Other:			
Salaries and employee benefits	642,196	629,225	
Other operating expenditures	145,526	116,366	
Capital outlay	17,665	25,354	
Total	<u>805,387</u>	<u>770,945</u>	<u>34,442</u>
Total health	<u>2,939,104</u>	<u>2,761,464</u>	<u>177,640</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Mental Health:			
Contribution to Mental Health Authority	108,538	108,538	-
Total mental health	<u>108,538</u>	<u>108,538</u>	<u>-</u>
Social Services:			
Administration:			
Salaries and employee benefits	3,083,101	2,971,697	
Other operating expenditures	502,113	486,014	
Capital outlay	<u>28,250</u>	<u>28,250</u>	
Total	<u>3,613,464</u>	<u>3,485,961</u>	<u>127,503</u>
AFDC Program:			
AFDC program - foster care	555,000	555,000	
AFDC program - emergency assistance	8,000	7,901	
AFDC program - trans day care	<u>50,000</u>	<u>173</u>	
Total	<u>613,000</u>	<u>563,074</u>	<u>49,926</u>
Medicaid Program:			
County participation only	<u>1,500</u>	<u>915</u>	<u>585</u>
Other Programs:			
State boarding home	334,000	334,000	
General assistance	22,157	21,801	
Special assistance	280,000	257,666	
Aid to blind	2,000	1,224	
Chore services	11,328	8,366	
Crisis intervention	113,176	113,172	
Other programs	336,089	201,686	
Medicaid transportation	48,500	43,398	
Adoption assistance	136,000	123,337	
Links transitional housing	<u>11,240</u>	<u>2,509</u>	
Total	<u>1,294,490</u>	<u>1,107,159</u>	<u>187,331</u>
Total social services	<u>5,522,454</u>	<u>5,157,109</u>	<u>365,345</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, 2018

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Veteran's Service Officer:			
Salaries and employee benefits	56,951	55,407	
Other operating expenditures	3,470	3,045	
Total	<u>60,421</u>	<u>58,452</u>	1,969
Senior Center:			
Salaries and employee benefits	388,951	370,374	
Other operating expenditures	811,677	314,795	
Total	<u>1,200,628</u>	<u>685,169</u>	515,459
Contributions to other agencies	<u>173,526</u>	<u>173,525</u>	1
Total human services	<u>10,004,671</u>	<u>8,944,257</u>	1,060,414
Cultural and Recreational:			
Recreation:			
Operating expenditures	40,000	40,000	
Total	<u>40,000</u>	<u>40,000</u>	-
Recreation and Parks:			
Salaries and employee benefits	199,733	198,654	
Operating expenditures	111,379	109,554	
Total	<u>311,112</u>	<u>308,208</u>	2,904
Library:			
Salaries and employee benefits	483,175	464,920	
Other operating expenditures	214,374	185,456	
Total	<u>697,549</u>	<u>650,376</u>	47,173
Contribution to other agencies	<u>218,003</u>	<u>218,003</u>	-
Total cultural and recreational	<u>1,266,664</u>	<u>1,216,587</u>	50,077

DAVIE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Education:			
Public schools - current expense	10,967,849	10,967,848	
Capital outlay - one-half cent tax	1,867,000	1,734,153	
Capital outlay - State and local	830,540	548,075	
Community College	726,335	726,335	
Contributions to other agencies:			
JCPC	123,077	122,046	
Horizons Unlimited	<u>8,600</u>	<u>8,600</u>	
Total education	<u>14,523,401</u>	<u>14,107,057</u>	<u>416,344</u>
Debt Service:			
Principal retirement	5,138,457	5,108,000	30,457
Interest and fees	<u>2,821,069</u>	<u>2,659,158</u>	<u>161,911</u>
Total debt service	<u>7,959,526</u>	<u>7,767,158</u>	<u>192,368</u>
Contingency	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total expenditures	<u>59,665,875</u>	<u>56,418,828</u>	<u>3,247,047</u>
Revenues over (under) expenditures	<u>(4,567,782)</u>	<u>(372,786)</u>	<u>4,194,996</u>
Other Financing Sources (Uses):			
Operating transfers to other funds:			
Capital Projects Fund	(689,300)	(689,300)	-
Solid Waste Fund	(390,000)	(259,657)	130,343
Water and Sewer Fund	<u>(37,000)</u>	<u>(37,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,116,300)</u>	<u>(985,957)</u>	<u>130,343</u>
Operating transfers from other funds:			
Capital Projects Fund	<u>73,374</u>	<u>-</u>	<u>(73,374)</u>
Total	<u>73,374</u>	<u>-</u>	<u>(73,374)</u>
Proceeds from sale of capital assets	15,000	-	(15,000)
Installment debt proceeds	<u>884,000</u>	<u>884,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(143,926)</u>	<u>(101,957)</u>	<u>41,969</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, 2018**

	Final Budget	Actual	Variance Over/Under
Revenues and other financing sources over (under) expenditures and other financing uses	(4,711,708)	(474,743)	4,236,965
Appropriated fund balance	4,711,708	-	(4,711,708)
Net change in fund balance	\$ -	(474,743)	\$ (474,743)
Fund Balance:			
Beginning of year - July 1		18,821,205	
End of year - June 30		\$ 18,346,462	

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, 2018

	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	456,624	528,666	-	528,666	72,042
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	380,000	445,000	825,000	(837,000)
One North Carolina Fund	75,000	-	-	-	(75,000)
State Superfund Cleanup Grant - oil mitigation	1,430,159	1,235,215	10,609	1,245,824	(184,335)
2012 Urgent Repair grant	75,000	73,793	-	73,793	(1,207)
NC Commerce - CDBG	97,476	25,159	-	25,159	(72,317)
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 Commerce Building Reuse	500,000	500,000	-	500,000	-
NC DOT - Roadways Adjacent to Schools	547,199	-	547,199	547,199	-
Total restricted intergovernmental	<u>12,776,153</u>	<u>10,508,300</u>	<u>1,002,808</u>	<u>11,511,108</u>	<u>(1,265,045)</u>
Investment earnings:					
Recreation building	-	19,175	-	19,175	19,175
Gildan Project	1,546	-	-	-	(1,546)
Urgent Repair program	-	131	-	131	131
Oil spill mitigation	-	6,639	-	6,639	6,639
Total investment earnings	<u>1,546</u>	<u>25,945</u>	<u>-</u>	<u>25,945</u>	<u>24,399</u>
Miscellaneous:					
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)	49,000	24,000	-	24,000	(25,000)
JP Green Milling Company grant	23,500	23,500	-	23,500	-
Sponsorship	45,000	-	45,000	45,000	-
Total miscellaneous	<u>3,617,500</u>	<u>3,574,046</u>	<u>45,000</u>	<u>3,619,046</u>	<u>1,546</u>
Total revenues	<u>16,395,199</u>	<u>14,108,291</u>	<u>1,047,808</u>	<u>15,156,099</u>	<u>(1,239,100)</u>
Expenditures:					
General Government:					
Commerce Fellows	27,476	25,159	-	25,159	2,317
Senior Center Portico	124,179	124,179	-	124,179	-
Admin Building Capital Project	236,225	90,316	136,889	227,205	9,020
Brock Capital Project	410,821	301,680	105,344	407,024	3,797
Davie High School Repurposing Project	4,895,000	74,292	443,515	517,807	4,377,193
Hospital	55,848	-	700	700	55,148
Facility Needs Study	194,000	-	187,716	187,716	6,284
Medical Examiner's Room	265,000	-	-	-	265,000
Total general government	<u>6,208,549</u>	<u>615,626</u>	<u>874,164</u>	<u>1,489,790</u>	<u>4,718,759</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, 2018

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Public safety:					
Viper VHF Comm Project	3,011,426	2,665,653	-	2,665,653	345,773
Courthouse Capital Project	568,273	473,014	23,263	496,277	71,996
EMS Station 2	1,038,528	516,363	455,048	971,411	67,117
Animal control building	476,626	476,376	250	476,626	-
Total public safety	5,094,853	4,131,406	478,561	4,609,967	484,886
Environmental protection:					
Oil spill mitigation	1,525,401	1,450,438	37,078	1,487,516	37,885
Economic and physical development:					
One North Carolina Fund	75,000	-	-	-	75,000
Ashley Furniture	8,666,200	7,377,988	445,000	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	525,000	525,000	-	525,000	-
Total economic and physical development	12,753,830	11,390,618	445,000	11,835,618	918,212
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	400,000	400,000	-	400,000	-
Total human services	1,001,624	998,905	-	998,905	2,719
Cultural and recreational:					
Recreation buildings	150,000	31,413	-	31,413	118,587
Davie Little League	300,000	300,000	-	300,000	-
Total cultural and recreational	450,000	331,413	-	331,413	118,587
Education:					
Early College DCCC - Davie Campus	-	161,252	-	161,252	(161,252)
Early College 2011	1,200,000	1,085,950	-	1,085,950	114,050
Davie County High School	64,122,513	56,684,248	6,412,433	63,096,681	1,025,832
Central Davie renovation	613,800	428,903	184,897	613,800	-
Total education	65,936,313	58,360,353	6,597,330	64,957,683	978,630
Total expenditures	92,970,570	77,278,759	8,432,133	85,710,892	7,259,678
Revenues over (under) expenditures	(76,575,371)	(63,170,468)	(7,384,325)	(70,554,793)	6,020,578
Other Financing Sources (Uses):					
Operating transfers in (out):					
From General Fund	14,605,019	14,105,064	689,300	14,794,364	189,345
To General Fund	(8,600,751)	(8,368,735)	-	(8,368,735)	232,016
Proceeds from debt:					
Installment debt proceeds	2,145,789	3,268,789	-	3,268,789	1,123,000
Bond proceeds	59,350,000	54,500,000	-	54,500,000	(4,850,000)
Bond premium	7,075,314	7,075,314	-	7,075,314	-
USDA loan proceeds	2,000,000	2,000,000	-	2,000,000	-
Total other financing sources (uses)	76,575,371	72,580,432	689,300	73,269,732	(3,305,639)
Net change in fund balance	\$ -	\$ 9,409,964	(6,695,025)	\$ 2,714,939	\$ 2,714,939
Fund Balance:					
Beginning of year - July 1			9,383,003		
End of year - June 30			\$ 2,687,978		

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, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 283,923	\$ 282,287	\$ (1,636)
Interest on investments	100	354	254
Total revenues	<u>284,023</u>	<u>282,641</u>	<u>(1,382)</u>
Expenditures:			
Phone & furniture	105,189	53,123	52,066
Software	170,926	86,322	84,604
Hardware	1,305	659	646
Training	6,603	3,335	3,268
Total expenditures	<u>284,023</u>	<u>143,439</u>	<u>140,584</u>
Net change in fund balance	<u>\$ -</u>	139,202	<u>\$ 139,202</u>
Fund Balance:			
Beginning of year - July 1		<u>647,621</u>	
End of year - June 30		<u>\$ 786,823</u>	

DAVIE COUNTY, NORTH CAROLINA**EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE
PSAP RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2018**

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	\$ 786,823
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning Fund Balance - Budget-to-Actual vs. PSAP report)	<u>(446,679)</u>
Ending balance, PSAP Revenue - Expenditure Report	<u><u>\$ 340,144</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating Revenues:			
Charges for services:			
Water sales	\$ 4,000,000	\$ 4,367,633	\$ 367,633
Sewer charges	365,000	459,045	94,045
East Davie sewer charges	925,000	981,201	56,201
Water and sewer taps	125,500	194,295	68,795
East Davie fees	2,500	306,640	304,140
Miscellaneous charges	119,500	140,403	20,903
Total	<u>5,537,500</u>	<u>6,449,217</u>	<u>911,717</u>
Non-Operating Revenues:			
State grant revenues	150,000	-	(150,000)
Interest earnings	1,000	5,150	4,150
Total	<u>151,000</u>	<u>5,150</u>	<u>(145,850)</u>
Total revenues	<u>5,688,500</u>	<u>6,454,367</u>	<u>765,867</u>
Expenditures:			
Administration:			
Salaries and employee benefits		236,679	
Other operating expenditures		83,384	
Total	<u>392,472</u>	<u>320,063</u>	<u>72,409</u>
Water Operations:			
Salaries and employee benefits		505,037	
Utilities		19,817	
Maintenance		229,411	
Other operating expenditures		443,081	
Total	<u>1,003,536</u>	<u>1,197,346</u>	<u>(193,810)</u>
Water Treatment Plant:			
Salaries and employee benefits		433,609	
Utilities		197,762	
Maintenance		425,093	
Chemicals		241,903	
Supplies		19,402	
Other operating expenditures		563,708	
Total	<u>1,762,235</u>	<u>1,881,477</u>	<u>(119,242)</u>
Waste Treatment Plant:			
Salaries and employee benefits		71,325	
Utilities		91,239	
Maintenance		160,039	
Other operating expenditures		56,721	
Total	<u>493,557</u>	<u>379,324</u>	<u>114,233</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, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Waste Treatment Plant - East Davie:			
Salaries and employee benefits		52,772	
Utilities		29,826	
Maintenance		94,814	
Other operating expenditures		<u>1,035,425</u>	
Total	<u>1,252,188</u>	<u>1,212,837</u>	39,351
Capital Outlay:			
Fire hydrants	37,000	25,818	11,182
Equipment and furniture	50,000	45,791	4,209
Improvements	<u>151,504</u>	<u>45,564</u>	<u>105,940</u>
Total	<u>238,504</u>	<u>117,173</u>	<u>121,331</u>
Contingency	<u>183,008</u>	-	<u>183,008</u>
Total expenditures	<u>5,325,500</u>	<u>5,108,220</u>	<u>217,280</u>
Revenues over (under) expenditures	<u>363,000</u>	<u>1,346,147</u>	<u>983,147</u>
Other Financing Sources (Uses):			
Transfers from other funds	37,000	37,000	-
Transfer to Water Capital project	<u>(400,000)</u>	<u>(400,000)</u>	-
Total other financing sources (uses)	<u>(363,000)</u>	<u>(363,000)</u>	-
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>983,147</u>	<u>\$ 983,147</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Capital outlay expenditures capitalized		\$ 29,739	
Nonoperating expense - loss on disposal		(1,083,322)	
Capital items not charged to capital outlay		342,366	
Change in deferred outflow of resources - OPEB		6,939	
Change in deferred outflow of resources - pensions deferrals		(119,783)	
Change in deferred outflow of resources - contributions to pension plan		30,387	
Change in deferred inflows of resources - OPEB		(17,764)	
Change in net pension liability		85,818	
Change in deferred inflows of resources - pensions deferrals		6,757	
Change in compensated absences payable		2,835	
Change in other post-employment benefits		(7,113)	
Depreciation		(932,196)	
Transfer in (out) Water and Sewer Capital Projects Fund		<u>400,000</u>	
Total reconciling items		<u>(1,255,337)</u>	
Change in net position		<u>\$ (272,190)</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, 2018

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental:					
Rural Center grant - Hospital Sewer project	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
Investment earnings	-	71,870	-	71,870	71,870
Total revenues	<u>1,000,000</u>	<u>1,071,870</u>	<u>-</u>	<u>1,071,870</u>	<u>71,870</u>
Expenditures:					
Water projects:					
Construction	17,511,950	1,132,626	316,271	1,448,897	16,063,053
Land	851,320	138,354	89,696	228,050	623,270
Administrative costs	<u>2,970,500</u>	<u>1,458,966</u>	<u>256,774</u>	<u>1,715,740</u>	<u>1,254,760</u>
Total	<u>21,333,770</u>	<u>2,729,946</u>	<u>662,741</u>	<u>3,392,687</u>	<u>17,941,083</u>
Hospital Sewer Project:					
Construction	2,198,550	2,017,181	-	2,017,181	181,369
Administrative costs	<u>55,000</u>	<u>45,035</u>	<u>-</u>	<u>45,035</u>	<u>9,965</u>
Total	<u>2,253,550</u>	<u>2,062,216</u>	<u>-</u>	<u>2,062,216</u>	<u>191,334</u>
Total expenditures	<u>23,587,320</u>	<u>4,792,162</u>	<u>662,741</u>	<u>5,454,903</u>	<u>18,132,417</u>
Revenues over (under) expenditures	<u>(22,587,320)</u>	<u>(3,720,292)</u>	<u>(662,741)</u>	<u>(4,383,033)</u>	<u>18,204,287</u>
Other Financing Sources (Uses):					
Long-term debt issued	18,199,000	-	-	-	(18,199,000)
Operating transfers - in (out):					
From General Fund	-	200,000	-	200,000	200,000
From Water and Sewer Fund	<u>4,388,320</u>	<u>4,737,459</u>	<u>400,000</u>	<u>5,137,459</u>	<u>749,139</u>
Total other financing sources (uses)	<u>22,587,320</u>	<u>4,937,459</u>	<u>400,000</u>	<u>5,337,459</u>	<u>(17,249,861)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,217,167</u>	<u>\$ (262,741)</u>	<u>\$ 954,426</u>	<u>\$ 954,426</u>

DAVIE COUNTY, NORTH CAROLINA

SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Recycling	\$ 90,000	\$ 135,455	\$ (45,455)
Expenditures:			
Landfill operations:			
Purchased services	420,430	372,742	47,688
Other operating expenditures	80,000	22,371	57,629
Total expenditures	<u>500,430</u>	<u>395,113</u>	<u>105,317</u>
Revenues over (under) expenditures	<u>(410,430)</u>	<u>(259,658)</u>	<u>(150,772)</u>
Other Financing Sources (Uses):			
Operating transfers in:			
From General Fund	390,000	259,657	(130,343)
Appropriated fund balance	20,430	-	(20,430)
Total other financing sources (uses)	<u>410,430</u>	<u>259,657</u>	<u>(150,773)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(1)</u>	<u>\$ (1)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Decrease in accrued landfill post-closure liabilities		11,150	
Depreciation		<u>(15,005)</u>	
Total reconciling items		<u>(3,855)</u>	
Change in net position		<u>\$ (3,856)</u>	

DAVIE COUNTY, NORTH CAROLINA**SELF-INSURANCE INTERNAL SERVICE FUND
STATEMENT OF NET POSITION
JUNE 30, 2018****Liabilities:**

Current liabilities:

Due to other funds	\$ 39,452
Accounts payable and accrued liabilities	<u>448,897</u>
Total liabilities	<u>488,349</u>

Net Position:

Unrestricted	<u>\$ (488,349)</u>
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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, 2018**

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Insurance premiums	\$ 3,875,000	\$ 3,668,899	\$ (206,101)
Expenditures:			
Administration	791,639	913,839	(122,200)
Insurance claims paid	3,083,361	2,958,922	124,439
Total expenditures	<u>3,875,000</u>	<u>3,872,761</u>	<u>2,239</u>
Change in net position	<u>\$ -</u>	(203,862)	<u>\$ (203,862)</u>
Net Position:			
Beginning of year - July 1		<u>(284,487)</u>	
End of year - June 30		<u>\$ (488,349)</u>	

DAVIE COUNTY, NORTH CAROLINA

**SELF-INSURANCE INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

Cash Flows from Operating Activities:

Cash received from customers	\$ 3,668,899
Cash paid for goods and services	<u>(3,880,102)</u>
Net cash provided (used) by operating activities	<u>(211,203)</u>

Net increase (decrease) in cash and cash equivalents (211,203)

Cash and Cash Equivalents:

Beginning of year - July 1 211,203

End of year - June 30 \$ -

Reconciliation of Operating Income (Loss) to

Net Cash Provided (Used) by Operating Activities:

Operating income (loss)	\$ (203,862)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Increase (decrease) due to other funds	39,452
Increase (decrease) in accounts payable and accrued liabilities	<u>(46,793)</u>

Net cash provided (used) by operating activities \$ (211,203)

DAVIE COUNTY, NORTH CAROLINA

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Social Services:				
Assets:				
Cash and cash equivalents	\$ 21,700	\$ 6,314	\$ 3,069	\$ 24,945
Liabilities:				
Miscellaneous liabilities	\$ 21,700	\$ 6,314	\$ 3,069	\$ 24,945
Inmate Trust:				
Assets:				
Cash and cash equivalents	\$ 8,480	\$ -	\$ 8,480	\$ -
Liabilities:				
Miscellaneous liabilities	\$ 8,480	\$ -	\$ 8,480	\$ -
Property Tax:				
Assets:				
Taxes receivable	\$ 149,043	\$ 4,099,228	\$ 4,089,938	\$ 158,333
Liabilities:				
Intergovernmental payable	\$ 149,043	\$ 4,099,228	\$ 4,089,938	\$ 158,333
Deed of Trust Fund:				
Assets:				
Cash and cash equivalents	\$ 2,908	\$ 2,908	\$ 3,144	\$ 2,672
Liabilities:				
Intergovernmental payable:				
State of North Carolina	\$ 2,908	\$ 2,908	\$ 3,144	\$ 2,672
Totals - All Agency Funds:				
Assets:				
Cash and cash equivalents	\$ 33,088	\$ 9,222	\$ 14,693	\$ 27,617
Taxes receivable	149,043	4,099,228	4,089,938	158,333
Total assets	<u>\$ 182,131</u>	<u>\$ 4,108,450</u>	<u>\$ 4,104,631</u>	<u>\$ 185,950</u>
Liabilities:				
Miscellaneous liabilities	\$ 30,180	\$ 6,314	\$ 11,549	\$ 24,945
Intergovernmental payable	151,951	4,102,136	4,093,082	161,005
Total liabilities	<u>\$ 182,131</u>	<u>\$ 4,108,450</u>	<u>\$ 4,104,631</u>	<u>\$ 185,950</u>

DAVIE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2018

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2017</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2018</u>
2017-2018	\$ -	\$ 35,614,882	\$ 35,209,529	\$ 405,353
2016-2017	477,255	-	292,311	184,944
2015-2016	174,388	-	74,358	100,030
2014-2015	82,516	-	23,081	59,435
2013-2014	66,563	-	13,046	53,517
2012-2013	62,930	-	7,447	55,483
2011-2012	51,982	-	3,841	48,141
2010-2011	48,512	-	4,048	44,464
2009-2010	43,093	-	1,327	41,766
2008-2009	36,582	-	847	35,735
2007-2008	35,378	-	35,378	-
Total	<u>\$ 1,079,199</u>	<u>\$ 35,614,882</u>	<u>\$ 35,665,213</u>	<u>1,028,868</u>
Less: Allowance for uncollectible accounts				<u>(536,128)</u>
Ad valorem taxes receivable, net				<u>\$ 492,740</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				<u>\$ 35,665,550</u>
Reconciling items:				
Taxes written off				35,378
Penalties and interest collected				(151,779)
Miscellaneous				<u>116,064</u>
Total reconciling items				<u>(337)</u>
Total collections and credits				<u>\$ 35,665,213</u>

DAVIE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2018

	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	\$ 4,494,433,325	\$ 0.768	\$ 34,536,908	\$ 31,077,882	\$ 3,459,026
Utilities	100,603,649	0.768	772,636	772,636	-
Penalties	-		32,575	12,719	19,856
Total	<u>4,595,036,974</u>		<u>35,342,119</u>	<u>31,863,237</u>	<u>3,478,882</u>
Discoveries:					
Current year taxes	5,153,909	0.768	39,582	39,582	-
Prior year taxes	38,707,072		269,154	267,056	2,098
Penalties	-		68,185	68,185	-
Total	<u>43,860,981</u>		<u>376,921</u>	<u>374,823</u>	<u>2,098</u>
Releases	<u>(12,215,532)</u>		<u>(104,158)</u>	<u>(103,560)</u>	<u>(598)</u>
Total property valuation	<u>\$ 4,626,682,423</u>				
Net Levy			35,614,882	32,134,500	3,480,382
Uncollected taxes at June 30, 2018			<u>405,353</u>	<u>405,353</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 35,209,529</u>	<u>\$ 31,729,147</u>	<u>\$ 3,480,382</u>
Current Levy Collection Percentage			<u>98.86%</u>	<u>98.74%</u>	<u>100.00%</u>
Secondary Market Disclosures:					
Assessed valuation:					100%
Assessment ratio real property				\$ 3,556,809,900	
Personal property				969,268,874	
Public service companies				<u>100,603,649</u>	
Total assessed valuation				<u>\$ 4,626,682,423</u>	
Tax rate per \$100				<u>\$ 0.768</u>	
Levy (includes discoveries, releases, and abatements)				<u>\$ 35,614,882</u>	

DAVIE COUNTY, NORTH CAROLINA

TEN LARGEST TAXPAYERS FOR THE YEAR ENDED JUNE 30, 2018

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2018 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Ashley Furniture	Manufacturing	\$ 133,006,333	3.21%
Gildan Yarns LLC	Manufacturing	111,933,764	2.70%
Avgol America Inc.	Manufacturing	105,428,871	2.54%
Ingersoll Rand Co.	Manufacturing	69,014,765	1.66%
Duke Energy Corporation	Utility	62,699,065	1.51%
Energy United EMC	Utility	29,274,334	0.71%
House of Raeford	Manufacturing	24,252,962	0.58%
Batangas Consulting LLC	Commercial	18,631,751	0.45%
VF Jeanswear Inc.	Manufacturing	17,474,690	0.42%
Funder America Inc.	Manufacturing	14,324,136	0.35%
Total		<u>\$ 586,040,671</u>	<u>14.13%</u>

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