

# Davidson County, North Carolina

Comprehensive Annual Financial Report

Year Ended June 30, 2011

Prepared by:  
Jane S. Kiker  
Finance Director

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**Davidson County, North Carolina**

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## **INTRODUCTORY SECTION**

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# DAVIDSON COUNTY FINANCE

Davidson County Governmental Center  
P. O. Box 1067  
913 Greensboro Street  
Lexington, North Carolina 27292



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December 8, 2011

The Board of County Commissioners and  
The Citizens of Davidson County, North Carolina

I am pleased to present the comprehensive annual financial report of Davidson County for the fiscal year ended June 30, 2011. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various funds of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

The comprehensive annual financial report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the GFOA Certificate of Achievement, the County's organizational chart and a list of principal officials. The financial section includes the management discussion and analysis, statements of net assets, and the combining and individual fund financial statements and schedules, as well as the independent auditors' report on the financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of independent auditors.

The County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-profit Organizations", and the state law in North Carolina for state funds. Information related to the single audit, including the schedule of expenditures of federal and state awards, findings and questioned costs, and independent auditors' reports on the compliance and on internal control over financial reporting, is presented in a separate document to which the reader is referred.

## **County Profile**

The County, founded in 1822, is located in the Piedmont Triad Region of the State, which is a primary industrial area. The County is largely bordered by the large metropolitan counties of Forsyth and Guilford.

The County annually adopts a balanced budget and establishes a tax rate for the support of County programs. The County Manager has the responsibility of administering these programs in accordance with policies and the annual budget adopted by the Board of Commissioners. The Board members are elected at large for staggered four year terms. This report includes all funds of the County and includes all activities upon which the County is financially accountable.

The County provides a full range of services for all the residents of the County regardless of their residential location (outside or within city limits). These services include: public safety (law enforcement, jail, rural fire protection, inspection, emergency medical services, and a day reporting center), human services (social services, public and mental health, senior services and veterans services), culture and recreation (library system, museum and recreation), economic and physical development (agricultural programs, employment and training programs), environmental protection (soil and water conservation services, solid waste disposal and landfill operations), general government services, and administration of the Law Enforcement Officers' Pension Trust Fund. These activities are included in this report.

The County's reporting entity for financial statement purposes includes the activities of all agencies, boards, commissions and authorities, as required by generally accepted accounting principles, and these financial statements present all the funds of the County and its component units, legally-separate entities for which the County is financially accountable.

While this document is an important tool, the CAFR is merely a reflection of the commitment to the financial strength of the County made by the Board of Commissioners. By continuing to invest in ourselves as a community, Davidson County has insured that it maintains its financial stability in a changing and globalizing economy. This letter of transmittal attempts to encompass some of the reasons for the County's fiscal strength and provide you with an introduction to the rest of the document.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

**Local economy.** The County is the home of several nationally known employers. PPG Industries is the producer of fiberglass products. Kimberly-Clark Corporation, manufacturer of consumer-goods products and the largest taxpayer in the County, established operations in the County in 1985. The County's economic base is diverse enough to support more than 300 manufacturing facilities, producing furniture, textiles, machinery, ceramics and glass which provides a healthy mix with no single industry dominating the employment picture.

The County has continued to recruit quality companies to replace those lost to import competition. The County has offered economic development incentive grants to several companies to support industrial expansion. The County currently has a 11.3 % employment rate which is 1.4% above the state rate and .8% less than the County's rate in 2010.

The County experienced an increase of .13% in its tax base. With property tax being the major revenue source over which the County has control, a continued emphasis is being placed on economic development. The County's character and charm which has made it a natural choice for development in the past is no longer enough. Organizations such as Davidson County Economic Development Commission, Piedmont Triad Partnership, Davidson Progress and local chambers of commerce will help ensure Davidson County's economic well-being by helping create and maintain employment opportunities, new capital investments, greater retail sales and a better quality of life.

**Long-term financial planning.** The County will continue its commitment to public schools by staying on course with the plan to build schools to relieve overcrowding. The County is in the process of completing extensive renovations and additions to existing schools and has purchased land for a new middle school. The County has completed the issuance of all of the \$66.4 million in school bonds and \$5.2 million in community college bonds that were authorized during the November 2005 election. The County issued \$13 million in Qualified School Construction Bonds in 2011 for the construction of a new middle school in the northern part of the County. These bonds were established as part of the American Recovery Reinvestment Act of 2009. Local Boards of Education were allotted specific amounts proportionately on an ADM basis. The remainder of the funding for this \$24 million project will come from the County reserves and a contribution from the Davidson County school system.

One significant goal of Davidson County is to provide adequate sewer in areas where poor soils have been a prohibitive factor in the quality of life or a detriment to growth. Furthermore, the Davidson County School system has been faced with the requirement to upgrade sewer facilities at various schools to meet the requirements of the North Carolina Department of Environment and Natural Resources. The County is in the process of completing the construction of the sewer lines for the Extended Day and new middle school.

The County has also taken steps to capitalize on existing industry expansion and new industrial growth by providing supplement funds for economic development through incentive grants.

The County has also continued planning for its future operations with the annual County retreat held for the Board of Commissioners and the Departmental Directors. Through these retreats, future goals and priorities are discussed in a team effort for implementation in the years to come.

**Cash management and investments.** The County's investment policy, which recognizes statutory limitations on investments, establishes criteria for safety and liquidity while maintaining a competitive yield on its portfolio. This policy of the County is guided in a large part by N.C. statute. The County believes in making the best possible use of idle cash resources and as a result, the highest quality investments have been made that insure that ample funds are available as needed to meet disbursement requirements as well as take advantage of market fluctuations. This approach allows the County to maximize financial return within the parameters of acceptable

risk. The County maintains a concentration account with a local bank that provides comprehensive banking services that include wire transfer, automated clearing-house services, and electronic banking services. This enables the County to insure that all deposits are collateralized or insured.

**Internal Controls.** The Management of Davidson County is responsible for establishing and maintaining an internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

**Independent Audit.** North Carolina general statutes require each unit of local government to have its financial statements audited annually by a certified public accountant or by an accountant certified by the North Carolina Local Government Commission as qualified to audit local government accounts. The auditor is selected by and reports to the Board of Commissioners. This requirement has been satisfied within the financial statements herein.

During the fiscal year ended June 30, 2011, the federal and State of North Carolina grant programs were subjected to audit by the independent auditor in accordance with the provisions of the Single Audit Act of 1984, OMB Circular A-133 and the State Single Audit Implementation Act. This report is included in this document.

The Single Audit Act is mandated for the federal grant programs in which the County participates. The State Single Audit Implementation Act was passed effective June 4, 1987. We believe the adoption of this concept has enhanced the County's stewardship of public resources by providing a more comprehensive independent annual audit and a more efficient utilization of County administrative personnel.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Davidson County for its comprehensive annual financial report for the fiscal year ended June 30, 2010. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. Davidson County has received a Certificate of Achievement for the last twenty-four years (fiscal years ended 1987-2010). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

**Acknowledgements.**

Each member of the Finance Department has my sincere appreciation for their assistance and dedication throughout the year, especially during the annual audit and the preparation of this CAFR. I would like to thank Kevin Davis of the Department for his contribution to the preparation of this report. The County's print shop continues to do an excellent job in printing this document. Special thanks go to members of the Board of County Commissioners and the County Manager and the County Attorney for their continued support in planning and conducting operations of the County throughout the past years that has lead to sound financial operations.

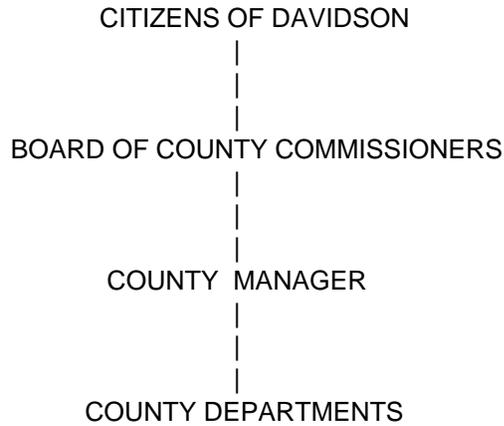
Respectfully submitted,

Jane S. Kiker  
Finance Director

DAVIDSON COUNTY, NORTH CAROLINA

ORGANIZATIONAL CHART

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GENERAL GOVERNMENT

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- \* Board of Elections
- \* Register of Deeds
- \* Tax Assessor and Collector
- \* Public Buildings

Administration and Support:

- \* County Manager
- \* Human Resources
- \* Finance
- \* Purchasing
- \* Information Technology

PUBLIC SAFETY

-----

- \* Sheriff
- \* Jail
- \* Communication
- \* Inspections
- \* Medical Examiner
- \* Emergency Management
- \* Ambulance
- \* Day Reporting Center

HUMAN SERVICES

-----

- \* Health
- \* Mental Health
- \* Social Services
- \* Senior Services
- \* Child Support
- \* Veterans Services

CULTURE AND RECREATION

-----

- \* Library
- \* Museum
- \* Recreation

ECONOMIC AND PHYSICAL DEVELOPMENT

-----

- \* Planning
- \* Cooperative Extension
- \* Job training (DavidsonWorks)
- \* Economic Development
- \* GIS

ENVIRONMENTAL PROTECTION

-----

- \* Sanitation
- \* Soil and Water Conservation
- \* Landfill

## DAVIDSON COUNTY, NORTH CAROLINA

### Board of County Commissioners

Sam Watford, Chairman  
Larry Potts, Vice Chairman  
Cathy Dunn  
Billy Joe Kepley  
Fred McClure  
Don Truell  
Todd Yates

### County Officials

Robert C. Hyatt	County Manager
Zeb M. Hanner	Assistant County Manager
Jane S. Kiker	Finance Director
Charles Frye	County Attorney
David Rickard	Register of Deeds
Joseph O. Silver	Tax Administrator
Dwayne Childress	Purchasing Director
Jim Tysinger	Human Resources Director
Guy L. Cornman, III	Planning Director
Ruth H. Huneycutt	Board of Elections Director
David Grice	Sheriff
Ronald G. Triplette	Inspections Director
Layton Long	Health Director
Dale Moorefield	Social Services Director
Ruth Ann Copley	Library Director
Charles W. Parnell	Recreation Director
Cindy Livengood	DavidsonWorks Director
Charles Brushwood	Integrated Solid Waste Director
Joel Hartley	IT Director
Terry Bailey	Communications Director
Boyd Morgan	Veterans Services Director
Rex Buck	Public Works Director
Thessia Everhart-Roberts	Senior Services Director
Andy Miller	Soil & Water Director
Troy Coggins	Cooperative Extension Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Davidson County  
North Carolina

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Dandson*

President

*Jeffrey R. Emery*

Executive Director

## **FINANCIAL SECTION**

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# MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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

## INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners  
Davidson County, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Davidson County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davidson County, North Carolina, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison of the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2011, on our consideration of Davidson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance and the Other Post-Employment Benefits' Schedules of Funding Progress and Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance

Our audit was performed for the purpose of forming opinions on the basic financial statements that collectively comprise the basic financial statements of Davidson County, North Carolina as a whole. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Martin Starnes & Associates, CPAs, P.A.  
December 8, 2011

## Management's Discussion and Analysis

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As management of Davidson County, we offer readers of Davidson County's financial statements this narrative overview and analysis of the financial activities of Davidson County for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with additional information furnished in the County's financial statements, which follow this narrative.

### FINANCIAL HIGHLIGHTS

- The assets of Davidson County's governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$11,584,067.
- As of the close of the current fiscal year, Davidson County's governmental funds reported combined ending fund balances of \$84,016,581, after a net increase of \$2,235,690. Approximately 41% of this total amount, or \$34,480,694, is restricted or non-spendable
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$32,425,675, or 26 % of total General Fund expenditures and transfers to other funds for the fiscal year.
- Davidson County's total debt increased by \$ 8,298,695. The key factors in this increase are the issuance of Qualified School Construction Bonds of \$13,050,000 for school capital needs and the issuance of Limited Obligation Bonds of \$2,000,000 for sewer line construction.
- The County maintained the following bond ratings:

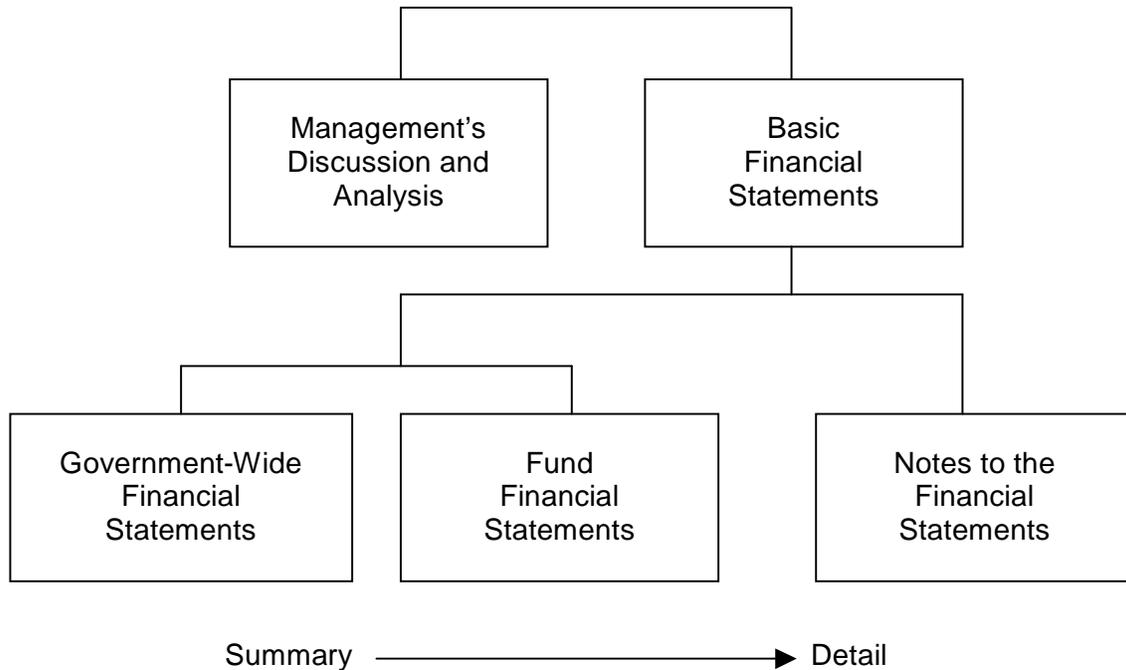
Moody's	Aa2
Standard & Poor's	AA-

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

**Required Components of Annual Financial Report**

**Figure 1**



**BASIC FINANCIAL STATEMENTS**

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

The next statements, Exhibits 3 through 10, are the Fund Financial Statements. These statements focus on the activities of the individual parts of the County's government, providing more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements, 3) the proprietary fund statements, and 4) the fiduciary and agency fund statements.

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

## **Management's Discussion and Analysis (Continued)**

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### **Government-Wide Financial Statements**

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

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

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

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

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

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

The government-wide financial statements can be found on pages 15 through 17 of this report.

### **FUND FINANCIAL STATEMENTS**

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

## Management's Discussion and Analysis (Continued)

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

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

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

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

## Management's Discussion and Analysis (Continued)

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**Agency Funds.** Agency funds are used to account for assets the County holds on behalf of others. The County has five 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 can be found on pages 27 through 66 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Davidson County's progress in funding its obligation to provide pension benefits to its public safety employees. Required supplemental information can be found on pages 67 through 71 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. In the case of Davidson County, net assets are negatively impacted by the fact that the County issues debt to fund the construction of capital assets that become the assets of other governmental entities upon completion. The County issues general obligation debt to fund the cost of constructing these assets. The assets of Davidson County exceeded liabilities by \$27,669,931 as of June 30, 2011. As of June 30, 2010, the net assets of Davidson County stood at \$27,893,085. The County's net assets decreased by \$223,154 for the fiscal year ended June 30, 2011.

The largest portion of Davidson County's assets reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. Davidson County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Davidson County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay the debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Davidson County, along with many other counties in North Carolina, funds school facilities that become assets of the school district and community college facilities that become property of the community college, through the issuance of debt. General obligation bonds have been issued by the County to fund a large portion of the cost of these assets. The County's liabilities at June 30, 2011 include outstanding general obligation debt of \$71.1 million related to funding these non-county assets. This represents 99% of the County's outstanding general obligation debt. Because the County does not retain the related assets, this debt liability (less any unspent proceeds) reduces the County's total net assets and presents a less favorable picture as compared to governments that do not extensively fund the capital assets of other government entities. An additional portion of Davidson County's net assets \$32,664,663 represents resources that are subject to external restrictions on how they are used. The remaining balance of (\$42,338,521) is unrestricted.

## Management's Discussion and Analysis (Continued)

At the end of the current fiscal year, Davidson County is able to report positive balances in total net assets for the government as a whole. The same situation held true for the prior fiscal year as detailed in the statement of net assets.

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 100,777,845	\$ 94,574,128	\$ 13,384,473	\$ 11,233,778	\$ 114,162,318	\$ 105,807,906
Capital assets	32,242,101	30,974,830	20,630,651	20,284,206	52,872,752	51,259,036
Construction in progress	-	-	-	-	-	-
<b>Total assets</b>	<b>133,019,946</b>	<b>125,548,958</b>	<b>34,015,124</b>	<b>31,517,984</b>	<b>167,035,070</b>	<b>157,066,942</b>
Long-term liabilities outstanding	113,570,476	106,140,725	17,498,635	17,183,765	131,069,111	123,324,490
Other liabilities	7,865,403	5,536,754	430,625	312,613	8,296,028	5,849,367
<b>Total liabilities</b>	<b>121,435,879</b>	<b>111,677,479</b>	<b>17,929,260</b>	<b>17,496,378</b>	<b>139,365,139</b>	<b>129,173,857</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	27,327,101	25,424,830	10,016,688	10,603,866	37,343,789	36,028,696
Restricted	32,664,663	254,896	-	-	32,664,663	254,896
Unrestricted	(48,407,697)	(11,808,247)	6,069,176	3,417,740	(42,338,521)	(8,390,507)
<b>Total net assets</b>	<b>\$ 11,584,067</b>	<b>\$ 13,871,479</b>	<b>\$ 16,085,864</b>	<b>\$ 14,021,606</b>	<b>\$ 27,669,931</b>	<b>\$ 27,893,085</b>

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 95.64%.
- Continued low cost of debt due to the County's high bond rating.
- Continued conservative spending initiatives through performance-based budgeting.

## Management's Discussion and Analysis (Continued)

Davidson County's Changes in Net Assets  
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 8,580,255	\$ 8,496,605	\$ 4,540,812	\$ 4,186,058	\$ 13,121,067	\$ 12,682,663
Operating grants and contributions	24,375,540	25,134,600	-	-	24,375,540	25,134,600
Capital grants and contributions	2,255,619	2,316,754	-	-	2,255,619	2,316,754
General revenues:						
Property taxes	78,319,729	77,678,303	-	-	78,319,729	77,678,303
Other taxes	17,539,383	18,232,880	331,070	291,769	17,870,453	18,524,649
Other	2,372,630	1,064,594	197,891	249,028	2,570,521	1,313,622
Total revenues	133,443,156	132,923,736	5,069,773	4,726,855	138,512,929	137,650,591
<b>Expenses:</b>						
General government	10,045,788	10,867,828	-	-	10,045,788	10,867,828
Human services	28,866,973	29,065,775	-	-	28,866,973	29,065,775
Public safety	31,010,651	30,806,090	-	-	31,010,651	30,806,090
Environmental protection	1,726,887	1,760,905	-	-	1,726,887	1,760,905
Economic and physical development	5,614,594	3,973,291	-	-	5,614,594	3,973,291
Culture and recreation	3,789,100	4,212,050	-	-	3,789,100	4,212,050
Transportation	999,233	1,000,759	-	-	999,233	1,000,759
Education	46,591,652	45,943,736	-	-	46,591,652	45,943,736
Interest on long-term debt	4,083,566	4,086,543	-	-	4,083,566	4,086,543
Landfill	-	-	4,823,470	6,455,668	4,823,470	6,455,668
Sewer	-	-	1,184,169	1,218,918	1,184,169	1,218,918
Total expenses	132,728,444	131,716,977	6,007,639	7,674,586	138,736,083	139,391,563
Increase in net assets before contributions and transfers	714,712	1,206,759	(937,866)	(2,947,731)	(223,154)	(1,740,972)
Contributions and transfers	(3,002,124)	(1,042,013)	3,002,124	1,042,013	-	-
Increase (decrease) in net assets	(2,287,412)	164,746	2,064,258	(1,905,718)	(223,154)	(1,740,972)
Net assets, July 1	13,871,479	13,706,733	14,021,606	15,927,324	27,893,085	29,634,057
Net assets, June 30	\$ 11,584,067	\$ 13,871,479	\$ 16,085,864	\$ 14,021,606	\$ 27,669,931	\$ 27,893,085

**Governmental activities.** Of total net assets, governmental activities accounted for \$11,584,067 (41 percent). Operating grants funded \$24,375,540 of Davidson County's governmental activities. Both sales tax and property taxes provided a higher source of revenue. Governmental activities decreased the County's net assets by \$2,287,412 compared to an increase of \$164,746 in 2010. The key elements of the decrease in 2011 were the increases in school construction and economic development expenditures.

**Business-type activities.** Net assets of Davidson County's business-type activities increased to \$16,085,864. Net assets increased by \$2,064,258 in 2011 due to decreased landfill expenditures and an increase in transfers. Net assets decreased \$1,905,718 in 2010.

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

**Governmental Funds.** The focus of Davidson County's governmental funds is on providing information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the County's financing requirements. In particular, fund balance available for appropriation may serve as a useful measure of a County's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Davidson County's governmental funds reported a combined fund balance of \$84,016,581, an increase of \$2,235,690 in comparison with the prior year.

The General Fund is the principal operating fund of Davidson County. At the end of the current fiscal year, fund balance available in the General Fund was \$40,919,126, while total fund balance for the General Fund reached \$51,682,178. The governing body of Davidson County has determined that the county should maintain an available fund balance of 18% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the County. The county currently has an available fund balance of 32.95% of general fund expenditures and transfers to other funds, while total fund balance represents 41.61% of that same amount.

The other major governmental funds are the School Capital Outlay Fund which funds the construction of school buildings and facilities for the Davidson County Schools, Lexington City Schools, Thomasville City Schools, and Davidson County Community College and the Capital Reserve Fund which accounts for funds that have been specifically reserved for pay-as-you-go capital expenditures and debt service for capital projects.

The School Capital Outlay Fund fund balance increased by \$5,021,719 due to the issuance of Qualifies School Construction Bonds. Sources of income included interest earnings of \$60,289, miscellaneous revenues of \$1,624,661, and transfers from the General Fund of \$2,678,244. The Capital Reserve Fund decreased by \$1,400,925 due to a transfer to the General Fund for various capital expenditures and renovations.

**General Fund Budgetary Highlights.** During the fiscal year, the County revised the budget on several occasions. Generally, budget amendments fall into three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available, 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants, and 3) increases in appropriations that become necessary to maintain services. Total amendments to the General Fund increased revenues and Fund balance appropriated by \$10,911,550. Of this increase, \$4,194,719 was attributable to additional restricted intergovernmental revenues for human services and economic and physical development that became available during the year. \$5,169,275 of the increase can be attributed to the appropriation of fund balance for prior year encumbrances, for performance management expenditures earned by qualified departments in the prior year from the attainment of specific performance goals, and for one-time capital and economic development expenditures. Favorable variances were recognized in all departments through the utilization of conservative spending.

## Management's Discussion and Analysis (Continued)

**Proprietary Funds.** Davidson County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Landfill at the end of the year totaled \$4,735,835. Unrestricted net assets of the Sewer operation at the end of the year totaled \$1,333,341.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** Davidson County's investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounts to \$52,872,752 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment. The total increase in Davidson County's investment in capital assets for the current fiscal year was 3 percent.

The only major capital asset events during the fiscal year were sewer projects and the purchase of property for economic development. The County has implemented a plan to build much-needed elementary schools to counteract the problem of overcrowding. These school projects will be funded by both local revenues and school bonds. Other building needs of the County are currently being forecasted into the future as revenues are located and become available.

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land and Improvements	\$ 4,903,140	\$ 4,131,583	\$ 849,888	\$ 849,888	\$ 5,753,028	\$ 4,981,471
Buildings	37,789,226	36,899,541	776,327	776,327	38,565,553	37,675,868
Furniture and equipment	9,843,851	9,152,027	6,637,312	6,626,684	16,481,163	15,778,711
Vehicles	7,517,017	7,214,594	720,863	716,082	8,237,880	7,930,676
Sewer line	-	-	13,227,163	12,609,459	13,227,163	12,609,459
Landfill cell construction	-	-	14,076,075	14,076,075	14,076,075	14,076,075
Improvements to landfill	-	-	2,144,040	2,009,008	2,144,040	2,009,008
Construction in progress	-	-	1,648,444	688,963	1,648,444	688,963
Subtotal	60,053,234	57,397,745	40,080,112	38,352,486	100,133,346	95,750,231
Less accumulated depreciation	27,811,133	26,422,915	19,449,461	18,068,280	47,260,594	44,491,195
Total	\$ 32,242,101	\$ 30,974,830	\$ 20,630,651	\$ 20,284,206	\$ 52,872,752	\$ 51,259,036

Additional information on Davidson County's capital assets can be found in Note III.A.4 on pages 41 through 43 of this report.

**Long-Term Debt.** At the end of the current fiscal year, Davidson County had total bonded debt outstanding of \$72,105,000, which is backed by the full faith and credit of the County.

This outstanding General Obligation indebtedness is out of a legal debt limit of approximately \$1,035,828,326. This legal debt limit is determined by the Municipal Finance Law of North Carolina which limits the amount of net bonded debt a County may have outstanding to 8 percent of the appraised value subject to taxation. The ratio of debt service expenditures to total general governmental expenditures is 8.41%.

## Management's Discussion and Analysis (Continued)

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The County's general obligation debt per capita is \$442.69 as of June 30, 2011 while the County's gross debt per capita is \$729.26 due to \$46,674,688 in outstanding Certificates of Participation, Limited Obligation Bonds, Qualified Zone Academy Bonds, Qualified School Construction Bonds, and installment purchase obligations. Davidson County's total debt had a net increase of \$8,298,695.

Additional information on Davidson County's long-term debt can be found in Note II.B.7 on pages 57 through 61 of this report.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The unemployment rate for Davidson County is currently 11.3 percent, which .8 percent less than last year's rate. This rate is 1.4 percent above the state's average unemployment rate of 9.9 percent.
- Inflationary trends in the region compare favorably to national indices.
- Population of 162,878 has grown 8.8 percent from 2002 to 2011.

All of these factors were considered in preparing Davidson County's budget for Fiscal Year 2010-2011.

### BUDGET HIGHLIGHTS FOR FISCAL YEAR 2010-2011

**Governmental activities.** Minimal growth in the tax base is anticipated over FY2011. No growth in the Sales tax revenues has been projected due to the slow-down in the local economy. General Fund reserves, maintained in the current fiscal year through reduced spending initiatives and additional revenues, were appropriated in the amount of \$3 million.

Budgeted expenditures in the General Fund are expected to decrease by a net amount of 1.3 percent from FY2011. The largest decrease was due to one-time capital expenditures in FY2011. The largest increase was in debt service due to school financings.

**Business-type activities.** Budgeted expenditures for the Landfill Fund will increase by \$3,689,102. This is attributable to an increase in capital expenditures for landfill cell construction.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Davidson County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, P. O. Box 1067, 913 Greensboro Street, Lexington, North Carolina 27292.

***BASIC FINANCIAL STATEMENTS***

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**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**June 30, 2011**

Exhibit 1

<b>ASSETS</b>	<b>Primary Government</b>			<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Davidson County Airport Authority</b>
Cash and cash equivalents	\$ 69,114,831	\$ 11,034,359	\$ 80,149,190	\$ 187,142
Taxes receivable, net	2,491,245	-	2,491,245	-
Accounts receivable, net	1,410,939	376,005	1,786,944	5,669
Due from other governments	9,259,455	160,140	9,419,595	-
Internal balances	-	-	-	-
Inventory, at cost	57,853	-	57,853	-
Restricted cash and cash equivalents	16,468,404	1,813,969	18,282,373	-
Long-term note receivable	500,000	-	500,000	-
Long-term advance to component unit	1,316,031	-	1,316,031	-
Deferred charges-issuance costs	159,087	-	159,087	-
Capital assets				
Land and construction in progress	4,903,140	2,498,332	7,401,472	3,486,528
Other capital assets, net of accumulated depreciation	27,338,961	18,132,319	45,471,280	10,004,598
Total capital assets	32,242,101	20,630,651	52,872,752	13,491,126
Total Assets	133,019,946	34,015,124	167,035,070	13,683,937
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable and accrued liabilities	7,571,059	430,625	8,001,684	29,803
Due to primary government	-	-	-	-
Accrued interest payable	294,344	-	294,344	-
Long-term liabilities:				
Due within one year	8,699,065	615,831	9,314,896	68,764
Due in more than one year	104,871,411	16,882,804	121,754,215	1,247,267
Total long-term liabilities	113,570,476	17,498,635	131,069,111	1,316,031
Total liabilities	121,435,879	17,929,260	139,365,139	1,345,834
Net Assets:				
Invested in capital assets, net of related debt	27,327,101	10,016,688	37,343,789	12,175,095
Restricted for:				
Register of deeds	272,454	-	272,454	-
Stablization by State Statute	9,049,501	-	9,049,501	-
Public safety	4,273,264	-	4,273,264	-
Transportation	774,462	-	774,462	-
Education	15,729,379	-	15,729,379	-
Human Services	2,565,603	-	2,565,603	-
Unrestricted	(48,407,697)	6,069,176	(42,338,521)	163,008
Total net assets	\$ 11,584,067	\$ 16,085,864	\$ 27,669,931	\$ 12,338,103

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2011**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 10,045,788	\$ 1,352,649	\$ -	\$ 605,660
Human services	28,866,973	836,868	18,274,300	-
Public safety	31,010,651	5,611,966	2,278,119	-
Environmental protection	1,726,887	-	25,500	-
Economic and physical development	5,614,594	100,720	1,373,378	-
Culture and recreation	3,789,100	203,182	225,411	-
Transportation	999,233	474,870	549,372	-
Intergovernmental:				
Education	46,591,652	-	-	1,649,959
Debt service:				
Interest and fiscal charges	4,083,566	-	1,649,460	-
Total governmental activities	<u>132,728,444</u>	<u>8,580,255</u>	<u>24,375,540</u>	<u>2,255,619</u>
Business-type activities:				
Landfill	4,823,470	4,250,794	-	-
Sewer	1,184,169	290,018	-	-
Total business-type activities	<u>6,007,639</u>	<u>4,540,812</u>	<u>-</u>	<u>-</u>
Total primary government	<u>138,736,083</u>	<u>13,121,067</u>	<u>24,375,540</u>	<u>2,255,619</u>
<b>Component units:</b>				
Airport	1,094,640	278,046	129,432	-
Total component units	<u>1,094,640</u>	<u>278,046</u>	<u>129,432</u>	<u>-</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Sales tax				
Other taxes				
Interest earnings				
Other				
Total General Revenues				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

The accompanying notes are an integral part of this statement.

<b>Net (Expense) Revenue and Changes in Net Assets</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (8,087,479)	\$ -	\$ (8,087,479)	\$ -
(9,755,805)	-	(9,755,805)	-
(23,120,566)	-	(23,120,566)	-
(1,701,387)	-	(1,701,387)	-
(4,140,496)	-	(4,140,496)	-
(3,360,507)	-	(3,360,507)	-
25,009	-	25,009	-
(44,941,693)	-	(44,941,693)	-
(2,434,106)	-	(2,434,106)	-
(97,517,030)	-	(97,517,030)	-
-	(572,676)	(572,676)	-
-	(894,151)	(894,151)	-
-	(1,466,827)	(1,466,827)	-
(97,517,030)	(1,466,827)	(98,983,857)	-
-	-	-	(687,162)
-	-	-	(687,162)
78,319,729	-	78,319,729	-
15,620,565	-	15,620,565	-
1,918,818	331,070	2,249,888	-
443,548	49,723	493,271	-
1,929,082	148,168	2,077,250	-
98,231,742	528,961	98,760,703	-
(3,002,124)	3,002,124	-	-
95,229,618	3,531,085	98,760,703	-
(2,287,412)	2,064,258	(223,154)	(687,162)
13,871,479	14,021,606	27,893,085	13,025,265
<u>\$ 11,584,067</u>	<u>\$ 16,085,864</u>	<u>\$ 27,669,931</u>	<u>\$ 12,338,103</u>

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2011**

Exhibit 3

ASSETS	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	School Capital Outlay Fund	Capital Reserve Fund		
Cash and cash equivalents	\$ 44,013,504	\$ 9,438,565	\$ 6,156,393	\$ 3,204,535	\$ 62,812,997
Taxes receivable, net	2,124,754	-	-	366,491	2,491,245
Accounts receivable, net	1,348,824	-	-	62,115	1,410,939
Due from other governments	9,203,878	-	-	40,365	9,244,243
Due from other funds	-	-	-	-	-
Restricted cash and cash equivalents	739,025	15,729,379	-	-	16,468,404
Long term note receivable	500,000	-	-	-	500,000
Long-term advance to component unit	1,316,031	-	-	-	1,316,031
<b>Total Assets</b>	<b>\$ 59,246,016</b>	<b>\$ 25,167,944</b>	<b>\$ 6,156,393</b>	<b>\$ 3,673,506</b>	<b>\$ 94,243,859</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 3,833,403	\$ 2,219,665	\$ -	\$ 77,284	\$ 6,130,352
Deferred revenues	3,730,435	-	-	366,491	4,096,926
<b>Total liabilities</b>	<b>7,563,838</b>	<b>2,219,665</b>	<b>-</b>	<b>443,775</b>	<b>10,227,278</b>
Fund balances:					
Nonspendable:					
Long term note receivable	500,000	-	-	-	500,000
Long-term advance to component unit	1,316,031	-	-	-	1,316,031
Restricted:					
Stabilization by State Statute	8,947,021	-	-	102,480	9,049,501
Register of deeds	272,454	-	-	-	272,454
Fire protection	-	-	-	475,126	475,126
Transportation	-	-	-	774,462	774,462
School capital	-	15,729,379	-	-	15,729,379
Public safety	2,549,919	-	-	1,248,219	3,798,138
Health	2,565,603	-	-	-	2,565,603
Committed:					
Tax revaluation	75,997	-	-	-	75,997
School capital	-	7,218,900	-	-	7,218,900
Capital projects funds	-	-	6,156,393	629,444	6,785,837
Assigned, designated for subsequent year's expenditures					
Assigned, designated for subsequent year's expenditures	3,029,478	-	-	-	3,029,478
Unassigned	32,425,675	-	-	-	32,425,675
<b>Total fund balances</b>	<b>51,682,178</b>	<b>22,948,279</b>	<b>6,156,393</b>	<b>3,229,731</b>	<b>84,016,581</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 59,246,016</b>	<b>\$ 25,167,944</b>	<b>\$ 6,156,393</b>	<b>\$ 3,673,506</b>	

**Amounts reported for governmental activities in the statement of net assets are different because:**

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	31,860,137
Other long-term assets are not available to pay for current expenditures and therefore are deferred in the funds.	4,256,013
An internal service fund is used by management to charge the costs of fleet management and health insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	5,305,745
Some liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds, leases, and installment financing	(107,376,988)
Compensated absences	(2,662,559)
OPEB liability	(3,520,518)
Accrued interest payable	(294,344)
	<u>\$ 11,584,067</u>

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2011**

Exhibit 4  
Page 1 of 2

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	School Capital Outlay Fund	Capital Reserve Fund		
<b>Revenues:</b>					
Taxes	\$ 85,775,789	\$ -	\$ -	\$ 9,697,796	\$ 95,473,585
Licenses and permits	1,412,721	-	-	-	1,412,721
Intergovernmental	24,291,371	25,298	-	549,372	24,866,041
Charges for services	7,092,377	-	-	474,870	7,567,247
Interest on investments	377,206	60,289	-	6,053	443,548
Miscellaneous	1,060,055	1,624,661	-	1,780	2,686,496
<b>Total revenues</b>	<b>120,009,519</b>	<b>1,710,248</b>	<b>-</b>	<b>10,729,871</b>	<b>132,449,638</b>
<b>Expenditures:</b>					
<b>Current:</b>					
General government	11,310,267	-	-	-	11,310,267
Human services	29,230,665	-	-	-	29,230,665
Public safety	22,796,747	-	-	7,943,822	30,740,569
Environmental protection	1,704,488	-	-	-	1,704,488
Economic and physical development	5,614,418	-	-	-	5,614,418
Culture and recreation	3,794,533	-	-	-	3,794,533
Transportation	-	-	-	875,222	875,222
<b>Intergovernmental:</b>					
Education	33,115,806	11,971,779	-	1,504,067	46,591,652
Capital outlay	-	-	-	51,063	51,063
<b>Debt service:</b>					
Principal	6,294,065	-	-	-	6,294,065
Interest and fiscal charges	4,154,425	-	-	-	4,154,425
<b>Total expenditures</b>	<b>118,015,414</b>	<b>11,971,779</b>	<b>-</b>	<b>10,374,174</b>	<b>140,361,367</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,994,105</b>	<b>(10,261,531)</b>	<b>-</b>	<b>355,697</b>	<b>(7,911,729)</b>
<b>Other financing sources (uses):</b>					
Debt issued	-	13,050,000	-	-	13,050,000
Refunding bonds issued	4,915,000	-	-	-	4,915,000
Premium on debt issued	149,543	-	-	-	149,543
Payment to refunded bond escrow agent	(4,965,000)	-	-	-	(4,965,000)
Transfers from other funds	1,950,819	2,678,244	-	392,187	5,021,250
Transfers to other funds	(6,177,455)	(444,994)	(1,400,925)	-	(8,023,374)
<b>Total other financing sources (uses)</b>	<b>(4,127,093)</b>	<b>15,283,250</b>	<b>(1,400,925)</b>	<b>392,187</b>	<b>10,147,419</b>
<b>Net change in fund balances</b>	<b>(2,132,988)</b>	<b>5,021,719</b>	<b>(1,400,925)</b>	<b>747,884</b>	<b>2,235,690</b>
<b>Fund balances at beginning of year</b>	<b>53,815,166</b>	<b>17,926,560</b>	<b>7,557,318</b>	<b>2,481,847</b>	<b>81,780,891</b>
<b>Fund balances at end of year</b>	<b>\$ 51,682,178</b>	<b>\$ 22,948,279</b>	<b>\$ 6,156,393</b>	<b>\$ 3,229,731</b>	<b>\$ 84,016,581</b>

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2011**

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Exhibit 4  
Page 2 of 2

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures  
and Changes in Fund Balances to the Statement of Activities:**

<b>Total net change in fund balances - governmental funds</b>	\$ 2,235,690
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation was less than capital outlays and loss on disposal in the current period.	1,315,185
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(6,635,757)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	(787,852)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	844,656
Internal service funds are used by management to charge the costs of fleet management and health insurance to individual funds. The net profit of the internal service funds are reported with governmental activities.	<u>740,666</u>
<b>Changes in net assets of governmental activities</b>	<u><u>\$ (2,287,412)</u></u>

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Year Ended June 30, 2011**

**Exhibit 5**

	Budgeted Amounts		Actual Amounts	Variance With Final
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 85,893,914	\$ 85,963,914	\$ 85,775,789	\$ (188,125)
Licenses and permits	1,531,067	1,531,067	1,412,721	(118,346)
Intergovernmental	21,388,595	25,583,314	24,291,371	(1,291,943)
Charges for services	5,873,028	7,027,190	7,092,377	65,187
Interest on investments	1,000,000	1,000,000	377,206	(622,794)
Miscellaneous	502,469	511,126	1,060,055	548,929
Total revenues	<u>116,189,073</u>	<u>121,616,611</u>	<u>120,009,519</u>	<u>(1,607,092)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	11,391,711	12,383,004	11,124,982	1,258,022
Human services	29,624,214	31,585,868	29,230,665	2,355,203
Public safety	22,790,259	24,348,048	22,796,747	1,551,301
Environmental protection	1,792,096	1,792,096	1,704,488	87,608
Economic and physical development	2,048,509	6,703,597	5,614,418	1,089,179
Culture and recreation	4,028,935	4,135,799	3,794,533	341,266
<b>Intergovernmental:</b>				
Education	33,141,639	33,141,639	33,115,806	25,833
<b>Debt service:</b>				
Principal	7,011,097	6,603,857	6,294,065	309,792
Interest and fiscal charges	4,493,888	4,139,200	4,154,425	(15,225)
Total expenditures	<u>116,322,348</u>	<u>124,833,108</u>	<u>117,830,129</u>	<u>7,002,979</u>
Excess of revenues over expenditures	<u>(133,275)</u>	<u>(3,216,497)</u>	<u>2,179,390</u>	<u>5,395,887</u>
<b>Other financing sources (uses):</b>				
Transfers from other funds	1,734,944	1,950,819	1,950,819	-
Transfers to other funds	(3,659,336)	(6,060,126)	(6,363,508)	(303,382)
Refunding bonds issued	-	-	4,915,000	4,915,000
Premium on debt issued	-	98,862	149,543	50,681
Payment to refunded bond escrow agent	-	-	(4,965,000)	(4,965,000)
Total other financing sources (uses)	<u>(1,924,392)</u>	<u>(4,010,445)</u>	<u>(4,313,146)</u>	<u>(302,701)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>(2,057,667)</u>	<u>(7,226,942)</u>	<u>(2,133,756)</u>	<u>5,093,186</u>
Fund balance appropriated	<u>2,057,667</u>	<u>7,226,942</u>	<u>-</u>	<u>(7,226,942)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,133,756)</u>	<u>\$ (2,133,756)</u>
Fund balance at beginning of year			<u>53,739,937</u>	
Fund balance at end of year			<u>\$ 51,606,181</u>	

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
**June 30, 2011**

**Exhibit 6**

<b>ASSETS</b>	<u>Major Fund Landfill</u>	<u>Major Fund Sewer</u>	<u>Total</u>	<u>Governmental Activities Internal Service</u>
<b>Current assets:</b>				
Cash and investments	\$ 9,528,344	\$ 1,506,015	\$ 11,034,359	\$ 6,301,834
Accounts receivable, net	348,565	27,440	376,005	-
Due from other governments	160,140	-	160,140	15,212
Restricted cash and cash equivalents	-	1,813,969	1,813,969	-
Inventory, at cost	-	-	-	57,853
Total current assets	<u>10,037,049</u>	<u>3,347,424</u>	<u>13,384,473</u>	<u>6,374,899</u>
<b>Noncurrent assets:</b>				
<b>Capital assets:</b>				
Land and construction in progress	849,888	1,648,444	2,498,332	-
Other capital assets, net of depreciation	5,741,605	12,390,714	18,132,319	381,964
Total capital assets	<u>6,591,493</u>	<u>14,039,158</u>	<u>20,630,651</u>	<u>381,964</u>
Total Assets	<u>\$ 16,628,542</u>	<u>\$ 17,386,582</u>	<u>\$ 34,015,124</u>	<u>\$ 6,756,863</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>Current liabilities:</b>				
Current portion of accrued vacation benefits	\$ 57,500	\$ 5,600	\$ 63,100	\$ -
Accounts payable and accrued liabilities	237,370	193,255	430,625	1,440,707
Due to other funds	-	-	-	-
General obligation note payable	-	50,000	50,000	-
Installment note payable	-	502,731	502,731	-
Total current liabilities	<u>294,870</u>	<u>751,586</u>	<u>1,046,456</u>	<u>1,440,707</u>
<b>Noncurrent liabilities:</b>				
Accrued landfill closure and postclosure costs	4,910,728	-	4,910,728	-
Accrued OPEB liability	90,778	-	90,778	-
Accrued vacation benefits	4,838	1,259	6,097	10,411
General obligation note payable	-	910,000	910,000	-
Installment note payable	-	10,965,201	10,965,201	-
Total noncurrent liabilities	<u>5,006,344</u>	<u>11,876,460</u>	<u>16,882,804</u>	<u>10,411</u>
Total liabilities	<u>5,301,214</u>	<u>12,628,046</u>	<u>17,929,260</u>	<u>1,451,118</u>
<b>Net assets:</b>				
Invested in capital assets, net of related debt	6,591,493	3,425,195	10,016,688	381,964
Unrestricted	4,735,835	1,333,341	6,069,176	4,923,781
Total net assets	<u>\$ 11,327,328</u>	<u>\$ 4,758,536</u>	<u>\$ 16,085,864</u>	<u>\$ 5,305,745</u>

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS**  
**Year Ended June 30, 2011**

Exhibit 7

	<u>Major Fund Landfill</u>	<u>Major Fund Sewer</u>	<u>Total</u>	<u>Governmental Activities Internal Service</u>
Operating revenues:				
Intergovernmental	\$ 331,070	\$ -	\$ 331,070	\$ -
Charges for sales and services	4,250,794	290,018	4,540,812	9,210,290
Miscellaneous	148,168	-	148,168	76,372
Total operating revenues	<u>4,730,032</u>	<u>290,018</u>	<u>5,020,050</u>	<u>9,286,662</u>
Operating expenses:				
Salaries and benefits	1,490,677	141,181	1,631,858	250,973
Operating	1,491,311	320,099	1,811,410	8,232,590
Depreciation	1,164,284	269,339	1,433,623	62,433
Closure and postclosure costs	677,198	-	677,198	-
Total operating expenses	<u>4,823,470</u>	<u>730,619</u>	<u>5,554,089</u>	<u>8,545,996</u>
Operating income (loss)	<u>(93,438)</u>	<u>(440,601)</u>	<u>(534,039)</u>	<u>740,666</u>
Nonoperating revenues(expenses):				
Interest earned	46,603	3,120	49,723	-
Interest expense	-	(453,550)	(453,550)	-
Total nonoperating revenues (expenses)	<u>46,603</u>	<u>(450,430)</u>	<u>(403,827)</u>	<u>-</u>
Income (loss) before transfers	<u>(46,835)</u>	<u>(891,031)</u>	<u>(937,866)</u>	<u>740,666</u>
Transfers:				
Transfers to other funds	(104,900)	-	(104,900)	-
Transfers from other funds	-	3,107,024	3,107,024	-
Total transfers	<u>(104,900)</u>	<u>3,107,024</u>	<u>3,002,124</u>	<u>-</u>
Change in net assets	<u>(151,735)</u>	<u>2,215,993</u>	<u>2,064,258</u>	<u>740,666</u>
Total net assets, beginning	<u>11,479,063</u>	<u>2,542,543</u>	<u>14,021,606</u>	<u>4,565,079</u>
Total net assets, ending	<u>\$ 11,327,328</u>	<u>\$ 4,758,536</u>	<u>\$ 16,085,864</u>	<u>\$ 5,305,745</u>

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**Year Ended June 30, 2011**

**Exhibit 8**

	<u>Major Fund Landfill</u>	<u>Major Fund Sewer</u>	<u>Total</u>	<u>Governmental Activities Internal Service</u>
<b>Cash flows from operating activities:</b>				
Cash received from customers	\$ 4,230,875	\$ 282,332	\$ 4,513,207	\$ 9,361,552
Cash paid for goods and services	(3,369,620)	(275,315)	(3,644,935)	(8,105,978)
Cash paid to employees for services	(1,494,279)	(141,130)	(1,635,409)	(254,253)
Other operating revenues	456,244	-	456,244	76,372
Net cash provided (used) by operating activities	<u>(176,780)</u>	<u>(134,113)</u>	<u>(310,893)</u>	<u>1,077,693</u>
<b>Cash flows from noncapital financing activities:</b>				
Advances to other funds	-	(371,590)	(371,590)	-
Transfers to other funds	(104,900)	-	(104,900)	-
Transfers from other funds	-	3,107,024	3,107,024	-
Net cash provided (used) by noncapital financing activities	<u>(104,900)</u>	<u>2,735,434</u>	<u>2,630,534</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(201,569)	(1,578,499)	(1,780,068)	(14,519)
Principal payments on debt	-	(407,240)	(407,240)	-
Interest payments on debt	-	(453,550)	(453,550)	-
Proceeds from capital debt	-	2,000,000	2,000,000	-
Net cash provided (used) by capital and related financing activities	<u>(201,569)</u>	<u>(439,289)</u>	<u>(640,858)</u>	<u>(14,519)</u>
<b>Cash flows from investing activities:</b>				
Interest on investments	46,603	3,120	49,723	-
Net cash provided by investing activities	<u>46,603</u>	<u>3,120</u>	<u>49,723</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(436,646)	2,165,152	1,728,506	1,063,174
Cash and cash equivalents at beginning of year	9,964,990	1,154,832	11,119,822	5,238,660
Cash and cash equivalents at end of year	<u>\$ 9,528,344</u>	<u>\$ 3,319,984</u>	<u>\$ 12,848,328</u>	<u>\$ 6,301,834</u>
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>				
Operating income (loss)	\$ (93,438)	\$ (440,601)	\$ (534,039)	\$ 740,666
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	1,164,284	269,339	1,433,623	62,433
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(19,919)	(7,686)	(27,605)	-
(Increase) decrease in due from other governments	(22,994)	-	(22,994)	151,262
(Increase) decrease in inventory	-	-	-	18,822
Increase (decrease) in accounts payable and accrued liabilities	73,228	44,784	118,012	107,790
Increase (decrease) in accrued landfill closure and postclosure costs	(1,274,339)	-	(1,274,339)	-
Increase (decrease) in accrued OPEB liability	3,024	-	3,024	-
Increase (decrease) in accrued vacation benefits	(6,626)	51	(6,575)	(3,280)
Net cash provided (used) by operating activities	<u>\$ (176,780)</u>	<u>\$ (134,113)</u>	<u>\$ (310,893)</u>	<u>\$ 1,077,693</u>

**The accompanying notes are an integral part of this statement.**

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET ASSETS - FIDUCIARY FUNDS**  
**June 30, 2011**

Exhibit 9

<b>ASSETS</b>	<b><u>Pension Trust Fund</u></b>	<b><u>Agency Funds</u></b>
Cash	\$ 342,793	\$ 810,783
Due from other governments	<u>-</u>	<u>63,784</u>
Total Assets	<u><u>\$ 342,793</u></u>	<u><u>\$ 874,567</u></u>
 <b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<u><u>\$ -</u></u>	<u><u>\$ 874,567</u></u>
 <b>NET ASSETS</b>		
Held in trust for pension benefits	<u><u>\$ 342,793</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF CHANGES IN FIDUCIARY**  
**NET ASSETS - FIDUCIARY FUNDS**  
**Year Ended June 30, 2011**

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Exhibit 10

	<u>Pension Trust Fund</u>
Additions	<u>\$ 101,042</u>
Deductions:	
Benefits	82,870
Administrative expense	<u>393</u>
Total deductions	<u>83,263</u>
Change in net assets	17,779
Net Assets:	
Beginning of year	<u>325,014</u>
End of year	<u><u>\$ 342,793</u></u>

The accompanying notes are an integral part of this statement.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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**I. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The County, which is governed by a seven-member board of commissioners, is one of the 100 counties established in North Carolina under North Carolina General Statute 153A-10. As required by generally accepted accounting principles, these financial statements present the County and its component units, legally separate entities for which the County is financially accountable. Davidson County Airport Authority exists for the operation and maintenance of airport facilities in the County. Davidson County Industrial Facility and Pollution Control Financing Authority (the *Authority*) exists to issue and service revenue bond debt of private businesses for economic development purposes. The Authority has no financial transactions or account balances; therefore, it is not presented in the combined financial statements.

Component Unit	Reporting Method	Criteria for Inclusion	For Separate Financial Statements
Davidson County Airport Authority	Discrete	The Airport Authority is governed by a nine-member board of commissioners that are appointed by the County commissioners. The County can remove any commissioner of the Airport Authority with or without cause.	None issued
Davidson County Industrial Facility and Pollution Control Financing Authority	Discrete	The Financing Authority is governed by a seven-member board of commissioners that are appointed by the County commissioners. The County can remove any commissioner of the Financing Authority with or without cause.	None issued

**B. Basis of Presentation, Basis of Accounting**

**Basis of Presentation**

*Government-Wide Statements:* The statement of net assets and the statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### I. Summary of Significant Accounting Policies (Continued)

#### B. Basis of Presentation, Basis of Accounting (Continued)

##### Basis of Presentation (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds:

*General Fund.* This is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Tax Revaluation Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54, it is consolidated in the General Fund

*School Capital Outlay Fund.* This capital projects fund accounts for the County's portion of the financing of school capital assets for the Lexington City Schools, Thomasville City Schools, Davidson County school systems, and the Davidson County Community College system.

*Capital Reserve Fund.* This capital projects fund accounts for monies that have been specifically reserved for pay-as-you-go capital expenditures and debt service for capital projects.

The County reports the following major enterprise fund:

*Landfill Fund.* This fund accounts for the operation, maintenance, and development of various landfills and disposal sites.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### I. Summary of Significant Accounting Policies (Continued)

#### B. Basis of Presentation, Basis of Accounting (Continued)

##### Basis of Presentation (Continued)

*Sewer Fund.* This fund accounts for the operation, maintenance, and development of various sewer lines.

Additionally, the County reports the following fund types:

*Internal Service Fund.* The County uses an internal service fund to account for fleet management services provided to other departments of the government on a cost reimbursement basis. The County has also established an internal service fund to account for the self-funded employee health care program.

*Agency Funds.* Agency funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the County holds on behalf of others. The County maintains the following agency funds: the Property Tax Fund, which accounts for all of the property tax collections received and disbursed for all governmental entities within Davidson County and also includes the three percent interest on the first month of delinquent motor vehicle taxes that the County is required to remit to the North Carolina Department of Motor Vehicles; the P.I.C. Fund, which accounts for donations received by the Private Industry Council to provide scholarships to individuals; the United Way Fund, which accounts for employee fund-raising activities for the United Way; the Social Services Designated Payee Account Fund, which accounts for moneys deposited with the Department of Social Services for the benefit of certain individuals; the Bid Bond Deposit Fund, which accounts for all cash bid bonds received, the Sheriff-Inmate Account Fund which accounts for funds held on behalf of inmates in the County jail, and the Sheriff-Execution Account Fund which accounts for funds held on behalf of others as a result of court ordered sales of property.

*Pension Trust Fund.* The County has a Pension Trust Fund, the Law Enforcement Officers' Pension Trust Fund, that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

*Nonmajor Funds.* The County maintains five legally budgeted funds. The Fire District Fund, Transportation Fund, Emergency Telephone Fund, and Special School Districts Fund are reported as nonmajor special revenue funds. The County Capital Projects Fund is reported as a capital projects fund.

##### Measurement Focus, Basis of Accounting

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

*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

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### I. Summary of Significant Accounting Policies (Continued)

#### B. Basis of Presentation, Basis of Accounting (Continued)

##### **Measurement Focus, Basis of Accounting (Continued)**

focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The County considers all revenues available if they are collected within 90 days after year end, except for property taxes. Ad valorem property taxes are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Davidson County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County. For motor vehicles, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered from March 2010 through February 2011 apply to the fiscal year ended June 30, 2011.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### I. Summary of Significant Accounting Policies (Continued)

#### B. Basis of Presentation, Basis of Accounting (Continued)

##### Measurement Focus, Basis of Accounting (Continued)

Uncollected taxes that were billed during this period are shown as a receivable on these financial statements

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

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 assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and enterprise funds of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are allowance for doubtful accounts and depreciation lives.

#### C. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Special Revenue Funds, and the Enterprise Funds. A balanced financial plan is approved concurrent with the adoption of the annual budget for the internal service funds. All annual appropriations lapse at the fiscal year end. Project ordinances are adopted for the School Capital Outlay Fund and the Capital Projects Fund.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### I. Summary of Significant Accounting Policies (Continued)

#### C. Budgetary Data (Continued)

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for the General, Special Revenue (except the Fire Districts), and Enterprise Funds. The Fire Districts Fund is budgeted on the functional level by fire district. The Finance Officer, with the concurrence of the Budget Officer, is authorized to make budget transfers between objects of expenditure within a department with a report being submitted to the County Commissioners within thirty days after the transfers. The Board of Commissioners must approve revisions that alter the total appropriations of any department or fund. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted. During the year, several amendments to the original budget were necessary, some of which were material. The effects of the material budget amendments are described below.

Budget amendments totaling \$4,194,719 were necessary to appropriate additional grants received during the year for human services, public safety, and job training. Additional fund balance of \$5,169,275 was appropriated for the carry over of outstanding purchase orders from FY 09-10, for capital expenditures, and for performance management expenditures earned from the attainment of specific performance goals in the previous year.

#### D. Assets, Liabilities and Fund Equity

##### 1. Deposits and Investments

All deposits of the County are made in board-designated official depositories and are secured as required by G. S. 159-31. The County may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the County may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**I. Summary of Significant Accounting Policies (Continued)**

D. Assets, Liabilities and Fund Equity (Continued)

2. Cash and Cash Equivalents

The County pools moneys from several funds, except the Agency and Pension Trust 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.

3. Restricted Cash

Restricted cash consists of the following at June 30, 2011:

	<u>General Fund</u>	<u>School Capital Outlay Fund</u>	<u>Sewer Fund</u>
Sinking fund for the repayment of Qualified Zone Academy Bonds	\$ 663,028	\$ -	\$ -
Tax Revaluation Fund	75,997	-	-
Unexpended proceeds from the issuance of bonds		2,349,325	-
Unexpended proceeds from the issuance of Qualified School Construction Bonds	-	13,380,054	-
Unexpended proceeds from the issuance of Limited Obligation Bonds	-	-	736,738
Unexpended proceeds from the issuance of Installment purchase contracts	-	-	1,077,231
	<u>\$ 739,025</u>	<u>\$15,729,379</u>	<u>\$ 1,813,969</u>

4. Ad Valorem Taxes Receivable

In accordance with state law [G. S. 105-347 and G. S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2010. As allowed by state law, the County has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the County's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**I. Summary of Significant Accounting Policies (Continued)**

D. Assets, Liabilities and Fund Equity (Continued)

6. Inventories

The inventory of the County's internal service fund consists of materials and supplies held for consumption. The cost (first-in, first-out method, which approximates market) of the inventory carried in the County's internal service fund is recorded as an expense as the inventory is consumed.

7. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. It is the policy of the Board to capitalize all capital assets costing more than \$5,000 with an estimated useful life of two years or more.

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

Any interest incurred during the construction phase of proprietary fund type capital assets is reflected in the capitalized value of the asset constructed. Capital assets of the County are depreciated on a straight-line basis over the following estimated useful lives:

Governmental activities:	
Buildings and improvements	20 to 40 years
Furniture, equipment and vehicles	5 to 10 years
Business-type activities:	
Buildings	20 years
Furniture and equipment	5 to 10 years
Improvements	20 years
Sewer lines	50 years
Component unit:	
Buildings	40 years
Land improvements	50 years
Equipment	10 years
Runways	20 years

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### I. Summary of Significant Accounting Policies (Continued)

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

##### 8. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. In the fund financial statements for governmental fund types, the face amount of debt issued is reported as an other financing source.

##### 9. Compensated Absences

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

The sick leave policies of the County and the Airport Authority provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since none of the entities has any obligation for accumulated sick leave until it is actually taken, no accrual for sick leave has been made by the County or its component units.

##### 10. Net Assets/Fund Balances

###### Net Assets

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

###### Fund Balances

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### I. Summary of Significant Accounting Policies (Continued)

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

##### 10. Net Assets/Fund Balances (Continued)

##### Fund Balances (Continued)

The governmental fund types classify fund balances as follows:

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

Long term note receivable-portion of fund balance that is not an available resource because it represents the year-end balance of an ending note receivable which is not a spendable resource.

Long term advance to component unit-portion of fund balance that is not an available resource because it represents the year-end balance of a long term advance which is not a spendable resource.

**Restricted Fund Balance-**This classification includes revenue sources that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization of State Statute-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 revenue source to pay for the computer equipment and imaging technology for the Register of Deeds office.

Restricted for Health-portion of fund balance that is restricted by revenue source for health purposes.

Restricted for Fire Protection-portion of fund balance that is restricted by revenue source for fire protection expenditures.

Restricted for Transportation-portion of fund balance that is restricted by revenue source for transportation expenditures.

Restricted for Public Safety-portion of fund balance that is restricted by revenue source to pay sheriff expenditures.

Restricted for School Capital-portion of fund balance that is restricted by revenue source to pay School Capital per G.S 159-18-22

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### I. Summary of Significant Accounting Policies (Continued)

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

##### 10. Net Assets/Fund Balances (Continued)

###### Fund Balances (Continued)

Committed Fund Balance-Portion of fund balance that can only be used for specific purpose imposed by majority vote of Davidson County's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body.

Committed for Tax Revaluation-portion of fund balance that can only be used for tax revaluation.

Committed for School Capital-portion of fund balance that can only be used for school capital.

Committed for Capital Projects Funds-portion of fund balance that can only be used for county capital projects .

Assigned Fund Balance- portion of fund balance that the Davidson County governing board has budgeted.

Subsequent year's expenditures-portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation.

Assigned for capital projects- portion of fund balance that has been budgeted by the board for future school capital construction and county capital expenditures.

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

Davidson County has an internal management revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-county funds, and county funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly assigned fund balance. The Finance Officer has the authority to deviate from this policy if it's in the best interest of the County.

Davidson County has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least to or greater than 18% of budgeted expenditures. Any portion of the General Fund balance in excess of 20% of budgeted expenditures may be transferred into the Capital Reserve fund for pay-as-you-go capital projects.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**I. Summary of Significant Accounting Policies (Continued)**

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

10. Net Assets/Fund Balances (Continued)

**Fund Balances (Continued)**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – General Fund to the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds

A legally budgeted Property Revaluation Fund is consolidated into the General Fund for reporting purposes on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit 4). Fund balance for the General Fund is reconciled as follows:

Fund Balance, ending (Exhibit 5)	\$ 51,606,181
Property Revaluation Fund:	
Expenditures:	
General government	(185,285)
Transfers in – General Fund	186,053
Fund Balance, beginning	<u>75,229</u>
Fund balance, ending (Exhibit 4)	<u>\$ 51,682,178</u>

E. Reconciliation of Government-Wide and Fund Financial Statements

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

The governmental funds statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The elements comprising the total adjustment of (\$4,523,102) are as follows:

Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities.	\$ 3,562,332
Depreciation expense, the allocation of those assets over their useful lives, is recorded on the statement of activities but not in the fund statements.	(2,115,334)
Loss on disposal of capital assets not recorded in the fund statements.	(131,813)

## NOTES TO FINANCIAL STATEMENTS (Continued)

### I. Summary of Significant Accounting Policies (Continued)

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

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

New debt issued during the year is recorded as a source of funds on the fund statements; it has no effect on the statement of activities – it affects only the government-wide statement of net assets	(13,050,000)
Internal service funds are used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.	740,666
Principal payments on debt owed are recorded as a use of funds in the fund statements but do not affect the net assets reported in the government-wide statements.	6,344,065
Amortization of bond premium is included in the government-wide statements but not in the fund statements because it does not use current resources.	60,756
Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements:	
Difference in interest expense between fund statements (modified accrual) and government-wide statements (full accrual).	18,679
Compensated absences are accrued in the government-wide statements but not in the fund statements because they do not use current resources.	(76,871)
OPEB liability is accrued in the government-wide statements but not in the fund statements because it does not use current resources.	(710,981)
Amortization of bond issuance costs is included in the government-wide statements but not in the fund statements because it does not use current resources.	(9,257)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements:	
Net increase in deferred revenues.	<u>844,656</u>
Total adjustment	<u>(\$4,523,102)</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds**

A. Assets

1. Deposits

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2011, the County and Airport's deposits had a carrying amount of \$55,816,872 and a bank balance of \$56,218,586. Of the bank balance, \$511,563 was covered by federal depository insurance and \$55,707,025 in interest-bearing deposits was covered by collateral held under the Pooling Method. Of the County's carrying amount, \$1,153,576 is held on behalf of others in the Pension Trust and Agency Funds. At June 30, 2011, Davidson County had \$4,251 cash on hand. During the year and as of June 30, 2011, the Airport Authority had no depository accounts other than those held by the County.

2. Investments

As of June 30, 2011, the County had the following investments and maturities:

	<u>Fair Value</u>	<u>Maturity Less Than 1 Year</u>
North Carolina Capital Management Trust		
Cash Portfolio	\$ 43,288,130	\$ N/A
Government Securities	<u>663,028</u>	<u>663,028</u>
	<u>\$ 43,951,158</u>	<u>\$ 663,028</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

A. Assets (Continued)

*Interest Rate Risk* - As a means of limiting its exposure to fair value losses arising from interest rates, the County's formal investment policy limitations are that no less than half of the investments shall mature in 90 days and the average maturity of the investments shall mature within one year.

*Credit Risk* – The County's formal investment policy limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The County's investments in the North Carolina Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2011. The County's investments in Governmental Securities (Federal Home Loan Bank) are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service.

*Concentration of Credit Risk* - The County formal investment policy places no limit on the amount that the County may invest in any one issuer. The County's investment in governmental securities represents 1.5% of the County's total investments.

3. Receivables

Receivables at the government-wide level at June 30, 2011 were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental activities:				
General	\$ 9,159,150	\$ 14,973,867	\$ 9,203,878	\$ 33,336,895
Other governmental	<u>692,318</u>	<u>-</u>	<u>55,577</u>	<u>747,895</u>
Total receivables	9,851,468	14,973,867	9,259,455	34,084,790
Allowance for doubtful accounts	<u>(7,360,223)</u>	<u>(3,562,928)</u>	<u>-</u>	<u>(20,923,151)</u>
Total - governmental activities	<u>\$ 2,491,245</u>	<u>\$ 1,410,939</u>	<u>\$ 9,259,455</u>	<u>\$ 13,161,639</u>
Business-type activities:				
Landfill	\$ -	\$ 393,425	\$ 160,140	\$ 553,565
Sewer	<u>-</u>	<u>27,440</u>	<u>-</u>	<u>27,440</u>
Total receivables	-	420,865	160,140	581,005
Allowance for doubtful accounts	<u>-</u>	<u>(44,860)</u>	<u>-</u>	<u>(44,860)</u>
Total - business-type activities	<u>\$ -</u>	<u>\$ 376,005</u>	<u>\$ 160,140</u>	<u>\$ 536,145</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

B. Assets (Continued)

3. Receivables (Continued)

Due from other governments consists of the following at June 30, 2011:

	<u>General</u>	<u>Other Governmental</u>
Local option sales tax allocation	\$ 4,023,891	\$ -
Sales tax refund	887,636	
Grant reimbursements	3,711,818	51,148
Other	<u>580,533</u>	<u>4,429</u>
	<u>\$9,203,878</u>	<u>\$ 55,577</u>

During fiscal year 2001, the County advanced \$250,000 to the Airport Authority for the construction of new hangars. Repayment is to be made over twenty years including 6% interest. In fiscal year 2003, the County advanced an additional \$297,000 to the Airport Authority for the construction of a maintenance hangar. Repayment is to be made over twenty years including 5% interest. In fiscal year 2008, the County advanced an additional \$937,333 to the Airport Authority for the construction of new hangars. Repayment is to be made over fifteen years including 4.82% interest. The balance of the long-term advances to the Airport Authority is \$1,316,031 at June 30, 2011.

During the fiscal year, the County advanced \$500,000 to the Town of Wallburg for the purchase of property for economic development. Annual payments of \$20,000 are to be made over twenty years. Interest will not be charged for the first ten years of the repayment term; however, beginning January 1, 2021 and continuing for the remainder of the term of the loan, interest will be charged on the outstanding balance at a rate of prime plus one percent.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

A. Assets (Continued)

4. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,131,583	\$ 771,557	\$ -	\$ 4,903,140
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>4,131,583</u>	<u>771,557</u>	<u>-</u>	<u>4,903,140</u>
Capital assets being depreciated:				
Buildings and improvements	36,899,541	1,631,349	741,664	37,789,226
Furniture and equipment	9,152,027	715,668	23,844	9,843,851
Vehicles and motor equipment	<u>7,214,594</u>	<u>458,277</u>	<u>155,854</u>	<u>7,517,017</u>
Total capital assets being depreciated	<u>53,266,162</u>	<u>2,805,294</u>	<u>921,362</u>	<u>55,150,094</u>
Less accumulated depreciation for:				
Buildings	14,505,091	854,085	613,418	14,745,758
Furniture and equipment	6,977,451	507,807	23,844	7,461,414
Vehicles and motor equipment	<u>4,940,373</u>	<u>815,875</u>	<u>152,287</u>	<u>5,603,961</u>
Total accumulated depreciation	<u>26,422,915</u>	<u>\$ 2,177,767</u>	<u>\$ 789,549</u>	<u>27,811,133</u>
Total capital assets being depreciated, net	<u>26,843,247</u>			<u>27,338,961</u>
Governmental activity capital assets, net	<u>\$ 30,974,830</u>			<u>\$ 32,242,101</u>
General government			\$ 1,142,362	
Human services			26,215	
Public safety			723,744	
Economic and physical development			82,115	
Environmental protection			1,430	
Culture and recreation			7,005	
Transportation			132,463	
Capital assets held by the County's internal service fund are charged to the various functions based on their usage of the assets			<u>62,433</u>	
Total depreciation expense			<u>\$ 2,177,767</u>	

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

A. Assets (Continued)

4. Capital Assets (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Landfill				
Capital assets not being depreciated:				
Land	\$ 849,888	\$ -	\$ -	\$ 849,888
Total capital assets not being depreciated	<u>849,888</u>	<u>-</u>	<u>-</u>	<u>849,888</u>
Capital assets being depreciated:				
Buildings	776,327	-	-	776,327
Furniture and equipment	7,272,065	66,537	52,442	7,286,160
Landfill cell construction	14,076,075	-	-	14,076,075
Improvements	<u>2,009,008</u>	<u>135,032</u>	<u>-</u>	<u>2,144,040</u>
Total capital assets being depreciated	<u>24,133,475</u>	<u>201,569</u>	<u>52,442</u>	<u>24,282,602</u>
Less accumulated depreciation for:				
Buildings	253,405	27,585	-	280,990
Furniture and equipment	4,826,219	380,409	52,442	5,154,186
Landfill cell construction	10,882,655	618,081	-	11,500,736
Improvements	<u>1,466,876</u>	<u>138,209</u>	<u>-</u>	<u>1,605,085</u>
Total accumulated depreciation	<u>17,429,155</u>	<u>\$ 1,164,284</u>	<u>\$ 52,442</u>	<u>18,540,997</u>
Total capital assets being depreciated, net	<u>6,704,320</u>			<u>5,741,605</u>
Landfill capital assets, net	<u>\$ 7,554,208,</u>			<u>\$ 6,591,493</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

A. Assets (Continued)

4. Capital Assets (Continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Sewer				
Capital assets not being depreciated:				
Construction in progress	\$ <u>688,963</u>	\$ <u>1,561,632</u>	\$ <u>602,151</u>	\$ <u>1,648,444</u>
Capital assets being depreciated:				
Equipment	70,701	1,314	-	72,015
Sewer lines	<u>12,609,459</u>	<u>617,704</u>	<u>-</u>	<u>13,227,163</u>
Total capital assets being depreciated	<u>12,680,160</u>	<u>619,018</u>	<u>-</u>	<u>13,299,178</u>
Less accumulated depreciation for:				
Equipment	35,504	14,140	-	49,644
Sewer lines	<u>603,621</u>	<u>255,199</u>	<u>-</u>	<u>858,820</u>
Total accumulated depreciation	<u>639,125</u>	<u>\$ 269,339</u>	<u>\$ -</u>	<u>908,464</u>
Total capital assets being depreciated, net	<u>12,041,035</u>			<u>12,390,714</u>
Sewer capital assets, net	<u>12,729,998</u>			<u>14,039,158</u>
Business-type activities capital assets, net	<u>\$20,284,206</u>			<u>\$ 20,630,651</u>

**Construction Commitments**

The County has active construction projects as of year end. At year end, the County's commitments with contractors are as follows:

	<u>Remaining Commitment</u>
Extended Day Sewer project	\$ <u>55,012</u>
Total	\$ <u>55,012</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

A. Assets (Continued)

4. Capital Assets (Continued)

**Discretely Presented Component Units**

Capital asset activity for the Davidson County Airport Authority for the year ended June 30, 2011 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated:				
Land	\$ 3,486,528	\$ -	\$ -	\$ 3,486,528
Total capital assets not being depreciated	<u>3,486,528</u>	<u>-</u>	<u>-</u>	<u>3,486,528</u>
Capital assets being depreciated:				
Buildings	3,273,580	-	-	3,273,580
Land improvements	109,172	-	-	109,172
Equipment	377,495	-	-	377,495
Paving & Grading	2,065,616	-	-	2,065,616
Runways	<u>11,168,962</u>	<u>-</u>	<u>-</u>	<u>11,168,962</u>
Total capital assets being depreciated	<u>16,994,825</u>	<u>-</u>	<u>-</u>	<u>16,994,825</u>
Less accumulated depreciation for:				
Buildings	436,194	56,908	-	493,102
Land improvements	19,647	2,183	-	21,830
Equipment	292,704	37,749	-	330,453
Paving & Grading	526,897	103,281	-	630,178
Runways	<u>4,956,216</u>	<u>558,448</u>	<u>-</u>	<u>5,514,664</u>
Total accumulated depreciation	<u>6,231,658</u>	<u>\$ 758,569</u>	<u>\$ -</u>	<u>6,990,227</u>
Total capital assets being depreciated, net	<u>10,763,167</u>			<u>10,004,598</u>
Airport Authority capital assets, net	<u>\$ 14,249,695</u>			<u>\$13,491,126</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2011, were as follows:

	<u>Vendors</u>	<u>Salaries and benefits</u>	<u>Other</u>	<u>Total</u>
Governmental Activities:				
General	\$ 2,016,949	\$ 1,648,079	\$ 1,609,082	\$ 5,274,110
Other governmental	<u>2,296,949</u>	<u>-</u>	<u>-</u>	<u>2,296,949</u>
 Total - government activities	 <u>\$ 4,313,898</u>	 <u>\$ 1,648,079</u>	 <u>\$ 1,609,082</u>	 <u>\$ 7,571,059</u>
Business-type activities:				
Landfill	\$ 237,370	\$ -	\$ -	\$ 237,370
Sewer	<u>193,255</u>	<u>-</u>	<u>-</u>	<u>193,255</u>
 Total - business-type activities	 <u>\$ 430,625</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 430,625</u>
 Discretely presented component unit:				
Davidson County Airport Authority	<u>\$ 29,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,803</u>

2. Pension Plan Obligations and Other Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### III. Detail Notes on All Funds (Continued)

#### B. Liabilities (Continued)

##### 2. Pension Plan Obligations (Continued)

###### a. Local Governmental Employees' Retirement System (continued)

*Funding Policy.* Plan members are required to contribute six percent of their annual covered salary. The County is required to contribute at an actuarially determined rate. For the County, the current rate for employees not engaged in law enforcement and for law enforcement officers is 6.46% and 6.41%, respectively, of annual covered payroll. The contribution requirements of members and of Davidson County are established and may be amended by the North Carolina General Assembly. The County's contributions to LGERS for the years ended June 30, 2011, 2010 and 2009 were \$2,089,980, \$1,594,543 and \$1,576,514, respectively. The contributions made by the County equaled the required contributions for each year.

###### b. Law Enforcement Officers' Special Separation Allowance

###### 1) *Plan Description*

Davidson County administers a public employee retirement system (the Separation Allowance), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G. S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan. The Separation Allowance is reported in the County's financial statements as a pension trust fund.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

b. Law Enforcement Officers' Special Separation Allowance (Continued)

1) *Plan Description (Continued)*

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2010, the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>127</u>
Total	<u><u>132</u></u>

2) *Summary of Significant Accounting Policies*

*Basis of Accounting.* Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the County has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan.

*Method Used to Value Investments.* Investments are reported at fair value. Short-term money market debt instruments, deposits, and repurchase agreements are reported at cost or amortized cost, which approximates fair value. Certain longer term United States Government and United States Agency securities are valued at the last reported sales price.

3) *Contributions*

The County is required by Article 12D of G. S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. Contributions in the amount of \$100,000 were made by the County during the current year. 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.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

2. Pension Plan Obligations (Continued)

b. Law Enforcement Officers' Special Separation Allowance (Continued)

3) *Contributions (Continued)*

The County's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	\$ 212,775
Interest on net pension obligation	32,897
Adjustment to annual required contribution	<u>(35,224)</u>
 Annual pension cost	 210,448
Contributions made	<u>100,000</u>
 Increase in net pension obligation	 110,448
Net pension obligation, beginning of year	<u>657,942</u>
 Net pension obligation, end of year	 <u>\$ 768,390</u>

The annual required contribution for the current year was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 5.00% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.5% to 12.3% per year. Both (a) and (b) included an inflation component of 3.75%. The assumptions did not include postretirement benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2009 was 21 years.

**Three-Year Trend Information**

<u>Year Ended June 30</u>	<u>Annual Pension Cost</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2009	152,003	65.79%	595,562
2010	162,380	61.58%	657,942
2011	210,448	47.52%	768,390

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### III. Detail Notes on All Funds (Continued)

#### B. Liabilities (Continued)

##### 2. Pension Plan Obligations (Continued)

##### b. Law Enforcement Officers' Special Separation Allowance (Continued)

##### 4) Funded Status and Funding Progress

As of December 31, 2010, the most recent actuarial valuation date, the plan was 21.93% funded. The actuarial accrued liability for benefits was \$1,743,490, and the actuarial value of assets was \$382,351, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,361,139. The covered payroll (annual payroll of active employees covered by the plan) was \$5,336,192, and the ratio of the UAAL to the covered payroll was 25.51 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

##### c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

*Funding Policy.* Article 12E of G. S. Chapter 143 requires the County to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2011 were \$343,026, which consisted of \$269,719 from the County and \$73,307 from the law enforcement officers.

##### d. Registers of Deeds' Supplemental Pension Fund

*Plan Description.* Davidson County also contributes to the Registers of Deeds' Supplemental Pension Fund (Fund), a noncontributory, defined contribution plan

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### III. Detail Notes on All Funds (Continued)

#### B. Liabilities (Continued)

#### 2. Pension Plan Obligations (Continued)

#### d. Register of Deeds' Supplemental Pension Fund (Continued)

administered by the North Carolina Department of State Treasurer. The Fund provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G. S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Register of Deeds' Supplemental Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Register of Deeds' Supplemental Pension Fund. The report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410 or by calling (919) 981-5454.

*Funding Policy.* On a monthly basis, the County remits to the Department of State Treasurer an amount equal to one and one-half percent (1.5%) of the monthly receipts collected pursuant to Article 1 of G. S. 161. Immediately following January 1 of each year, the Department of State Treasurer divides ninety-three percent (93%) of the amount in the Fund at the end of the preceding calendar year into equal shares to be disbursed as monthly benefits. The remaining seven percent (7%) of the Fund's assets may be used by the State Treasurer in administering the Fund. For the fiscal year ended June 30, 2011, the County's required and actual contributions were \$9,680.

#### e. Other Postemployment Benefits (OPEB)

#### Healthcare Benefits

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

e. Other Postemployment Benefits (OPEB) (Continued)

Healthcare Benefits (continued)

Membership of the RHI Plan consisted of the following at December 31, 2009, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers
Retirees receiving benefits	20	3
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	<u>704</u>	<u>127</u>
Total	<u><u>724</u></u>	<u><u>130</u></u>

*Funding Policy.* The County subsidizes the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the County Board. For an active employee with 30 years or more of service, the County will contribute 100% of the full cost of coverage; for an active employee with 25-29 years of service, the County will contribute 67% of the full cost of coverage; and for an active employee with 20-24 years of service, the County will contribute 33% of the full cost of coverage. Dependent coverage is not provided. The County has chosen to fund the healthcare benefits on a pay as you go basis.

The current ARC rate is 2.75% of annual covered payroll. For the current year, the County contributed \$140,455 or .45% of annual covered payroll. The County obtains healthcare coverage through private insurers. Contributions made by retirees totaled \$24,118. The County's obligation to contribute to the RHI Plan is established and may be amended by the County Board.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

e. Other Postemployment Benefits (OPEB) (continued)

Healthcare benefits (continued)

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

Annual required contribution	\$ 862,758
Interest on net OPEB obligation	115,892
Adjustment to annual required contribution	<u>(124,190)</u>
 Annual OPEB cost	 854,460
Contributions made	<u>140,455</u>
 Increase in net OPEB obligation	 714,005
Net OPEB obligation, beginning of year	<u>2,897,291</u>
 Net OPEB obligation, end of year	 <u>\$ 3,611,296</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009, 2010, and 2011 were as follows:

<u>Year Ended</u> <u>June 30</u>	<u>Annual</u> <u>OPEB</u> <u>Cost</u>	<u>Percentage of</u> <u>Annual OPEB Cost</u> <u>Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
2009	\$ 1,190,977	9.6%	\$ 2,148,488
2010	874,554	14.4%	2,897,291
2011	854,460	16.4%	3,611,296

*Funded Status and Funding Progress.* As of December 31, 2009, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits for benefits and, thus, the unfunded actuarial liability (UAAL) was \$8,838,974. The covered payroll (annual payroll of active employees covered by

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### III. Detail Notes on All Funds (Continued)

#### B. Liabilities (Continued)

##### e. Other Postemployment Benefits (OPEB) (Continued)

###### Healthcare Benefits (continued)

the plan) was \$31,402,528, and the ratio of the UAAL to the covered payroll was 28.1 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the December 31, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employers own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.50 to 5.00 percent annually. Both rates included a 3.75 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2009, was 30 years.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### III. Detail Notes on All Funds (Continued)

#### B. Liabilities (Continued)

##### f. Other Employment benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. The County has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. For the fiscal year ended June 30, 2011, the County made contributions to the state for death benefits of \$37,157. The County's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .11% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the postemployment benefit amount and the other benefit amount.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

3. Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its landfill facility when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Of the \$4,910,728 reported as landfill closure and postclosure care liability at June 30, 2011, \$4,667,018 represents a cumulative amount reported to date based on the use of 100 percent of the total estimated capacity of Phase I of the landfill, 50% of the total estimated capacity of Phase II of the landfill, and 82% of the total estimated capacity of the C & D section of the landfill, and \$243,710 represents additional postclosure costs for the landfill that closed October 8, 1993. The County will recognize the remaining estimated cost of closure and postclosure care of \$5,500,000 as the remaining estimated capacity of Phase II and the C & D section are filled (estimated to be approximately 2 years). These amounts are based on what it would cost to perform all closure and postclosure care in 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County has met the requirements of a local government financial test that is one option under state and federal laws and regulations that helps determine if a unit is financially able to meet closure and postclosure care requirements. Management continues to analyze the cost associated with the above-mentioned environmental regulations and believes that future funding will be available to meet all costs related to these regulations.

4. Deferred Revenues

The balance in deferred revenues on the fund statements at year end is composed of the following elements:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Taxes receivable, net	\$ 2,124,754	\$ 366,491
EMS receivables	1,068,956	-
Other receivables	<u>536,725</u>	<u>-</u>
Total	<u>\$ 3,730,435</u>	<u>\$ 366,491</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

5. Risk Management

The County and the Airport Authority are exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Airport Authority carries commercial coverage for workers' compensation. The County is self-insured up to the statutory limits and has purchased additional coverage to limit the County's losses to \$2,000,000 per year. The workers' compensation coverage provides up to the statutory limits with limit of employer's liability coverage up to \$1,000,000 per occurrence.

In accordance with G.S 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial surety bond. The Finance Director and the Tax Administrator are individually bonded for \$100,000 and \$250,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$250,000.

The County and the Airport Authority carry commercial coverage for liability and property insurance. There have been no significant reductions in insurance coverage from the previous year, and settled claims have not exceeded coverage in any of the past three fiscal years. The Airport Authority carries commercial flood insurance for \$5000 per building for business personal property only. The County carries blanket coverage of \$1,000,000 in commercial flood insurance.

The County's employee health care program is financed using an entirely self funded plan. Two optional health plans are available to employees, retirees, covered dependents, and eligible former employees. The County administers both healthcare plans through a self funded program, supplemented by employee contributions, to pay claims administration and medical claims of the employees and their covered dependents. Specific stop loss insurance with a deductible of \$90,000 for all occurrences and an aggregate stop loss insurance of 125% of estimated claims are purchased to limit the County's losses for the overall program. Liabilities of the program are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount of claims that have been incurred but not reported (IBNRs). The County reasonably expects these claims to be paid within one year of occurrence.

Changes in the County's claims liability balance are as follows:

	<u>2010</u>	<u>2011</u>
Balance, beginning of year	\$ 945,534	\$ 1,142,620
Incurred claims (including IBNRs) and changes in estimates	5,849,180	5,903,241
Less claims payments	<u>(5,652,094)</u>	<u>(5,715,355)</u>
Balance, end of year	<u>\$ 1,142,620</u>	<u>\$ 1,330,506</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

6. Contingent Liabilities

At June 30, 2011, the County was a defendant to various lawsuits. In the opinion of the County's management and the County attorney, the ultimate outcome of these legal matters will not have a material adverse effect on the County's financial position.

7. Long-Term Obligations

a. General Obligation Indebtedness

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit and taxing power of the County. Principal and interest payments are appropriated when due.

The County's general obligation bonds payable at June 30, 2011 are comprised of the following individual issues:

Serviced by the General Fund:

\$42,000,000 2007 Series School Bonds due in annual principal installments on June 1 in increasing amounts ranging from \$1,300,000 to \$2,900,000 and a final payment of \$3,100,000 on June 1, 2027; interest payments due December 1 and June 1 of each year at interest rates ranging from 4.25% to 5.00%. The amount is shown net of unamortized premium, net of issuance costs, of \$580,178. \$ 38,100,000

\$16,905,000 2003 Series B Refunding Bonds due in annual principal installments on June 1 in increasing amounts ranging from \$1,150,000 to \$1,300,000 and a final payment of \$400,000 on June 1, 2016; interest payments due December 1 and June 1 of each year at interest rates ranging from 2.00% to 4.00%. The amount is shown net of unamortized deferred loss on defeasance of debt in the amount of \$880,198 and unamortized premium, net of issuance costs, of \$125,400. There is no outstanding in-substance defeased debt. 5,855,000

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

a. General Obligation Indebtedness (Continued)

\$29,600,000 2009 Series School 2009B Bonds due in annual principal installments on June 1 of \$1,475,000 and a final payment of \$3,050,000 on June 1, 2028; interest payments due December 1 and June 1 each year at interest rates ranging from 3.00% to 4.00%. The amount is shown net of unamortized premium, net of issuance costs, of \$483,104. \$ 26,650,000

\$930,000 2003 School Series 2003A Bonds due in annual principal installments on June 1 of \$50,000 through 2009, and \$45,000 through 2023; interest payments due December 1 and June 1 each year at interest rates ranging from 2.50% to 4.125%. 540,000  
 Sub-total \$ 71,145,000

Serviced by the Sewer Fund:

\$1,060,000 2009 Series Sewer 2009A Bonds due in annual principal installments on June 1 of \$50,000 and a final payment of \$160,000 on June 1, 2028; interest payments due December 1 and June 1 each year at interest rates ranging from 2.25% to 4.25%. The amount is shown net of unamortized premium, net of issuance costs, of \$2,792. 960,000

Total \$ 72,105,000

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

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 4,230,000	\$ 2,945,906	\$ 50,000	\$ 34,675	\$4,280,000	\$ 2,980,581
2013	4,190,000	2,806,281	50,000	33,550	4,240,000	2,839,831
2014	4,155,000	2,673,306	50,000	32,300	4,205,000	2,705,606
2015	4,120,000	2,539,669	50,000	30,800	4,170,000	2,570,469
2016	4,160,000	2,398,025	50,000	29,300	4,210,000	2,427,325
2017-2021	20,700,000	9,432,588	250,000	122,000	20,950,000	9,554,588
2022-2026	21,965,000	4,623,913	250,000	74,625	22,215,000	4,698,538
2027-2028	<u>7,625,000</u>	<u>442,500</u>	<u>210,000</u>	<u>15,725</u>	<u>7,835,000</u>	<u>458,225</u>
Total	<u>\$ 71,145,000</u>	<u>\$27,862,188</u>	<u>\$ 960,000</u>	<u>\$ 372,975</u>	<u>\$ 72,105,000</u>	<u>\$28,235,163</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

c. Certificates of Participation

On May 1, 2004, the County issued Certificates of Participation in the amount of \$18,035,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for constructing and equipping elementary schools, constructing sewer improvements, and acquiring a hangar at Davidson County Airport. Deeds of trust on real property and buildings secure the certificates. Principal installments are due annually on June 1 in decreasing installments ranging from \$1,090,000 to \$850,000; interest is payable on June 1 and December 1 at interest rates ranging from 2.00% to 5.25%.

\$ 11,210,000

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 890,000	\$ 548,549
2013	890,000	512,949
2014	850,000	476,954
2015	885,000	432,329
2016	855,000	388,616
2017-2021	4,275,000	1,275,019
2022-2024	<u>2,565,000</u>	<u>241,750</u>
Total	<u>11,210,000</u>	<u>\$ 3,876,166</u>

d. Qualified Zone Academy Bonds

On May 29, 2002, the County issued \$1,030,000 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 to the issuer. The creditor receives federal tax credits in lieu of receiving interest payments from the issuer. The principal of \$1,030,000 is payable in full on May 29, 2015; however, beginning May 29, 2003, the County is required to make annual sinking fund deposits to a restricted escrow account in the amount of \$59,925 to fully fund the retirement of these bonds at maturity.

\$1,030,000

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

e. Installment Financing

Serviced by the General Fund:

On August 16, 2002, the County entered into an installment financing agreement in the amount of \$2,106,000 for the purpose of financing the construction of sewer lines. Principal and interest payments are due quarterly in the principal amount of \$52,650 plus interest at 4.45% beginning November 16, 2002.

\$263,250

Serviced by the Sewer Fund:

On July 22, 2008, the County entered into an installment financing agreement in the amount of \$10,000,000 for the purpose of financing the construction of sewer lines. Principal and interest payments are due on June 1 and December 1 of each year at an interest rate of 4.29% beginning June 1, 2009.

9,467,932

Total

\$9,731,182

Installment financing debt service requirements to maturity are as follows:

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 210,600	\$ 8,242	\$ 372,731	\$ 402,262	\$583,331	\$410,504
2013	52,650	591	388,894	386,102	441,544	386,693
2014	-	-	405,760	369,241	405,760	369,241
2015	-	-	423,354	351,649	423,354	351,649
2016	-	-	441,714	333,295	441,714	333,295
2017-2021	-	-	2,513,055	1,362,056	2,513,055	1,362,056
2022-2026	-	-	3,107,302	767,944	3,107,302	767,944
2027-2029	-	-	1,815,122	118,448	1,815,122	118,448
Total	<u>\$ 263,250</u>	<u>\$ 8,833</u>	<u>\$9,467,932</u>	<u>\$4,090,997</u>	<u>\$9,731,182</u>	<u>\$4,099,830</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

f. Qualified School Construction Bonds

On December 16, 2009, the County issued \$5,076,971 in Qualified School Construction Bonds to finance the renovation of certain qualifying school facilities. These bonds qualify as "Qualified School Construction" under Section 54F of the Internal Revenue Code. The interest rate charged is 2.11%, but the creditor also receives federal tax credits in lieu of receiving interest payments from the issuer. The principal and interest are payable annually on December 16, beginning December 16, 2010.

\$4,738,506

On June 2, 2011, the County issued \$13,050,000 in Qualified School Construction Bonds to finance the construction of a new middle school facility. These bonds qualify as "Qualified School Construction" under Section 54F of the Internal Revenue Code. The interest rate charged is 5.50%. The County will receive a federal tax subsidy of 5.07% from the U.S. Treasury. The principal and interest are payable annually on June 1 and December 1, beginning December 1, 2011.

13,050,000

Total

\$ 17,788,506

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 1,208,465	\$ 815,739
2013	1,208,465	810,591
2014	1,208,465	803,449
2015	1,208,465	796,308
2016	1,208,465	789,166
2017-2021	6,042,324	3,838,706
2022-2026	<u>5,703,857</u>	<u>3,660,166</u>
Total	<u>\$ 17,788,506</u>	<u>\$ 11,514,125</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

B. Liabilities (Continued)

7. Long-Term Obligations (Continued)

f. Limited Obligation Bonds

Serviced by the General Fund:

On June 2, 2011, the County issued Limited Obligation Bonds in the amount of 4,915,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for the refunding of a 2004 issue for the construction of a jail/courthouse facility, a parking facility, and renovations to the Colonial Drive building, a facility for human services in Thomasville, North Carolina. The bonds are secured by a deed of trust on the jail/courthouse facilities. Principal installments are due annually June 1 graduated installments ranging from \$660,000 to \$760,000 through 2018; interest is payable on June 1 and December 1 of each year rates ranging from 2.00% to 4.625%. The amount is shown net of unamortized premium, net of issuance costs, of \$149,543. \$ 4,915,000

Serviced by the Sewer Fund:

On June 2, 2011, the County issued Limited Obligation Bonds in the amount of \$2,000,000 pursuant to an installment purchase contract between Davidson County Public Facilities Corporation and the County for the construction of a sewer line to service Davidson County school facilities. The bonds are secured by a deed of trust on the jail/courthouse facilities. Principal installments are due annually June 1 graduated installments ranging from \$130,000 to \$135,000 through 2026; interest is payable on June 1 and December 1 of each year rates ranging from 2.00% to 4.625%. 2,000,000

Total \$ 6,915,000

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

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 660,000	\$ 169,353	\$ 130,000	\$ 33,357	\$790,000	\$202,710
2013	665,000	155,839	135,000	31,636	800,000	187,475
2014	680,000	143,071	135,000	28,404	815,000	171,475
2015	695,000	129,936	135,000	25,239	830,000	155,175
2016	715,000	113,075	135,000	21,350	850,000	134,425
2017-2021	1,500,000	154,866	675,000	147,109	2,175,000	301,975
2022-2026	-	-	<u>655,000</u>	<u>87,325</u>	<u>655,000</u>	<u>87,325</u>
Total	<u>\$ 4,915,000</u>	<u>\$ 866,140</u>	<u>\$2,000,000</u>	<u>\$ 374,420</u>	<u>\$6,915,000</u>	<u>\$1,240,560</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**III. Detail Notes on All Funds (Continued)**

**B. Liabilities (Continued)**

**7. Long-Term Obligations (Continued)**

**f. 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, 2011:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2011</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities:					
General obligation debt	\$ 75,415,000	\$ -	\$ 4,270,000	\$ 71,145,000	\$ 4,230,000
Unamortized premium	1,085,988	-	60,756	1,025,232	-
Certificates of participation	17,650,000	-	6,440,000	11,210,000	890,000
Limited obligation bonds	-	4,915,000	-	4,915,000	660,000
Qualified Zone Academy					
Bonds	1,030,000	-	-	1,030,000	-
Qualified School Construction					
Bonds	5,076,971	13,050,000	338,465	17,788,506	1,208,465
Installment purchase	473,850	-	210,600	263,250	210,600
Law Enforcement Officers' Special Separation Allowance	657,942	210,448	100,000	768,390	-
OPEB obligation	2,809,537	851,436	140,455	3,520,518	-
Compensated absences	<u>1,941,437</u>	<u>1,460,422</u>	<u>1,497,279</u>	<u>1,904,580</u>	<u>1,500,000</u>
Total governmental activities	<u>\$106,140,725</u>	<u>\$ 20,487,306</u>	<u>\$ 13,057,555</u>	<u>\$113,570,476</u>	<u>\$8,699,065</u>
Business-type activities:					
Accrued landfill closure and postclosure costs	\$ 6,185,067	\$ 677,198	\$ 1,951,537	\$ 4,910,728	\$ -
General obligation debt	1,010,000	-	50,000	960,000	50,000
Limited obligation bonds	-	2,000,000	-	2,000,000	130,000
Installment purchase	9,825,172	-	357,240	9,467,932	372,731
OPEB obligation	87,754	3,024	-	90,778	-
Compensated absences	<u>75,772</u>	<u>56,618</u>	<u>63,193</u>	<u>69,197</u>	<u>63,100</u>
Total business-type activities	<u>\$ 17,183,765</u>	<u>\$ 2,736,840</u>	<u>\$ 2,421,970</u>	<u>\$ 17,498,635</u>	<u>\$ 615,831</u>
Discretely presented component units:					
Long-term advance from primary government	<u>\$ 1,339,438</u>	<u>\$ -</u>	<u>\$ 23,407</u>	<u>\$ 1,316,031</u>	<u>\$ 68,764</u>
Total discretely presented component units	<u>\$ 1,339,438</u>	<u>\$ -</u>	<u>\$ 23,407</u>	<u>\$ 1,316,031</u>	<u>\$ 68,764</u>

Compensated absences typically have been liquidated in the General Fund and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned. Compensated absences for governmental activities include the Internal Service Fund compensated absences. The General Fund has been used in prior years to liquidate net pension obligations and net other postemployment obligations. At June 30, 2011, Davidson County had a legal debt margin of \$917,048,638.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**III. Detail Notes on All Funds (Continued)**

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2011 consist of the following:

From the General Fund to:

The Revaluation Fund to accumulate resources for the revaluation of real property	\$ 186,053
The Transportation Fund to supplement other funding sources	48,805
The School Capital Outlay Fund for school construction	2,678,244
The Emergency Telephone Fund to transfer wireless 911 balance	343,382
The Sewer Enterprise Fund for sewer line construction, repairs, and debt service	<u>3,107,024</u>

Total transfers from the General Fund \$ 6,363,508

To the General Fund from:

The Capital Reserve Fund for capital improvements	\$ 1,400,925
The School Capital Outlay Fund for debt service	444,994
The Landfill Fund for solid waste expenditures	<u>104,900</u>
	<u>\$ 1,950,819</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for various grant programs.

During the 2011 fiscal year, the County made one-time transfers from the Capital Reserve Fund of \$1,400,925 to the General Fund for various capital improvement projects. A one-time transfer of \$1,902,500 from the General Fund to the Sewer Fund was made to fund sewer line construction.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### III. Detail Notes on All Funds (Continued)

#### C. Fund Balance

The following schedule provides management and citizens with information on the portion of General Fund balance that is available for appropriation:

Total fund balance-General Fund	\$ 51,682,178
Less:	
Long term note receivable	500,000
Long term advance to component unit	1,316,031
Stabilization by State Statute	7,571,059
Appropriate fund balance in 2012 budget	3,029,478
Register of Deeds	272,454
Sheriff operations	2,549,919
Health programs	2,565,603
Tax revaluation	75,997
Working capital/Fund Balance policy	<u>22,355,134</u>
Remaining fund balance	\$ <u>11,446,503</u>

### IV. Joint Ventures

The County, in conjunction with the State of North Carolina and the Boards of Education, participates in a joint venture to operate the Davidson County Community College. Each of the three participants appoints four members of the board of trustees of the community college. The president of the community college's student government serves as an ex officio nonvoting member of the community college's board of trustees. The community college is included as a component unit of the state. The County has the basic responsibility for providing funding for the facilities of the community college and also provides some support for the community college's operations. In addition to providing annual appropriations for the facilities, the County periodically issues general obligation bonds to provide financing for new and restructured facilities. The County contributed \$2,943,210 and \$365,041 to the community college for operating and capital purposes, respectively, during the fiscal year ended June 30, 2011. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2011. Complete financial statements for the community college may be obtained from the Davidson County Community College administrative offices at I-85 and Old Greensboro Road, Lexington, North Carolina 27292.

The County, in conjunction with the Cities of Lexington and Thomasville and the Town of Denton, participates in the Davidson County Economic Development Commission. The County appoints four members, the Cities of Lexington and Thomasville appoint two members each, and the Town of Denton appoints one member to the nine-member board. The Commission is a joint venture established to provide services in order to promote and maintain capital industries in the County, including efforts to establish industrial areas and plans for orderly growth. The County, Cities and Town have an ongoing financial responsibility for the Commission's operating cost. The County contributed \$245,000 to the Commission during the fiscal year ended June 30, 2011. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2011.

## NOTES TO FINANCIAL STATEMENTS (Continued)

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### IV. Joint Ventures (Continued)

Complete financial statements for the Davidson County Economic Development Commission can be obtained from the Commission's administrative office at I-85 and Old Greensboro Road, Lexington, North Carolina 27292.

The County, in conjunction with the City of Lexington, participates in a joint venture to operate the Lexington Board of Education. Davidson County appoints one member of a nine-member board; the City of Lexington appoints the remaining eight members. Taxing authority falls under the Davidson County Commissioners. For the year ended June 30, 2011, tax was levied at a rate of \$.12 per one hundred dollars valuation of property. The proceeds of said tax are to be used to supplement school expenditures as permitted by Chapter 115C of the North Carolina General Statutes. Although accountable because of its taxing authority, the County has no equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2011. Complete financial statements for the Lexington Board of Education can be obtained from the Board's administrative offices at 1010 Fair Street, Lexington, North Carolina 27292.

The County and the Cities of Lexington and Thomasville participate in the Lake Thom-A-Lex Recreation Authority. This authority, consisting of five members appointed by governmental parties, is responsible for the oversight and promotion of operations related to recreation at Lake Thom-A-Lex. Costs of operation are shared equally between both cities and the County. The County contributed \$37,336 to the Authority during the fiscal year ended June 30, 2011. The participating governments do not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2011. Complete financial statements for the Lake Thom-A-Lex Recreation Authority can be obtained from the City of Thomasville administrative offices at 10 Salem Street, Thomasville, North Carolina 27360.

### IV. Jointly Governed Organization

The County, in conjunction with six other counties and thirty-two municipalities, established the Piedmont Triad Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board. The County paid membership fees of \$33,362 to the Council during the fiscal year ended June 30, 2011. The County was the subrecipient of a grant for \$123,459 from the U. S. Department of Health and Human Services and the Division of Aging of the North Carolina Department of Human Resources that was passed through the Council.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**I. Benefit Payments Issued by the State**

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

	<u>Federal</u>	<u>State</u>
Temporary assistance to needy families	\$ 461,362	\$ -
Medicaid	121,314,403	47,959,512
Energy assistance	1,326,141	-
Adoption assistance	531,391	904,001
Adult assistance	-	1,138,316
Special supplemental food program, WIC	<u>2,915,994</u>	<u>-</u>
Total	<u>\$126,549,291</u>	<u>\$ 50,001,829</u>

**VII. Contingent Liabilities**

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

### **Required Supplemental Financial Data**

- Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Employer Contributions for the Law Enforcement Officers' Special Separation Allowance
- Notes to the Required Schedules for the Law Enforcement Officers' Special Separation Allowance
- Schedule of Funding Progress for OPEB
- Schedule of Employer Contributions for OPEB
- Notes to the Required Schedules for OPEB

**DAVIDSON COUNTY, NORTH CAROLINA  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

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Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit Credit (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2000	\$ 423,740	\$ 669,001	\$ 245,261	63.34%	\$ 3,765,956	6.51%
12/31/2001	431,903	787,227	355,324	54.86%	4,100,526	8.67%
12/31/2002	415,341	896,231	480,890	46.34%	4,198,487	11.45%
12/31/2003	424,453	959,893	535,440	44.22%	4,536,340	11.80%
12/31/2004	374,035	1,179,739	805,704	31.70%	4,641,151	17.36%
12/31/2005	322,305	1,191,149	868,844	27.06%	4,646,019	18.70%
12/31/2006	275,782	1,095,393	819,611	25.18%	5,012,768	16.35%
12/31/2007	262,165	1,386,529	1,124,364	18.91%	5,190,876	21.66%
12/31/2008	247,282	1,390,371	1,143,089	17.79%	5,375,378	21.27%
12/31/2009	265,622	1,909,390	1,643,768	13.91%	5,416,028	30.35%
12/31/2010	382,351	1,743,490	1,361,139	21.93%	5,336,192	25.51%

**DAVIDSON COUNTY, NORTH CAROLINA  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

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Year Ending June 30	Annual Required Contribution	Percentage Contributed
2000	\$ 19,564	0.00%
2001	25,429	0.00%
2002	73,669	0.00%
2003	86,473	35.85%
2004	95,809	0.00%
2005	105,368	33.22%
2006	125,770	27.83%
2007	126,419	59.33%
2008	152,003	65.79%
2009	156,718	63.81%
2010	212,775	47.00%

**Notes to the Required Schedules:**

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

Valuation date	December 31, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent closed
Remaining amortization period	21 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	5.00%
Projected salary increases*	4.25% - 7.85.%
* Includes inflation at	3.00%
Cost of living adjustments	None

**DAVIDSON COUNTY, NORTH CAROLINA  
OPEB PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS**

---

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) - Projected Unit Credit (b)	Unfunded (Overfunded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a)/c)
12/31/2007	\$ -	\$ 11,221,453	\$ 11,221,453	0.00%	\$ 30,748,938	36.49%
12/31/2009	-	8,838,974	8,838,974	0.00%	31,402,528	28.15%

**DAVIDSON COUNTY, NORTH CAROLINA  
OPEB PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

---

<u>Year Ending June 30</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2007	\$ 1,185,095	9.60%
2008	1,190,977	9.60%
2009	862,758	14.58%
2010	862,758	16.28%

**Notes to the Required Schedules:**

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

Valuation date	December 31, 2009
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return*	4.00%
Medical cost trend rate	10.50% - 5.00%
Year of Ultimate trend rate	2017
* Includes inflation at	3.75%

***SUPPLEMENTARY INFORMATION***

***COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES***

**DAVIDSON COUNTY, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - ACTUAL - GENERAL FUND CONSOLIDATED**  
**Year Ended June 30, 2011**

Schedule 1

	<u>General Fund</u>	<u>Revaluation Fund</u>	<u>Eliminations</u>	<u>Total General Fund</u>
<b>Revenues:</b>				
Taxes	\$ 85,775,789	\$ -	\$ -	\$ 85,775,789
Licenses and permits	1,412,721	-	-	1,412,721
Intergovernmental	24,291,371	-	-	24,291,371
Charges for services	7,092,377	-	-	7,092,377
Interest on investments	377,206	-	-	377,206
Miscellaneous	1,060,055	-	-	1,060,055
<b>Total revenues</b>	<b>120,009,519</b>	<b>-</b>	<b>-</b>	<b>120,009,519</b>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	11,124,982	185,285	-	11,310,267
Human services	29,230,665	-	-	29,230,665
Public safety	22,796,747	-	-	22,796,747
Environmental protection	1,704,488	-	-	1,704,488
Economic and physical development	5,614,418	-	-	5,614,418
Culture and recreation	3,794,533	-	-	3,794,533
<b>Intergovernmental:</b>				
Education	33,115,806	-	-	33,115,806
<b>Debt service:</b>				
Principal	6,294,065	-	-	6,294,065
Interest and fiscal charges	4,154,425	-	-	4,154,425
<b>Total expenditures</b>	<b>117,830,129</b>	<b>185,285</b>	<b>-</b>	<b>118,015,414</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,179,390</b>	<b>(185,285)</b>	<b>-</b>	<b>1,994,105</b>
<b>Other financing sources (uses):</b>				
Transfers from other funds	1,950,819	186,053	(186,053)	1,950,819
Transfers to other funds	(6,363,508)	-	186,053	(6,177,455)
Refunding bonds issued	4,915,000	-	-	4,915,000
Premium on debt issued	149,543	-	-	149,543
Payment to refunded bond escrow agent	(4,965,000)	-	-	(4,965,000)
<b>Total other financing sources (uses)</b>	<b>(4,313,146)</b>	<b>186,053</b>	<b>-</b>	<b>(4,127,093)</b>
<b>Net change in fund balance</b>	<b>(2,133,756)</b>	<b>768</b>	<b>-</b>	<b>(2,132,988)</b>
<b>Fund balance:</b>				
Beginning of year - July 1	53,739,937	75,229	-	53,815,166
End of year - June 30	<u>\$ 51,606,181</u>	<u>\$ 75,997</u>	<u>-</u>	<u>\$ 51,682,178</u>

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2011**

Schedule 2  
Page 1 of 3

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Taxes:			
Property taxes	\$ 65,528,740	\$ 68,487,443	\$ 2,958,703
Tax penalty and interest	420,000	494,346	74,346
Local option sales tax	18,942,174	15,620,565	(3,321,609)
Other taxes	<u>1,073,000</u>	<u>1,173,435</u>	<u>100,435</u>
Total taxes	85,963,914	85,775,789	(188,125)
Licenses and permits	1,531,067	1,412,721	(118,346)
Intergovernmental	25,583,314	24,291,371	(1,291,943)
Charges for services	7,027,190	7,092,377	65,187
Interest on investments	1,000,000	377,206	(622,794)
Miscellaneous	<u>511,126</u>	<u>1,060,055</u>	<u>548,929</u>
Total revenues	<u>121,616,611</u>	<u>120,009,519</u>	<u>(1,607,092)</u>
Expenditures:			
Current:			
General government:			
County commissioners	285,933	273,497	12,436
County manager	595,558	528,417	67,141
County attorney	450,773	446,036	4,737
Human Resources	854,999	852,265	2,734
Finance	759,161	724,736	34,425
Purchasing	350,669	314,848	35,821
Tax Assessor and Collector	2,345,320	2,134,132	211,188
Board of Elections	517,740	401,422	116,318
Register of Deeds	587,209	474,337	112,872
State agencies	158,589	150,652	7,937
Public buildings	4,364,396	3,996,796	367,600
Information Technology	837,657	827,844	9,813
Contingency	<u>275,000</u>	<u>-</u>	<u>275,000</u>
Total general government	<u>12,383,004</u>	<u>11,124,982</u>	<u>1,258,022</u>
Human services:			
Health	7,823,623	6,907,749	915,874
Mental health	809,344	809,344	-
Social services	9,821,037	9,455,732	365,305
Public assistance	10,547,369	9,648,549	898,820
Child support	-	-	-
Senior services	2,065,379	1,918,641	146,738
Veterans services	110,182	107,035	3,147
Contributions	<u>408,934</u>	<u>383,615</u>	<u>25,319</u>
Total human services	<u>31,585,868</u>	<u>29,230,665</u>	<u>2,355,203</u>

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2011**

Schedule 2  
Page 2 of 3

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
<b>Public safety:</b>			
Sheriff	\$ 11,017,048	\$ 10,300,499	\$ 716,549
School resource officers	497,980	458,570	39,410
Jail	4,113,459	3,780,289	333,170
Emergency communications	1,994,755	1,907,345	87,410
Inspections	902,454	730,851	171,603
Medical examiner	85,000	65,700	19,300
Emergency Management	190,165	110,926	79,239
Fire Marshal	334,058	312,967	21,091
Ambulance	4,813,582	4,792,215	21,367
Day reporting center	129,014	123,410	5,604
Contributions	270,533	213,975	56,558
Total public safety	<u>24,348,048</u>	<u>22,796,747</u>	<u>1,551,301</u>
<b>Environmental protection:</b>			
Sanitation	1,594,967	1,511,905	83,062
Soil and water	195,129	192,583	2,546
Contributions	2,000	-	2,000
Total environmental protection	<u>1,792,096</u>	<u>1,704,488</u>	<u>87,608</u>
<b>Economic and physical development:</b>			
Planning	565,067	558,547	6,520
GIS	194,136	185,208	8,928
Cooperative extension	386,752	325,617	61,135
Economic development	3,218,824	3,038,010	180,814
Job Training	2,338,818	1,507,036	831,782
Total economic and physical development	<u>6,703,597</u>	<u>5,614,418</u>	<u>1,089,179</u>
<b>Culture and recreation:</b>			
Recreation	770,165	667,247	102,918
Library	2,989,112	2,810,791	178,321
Museum	185,214	161,309	23,905
Lake Thom-A-Lex	145,208	115,638	29,570
Tourism	46,100	39,548	6,552
Total culture and recreation	<u>4,135,799</u>	<u>3,794,533</u>	<u>341,266</u>
<b>Intergovernmental:</b>			
Public schools - current	28,065,317	28,065,317	-
Public schools - capital	1,718,071	1,718,071	-
Public schools - scholarships	50,000	24,167	25,833
Community college - current	2,943,210	2,943,210	-
Community college - capital	365,041	365,041	-
Total intergovernmental	<u>33,141,639</u>	<u>33,115,806</u>	<u>25,833</u>

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**Year Ended June 30, 2011**

Schedule 2  
Page 3 of 3

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
Debt service:			
Principal	\$ 6,603,857	\$ 6,294,065	\$ 309,792
Interest and fiscal charges	4,139,200	4,154,425	(15,225)
Total debt service	10,743,057	10,448,490	294,567
Total expenditures	124,833,108	117,830,129	7,002,979
Excess of revenues over expenditures	(3,216,497)	2,179,390	5,395,887
Other financing sources (uses):			
Transfers from other funds	1,950,819	1,950,819	-
Transfers to other funds	(6,060,126)	(6,363,508)	(303,382)
Refunding bonds issued	-	4,915,000	4,915,000
Premium on debt issued	98,862	149,543	50,681
Payment to refunded bond escrow agent	-	(4,965,000)	(4,965,000)
Total other financing sources (uses)	(4,010,445)	(4,313,146)	(302,701)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(7,226,942)	(2,133,756)	5,093,186
Fund balance appropriated	7,226,942	-	(7,226,942)
Net change in fund balance	\$ -	(2,133,756)	\$ (2,133,756)
Fund balance at beginning of year		53,739,937	
Fund balance at end of year		\$ 51,606,181	

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - REVALUATION FUND**  
**Year Ended June 30, 2011**

Schedule 3

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Revaluation	\$ 186,053	\$ 185,285	\$ 768
Total expenditures	<u>186,053</u>	<u>185,285</u>	<u>768</u>
Excess (deficiency) of revenues over expenditures	(186,053)	(185,285)	768
Other financing sources:			
Transfers from other funds	<u>186,053</u>	<u>186,053</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	768	<u>\$ 768</u>
Fund balance at beginning of year		<u>75,229</u>	
Fund balance at end of year		<u>\$ 75,997</u>	

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL -**  
**SCHOOL CAPITAL OUTLAY FUND**  
**From Inception and for the Year Ended June 30, 2011**

Schedule 4

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental:					
Public School Building Capital Fund	\$ 12,912,981	\$ 15,249,384	\$ 25,298	\$ 15,274,682	\$ 2,361,701
Public School Building Bond Act of 1996	29,198,056	29,198,056	-	29,198,056	-
	<u>42,111,037</u>	<u>44,447,440</u>	<u>25,298</u>	<u>44,472,738</u>	<u>2,361,701</u>
Interest on investments	3,754,879	5,104,840	60,289	5,165,129	1,410,250
Miscellaneous	4,003,672	4,019,701	1,624,661	5,644,362	1,640,690
	<u>49,869,588</u>	<u>53,571,981</u>	<u>1,710,248</u>	<u>55,282,229</u>	<u>5,412,641</u>
Expenditures:					
Intergovernmental:					
Education:					
Capital outlay:					
Davidson County School System	152,574,311	129,114,379	9,117,269	138,231,648	14,342,663
Lexington City School System	26,874,625	23,849,262	1,621,847	25,471,109	1,403,516
Thomasville City School System	32,913,014	28,934,880	1,051,589	29,986,469	2,926,545
Davidson County Community College	5,200,000	5,199,931	-	5,199,931	69
Other	371,857	185,525	181,074	366,599	5,258
	<u>217,933,807</u>	<u>187,283,977</u>	<u>11,971,779</u>	<u>199,255,756</u>	<u>18,678,051</u>
Excess (deficiency) of revenues over expenditures	<u>(168,064,219)</u>	<u>(133,711,996)</u>	<u>(10,261,531)</u>	<u>(143,973,527)</u>	<u>24,090,692</u>
Other financing sources (uses):					
Debt issued	110,659,937	94,175,885	13,050,000	107,225,885	(3,434,052)
Premium on debt issued	660,727	1,215,126	-	1,215,126	554,399
Transfers from other funds	57,188,549	59,061,140	2,678,244	61,739,384	4,550,835
Transfers to other funds	(444,994)	(2,813,595)	(444,994)	(3,258,589)	(2,813,595)
	<u>168,064,219</u>	<u>151,638,556</u>	<u>15,283,250</u>	<u>166,921,806</u>	<u>(1,142,413)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 17,926,560</u>	5,021,719	<u>\$ 22,948,279</u>	<u>\$ 22,948,279</u>
Fund balance at beginning of year			<u>17,926,560</u>		
Fund balance at end of year			<u>\$ 22,948,279</u>		

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND**  
**ACTUAL - CAPITAL RESERVE FUND**  
**Year Ended June 30, 2011**

Schedule 5

	Final Budget	Actual Amounts	Variance Positive (Negative)
Expenditures:			
Transfers to other funds	\$ 1,400,925	\$ 1,400,925	\$ -
Other financing sources:			
Transfers from other funds	-	-	-
Excess of other financing sources over expenditures	1,400,925	(1,400,925)	(2,801,850)
Fund balance appropriated	1,400,925	-	1,400,925
Net change in fund balance	\$ -	(1,400,925)	\$ (1,400,925)
Fund balance at beginning of year		7,557,318	
Fund balance at end of year		\$ 6,156,393	

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**DAVIDSON COUNTY, NORTH CAROLINA  
COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2011**

<b>ASSETS</b>	<b>Special Revenue Funds</b>	
	<b>Fire Districts</b>	<b>Transportation</b>
Cash and investments	\$ 505,419	\$ 789,820
Taxes receivable, net	252,349	-
Accounts receivable, net	-	-
Due from other governments	-	40,365
Total Assets	\$ 757,768	\$ 830,185
<b>LIABILITIES AND FUND BALANCES</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 30,293	\$ 15,358
Deferred revenues	252,349	-
Total liabilities	282,642	15,358
Fund balances:		
Restricted:		
Stabilization by state statute	-	40,365
Fire protection	475,126	-
Transportation	-	774,462
Public safety	-	-
Committed:		
Capital projects	-	-
Unassigned	-	-
Total fund balances	475,126	814,827
Total Liabilities and Fund Balances	\$ 757,768	\$ 830,185

Schedule 6

<b>Special Revenue Funds</b>				<b>Total</b>
<b>Emergency Telephone</b>	<b>Special School Districts</b>	<b>Total Special Revenue</b>	<b>Capital Projects</b>	<b>Nonmajor Governmental Funds</b>
\$ 1,250,836	\$ 18,162	\$ 2,564,237	\$ 640,298	\$ 3,204,535
-	114,142	366,491	-	366,491
62,115	-	62,115	-	62,115
-	-	40,365	-	40,365
<u>\$ 1,312,951</u>	<u>\$ 132,304</u>	<u>\$ 3,033,208</u>	<u>\$ 640,298</u>	<u>\$ 3,673,506</u>
\$ 2,617	\$ 18,162	\$ 66,430	\$ 10,854	\$ 77,284
-	114,142	366,491	-	366,491
<u>2,617</u>	<u>132,304</u>	<u>432,921</u>	<u>10,854</u>	<u>443,775</u>
62,115	-	102,480	-	102,480
-	-	475,126	-	475,126
-	-	774,462	-	774,462
1,248,219	-	1,248,219	-	1,248,219
-	-	-	629,444	629,444
-	-	-	-	-
<u>1,310,334</u>	<u>-</u>	<u>2,600,287</u>	<u>629,444</u>	<u>3,229,731</u>
<u>\$ 1,312,951</u>	<u>\$ 132,304</u>	<u>\$ 3,033,208</u>	<u>\$ 640,298</u>	<u>\$ 3,673,506</u>

**DAVIDSON COUNTY, NORTH CAROLINA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES -  
 NONMAJOR GOVERNMENTAL FUNDS  
 Year Ended June 30, 2011**

	<b>Special Revenue Funds</b>	
	<b>Fire Districts</b>	<b>Transportation</b>
Revenues:		
Taxes	\$ 7,448,648	\$ -
Intergovernmental	-	549,372
Charges for services	-	474,870
Interest on investments	2,313	-
Miscellaneous	-	-
	<u>7,450,961</u>	<u>1,024,242</u>
Total revenues		
Expenditures:		
Current:		
General government	-	-
Public safety	7,525,744	-
Transportation	-	875,222
Intergovernmental:		
Education	-	-
Capital outlay	-	-
	<u>7,525,744</u>	<u>875,222</u>
Total expenditures		
Excess (deficiency) of revenues over expenditures	<u>(74,783)</u>	<u>149,020</u>
Other financing sources:		
Proceeds from sale of capital assets		-
Transfers from other funds		48,805
Transfers to other funds	-	-
	<u>-</u>	<u>48,805</u>
Total other financing sources		
Net change in fund balances	<u>(74,783)</u>	<u>197,825</u>
Fund balances at beginning of year	<u>549,909</u>	<u>617,002</u>
Fund balances at end of year	<u>\$ 475,126</u>	<u>\$ 814,827</u>

Schedule 7

Special Revenue Funds				Total Nonmajor Governmental Funds
Emergency Telephone	Special School Districts	Total Special Revenue	Capital Projects	
\$ 745,383	\$ 1,503,765	\$ 9,697,796	\$ -	\$ 9,697,796
-	-	549,372	-	549,372
-	-	474,870	-	474,870
3,438	302	6,053	-	6,053
1,780	-	1,780	-	1,780
<u>750,601</u>	<u>1,504,067</u>	<u>10,729,871</u>	<u>-</u>	<u>10,729,871</u>
-	-	-	-	-
418,078	-	7,943,822	-	7,943,822
-	-	875,222	-	875,222
-	1,504,067	1,504,067	-	1,504,067
-	-	-	51,063	51,063
<u>418,078</u>	<u>1,504,067</u>	<u>10,323,111</u>	<u>51,063</u>	<u>10,374,174</u>
<u>332,523</u>	<u>-</u>	<u>406,760</u>	<u>(51,063)</u>	<u>355,697</u>
-	-	-	-	-
343,382	-	392,187	-	392,187
-	-	-	-	-
<u>343,382</u>	<u>-</u>	<u>392,187</u>	<u>-</u>	<u>392,187</u>
675,905	-	798,947	(51,063)	747,884
634,429	-	1,801,340	680,507	2,481,847
<u>\$ 1,310,334</u>	<u>\$ -</u>	<u>\$ 2,600,287</u>	<u>\$ 629,444</u>	<u>\$ 3,229,731</u>

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL - FIRE DISTRICTS FUND**  
**Year Ended June 30, 2011**

Schedule 8

	Final Budget	Actual Amounts	Variance Positive (Negative)
Revenues:			
Taxes:			
Property taxes	\$ 7,570,426	\$ 7,408,245	\$ (162,181)
Tax penalty and interest	-	40,403	40,403
Total taxes	7,570,426	7,448,648	(121,778)
Interest on investments	-	2,313	2,313
Total revenues	7,570,426	7,450,961	(119,465)
Expenditures:			
Public safety	7,570,426	7,525,744	44,682
Net change in fund balance	\$ -	(74,783)	\$ (74,783)
Fund balance at beginning of year		549,909	
Fund balance at end of year		\$ 475,126	

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND**  
**ACTUAL - TRANSPORTATION FUND**  
**Year Ended June 30, 2011**

Schedule 9

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
Revenues:			
Intergovernmental	\$ 490,871	\$ 549,372	\$ 58,501
Charges for services	374,132	474,870	100,738
Total revenues	865,003	1,024,242	159,239
Expenditures:			
Transportation	913,808	875,222	38,586
Excess (deficiency) of revenues over expenditures	(48,805)	149,020	197,825
Other financing sources:			
Transfers from other funds	48,805	48,805	-
Total other financing sources	48,805	48,805	-
Net change in fund balance	\$ -	197,825	\$ 197,825
Fund balance at beginning of year		617,002	
Fund balance at end of year		\$ 814,827	

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND**  
**ACTUAL - EMERGENCY TELEPHONE FUND**  
**Year Ended June 30, 2011**

Schedule 10

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
Revenues:			
Taxes:			
Other taxes	\$ 628,579	\$ 745,383	\$ 116,804
Interest on investments	-	3,438	3,438
Miscellaneous	-	1,780	1,780
	628,579	750,601	120,242
Total revenues			
Expenditures:			
Public safety:			
Emergency telephone	628,579	418,078	210,501
	628,579	418,078	210,501
Excess of revenues over expenditures	-	332,523	332,523
Other financing sources:			
Transfers from other funds	-	343,382	343,382
	-	343,382	343,382
Net change in fund balance	\$ -	675,905	\$ 675,905
Fund balance at beginning of year		634,429	
Fund balance at end of year		\$ 1,310,334	

**DAVIDSON COUNTY, NORTH CAROLINA  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND  
 ACTUAL - SPECIAL SCHOOL DISTRICTS FUND  
 Year Ended June 30, 2011**

Schedule 11

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
Revenues:			
Taxes:			
Property taxes	\$ 1,506,123	\$ 1,493,591	\$ (12,532)
Tax penalty and interest	-	10,174	10,174
Total taxes	1,506,123	1,503,765	(2,358)
Interest on investments	-	302	302
Total revenues	1,506,123	1,504,067	(2,056)
Expenditures:			
Special School Districts:			
Education	1,506,123	1,504,067	2,056
Net change in fund balance	\$ -	-	\$ -
Fund balance at beginning of year		-	
Fund balance at end of year		\$ -	

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND**  
**ACTUAL - CAPITAL PROJECTS FUND**  
**From Inception and for the Year Ended June 30, 2011**

Schedule 12

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues:</b>					
Intergovernmental	\$ 254,049	\$ 247,319	\$ -	\$ 247,319	\$ (6,730)
Miscellaneous	726,316	555,054	-	555,054	(171,262)
<b>Total revenues</b>	<b>980,365</b>	<b>802,373</b>	<b>-</b>	<b>802,373</b>	<b>(177,992)</b>
<b>Expenditures:</b>					
West Davidson Library	537,116	409,339	-	409,339	127,777
Denton Library renovation	1,387,235	1,117,450	-	1,117,450	269,785
Morton Metalcraft sewer	390,364	329,324	-	329,324	61,040
Human Resources software	50,000	49,654	-	49,654	346
Jail study	258,297	258,431	-	258,431	(134)
Davidson West Campus renovation	272,019	153,690	51,063	204,753	67,266
911 Center expansion	363,966	336,872	-	336,872	27,094
<b>Total expenditures</b>	<b>3,258,997</b>	<b>2,654,760</b>	<b>51,063</b>	<b>2,705,823</b>	<b>553,174</b>
Excess (deficiency) of revenues over expenditures	(2,278,632)	(1,852,387)	(51,063)	(1,903,450)	375,182
<b>Other financing sources:</b>					
Transfers from other funds	2,278,632	2,278,632	-	2,278,632	-
<b>Total other financing sources</b>	<b>2,278,632</b>	<b>2,278,632</b>	<b>-</b>	<b>2,278,632</b>	<b>-</b>
Net change in fund balance	\$ -	\$ 426,245	(51,063)	\$ 375,182	\$ 375,182
Fund balance at beginning of year			680,507		
Fund balance at end of year			\$ 629,444		

**DAVIDSON COUNTY, NORTH CAROLINA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN NET ASSETS - BUDGET AND  
ACTUAL (NON-GAAP) - LANDFILL FUND  
Year Ended June 30, 2011**

Schedule 13

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Intergovernmental	\$ 261,372	\$ 331,070	\$ 69,698
Charges for services	3,681,762	4,250,794	569,032
Interest on investments	-	46,603	46,603
Miscellaneous	-	148,168	148,168
	<b>3,943,134</b>	<b>4,776,635</b>	<b>833,501</b>
<b>Expenditures:</b>			
Salaries	1,670,391	1,494,279	176,112
Operating	2,090,709	1,491,311	599,398
Capital outlay	625,783	201,569	424,214
	<b>4,386,883</b>	<b>3,187,159</b>	<b>1,199,724</b>
Excess (deficiency) of revenues over expenditures	(443,749)	1,589,476	2,033,225
<b>Other financing uses:</b>			
Operating transfers out	(104,900)	(104,900)	-
	<b>(104,900)</b>	<b>(104,900)</b>	<b>-</b>
Excess (deficiency) of revenues over expenditures and other financing uses	(548,649)	1,484,576	2,033,225
Appropriated net assets	548,649	-	(548,649)
Excess of revenues and appropriated net assets over expenditures and other financing uses	<b>\$ -</b>	<b>1,484,576</b>	<b>\$ 1,484,576</b>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
<b>Reconciling items:</b>			
Capital outlay		201,569	
Depreciation		(1,164,284)	
Increase in accrued landfill closure and postclosure costs		(677,198)	
Increase in OPEB costs		(3,024)	
Decrease in accrued vacation pay		6,626	
		<b>(1,636,311)</b>	
Total reconciling items		<b>(1,636,311)</b>	
Change in net assets		<b>\$ (151,735)</b>	

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN NET ASSETS - BUDGET AND**  
**ACTUAL (NON-GAAP) - SEWER FUND**  
**Year Ended June 30, 2011**

Schedule 14

	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Charges for services	\$ 204,184	\$ 290,018	\$ 85,834
Total revenues	204,184	290,018	85,834
<b>Expenditures:</b>			
Salaries	140,834	141,130	(296)
Sewer operations	204,184	246,601	(42,417)
Debt service	860,790	860,790	-
Capital outlay	2,900	1,314	1,586
Total expenditures	1,208,708	1,249,835	(41,127)
Excess (deficiency) of revenues over expenditures	(1,004,524)	(959,817)	44,707
<b>Other financing sources:</b>			
Operating transfers in	1,004,524	1,004,524	-
Total other financing sources	1,004,524	1,004,524	-
Excess of revenues and other financing sources over expenditures	\$ -	44,707	\$ 44,707
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Reconciling item:			
Capital outlay		1,314	
Depreciation		(269,339)	
Interest, capital project fund		3,120	
Transfers from Capital Project Fund		2,102,500	
Non-capitalized sewer project expenditures		(73,498)	
Debt principal		407,240	
Increase in accrued vacation pay		(51)	
Change in net assets		\$ 2,215,993	

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN NET ASSETS - BUDGET AND**  
**ACTUAL (NON-GAAP) - SEWER CAPITAL PROJECTS FUND**  
**From Inception and for the Year Ended June 30, 2011**

Schedule 15

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Interest on investments	\$ -	\$ 42,360	\$ 3,120	\$ 45,480	\$ (45,480)
Expenditures:					
Sewer projects	<u>17,098,959</u>	<u>8,566,552</u>	<u>1,650,683</u>	<u>10,217,235</u>	<u>6,881,724</u>
Deficiency of revenues over expenditures	(17,098,959)	(8,524,192)	(1,647,563)	(10,171,755)	(6,927,204)
Other financing sources:					
Debt issued	14,754,244	11,060,000	2,000,000	13,060,000	(1,694,244)
Transfers from other funds	<u>2,344,715</u>	<u>242,215</u>	<u>2,102,500</u>	<u>2,344,715</u>	<u>-</u>
Total other financing sources	<u>17,098,959</u>	<u>11,302,215</u>	<u>4,102,500</u>	<u>15,404,715</u>	<u>(1,694,244)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$ -</u>	<u>\$ 2,778,023</u>	<u>2,454,937</u>	<u>\$ 5,232,960</u>	<u>\$ 5,232,960</u>

**DAVIDSON COUNTY, NORTH CAROLINA  
COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
June 30, 2011**

Schedule 16

<b>ASSETS</b>	<u>Garage Fund</u>	<u>Insurance Fund</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 231,288	\$ 6,070,546	\$ 6,301,834
Due from other governments	15,212	-	15,212
Inventory, at cost	<u>57,854</u>	<u>-</u>	<u>57,854</u>
Total current assets	<u>304,354</u>	<u>6,070,546</u>	<u>6,374,900</u>
Noncurrent assets:			
Capital assets:			
Other capital assets, net of depreciation	<u>381,964</u>	<u>-</u>	<u>381,964</u>
Total Assets	<u>686,318</u>	<u>6,070,546</u>	<u>6,756,864</u>
 <b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable and accrued liabilities	18,953	1,421,755	1,440,708
Noncurrent liabilities:			
Accrued vacation benefits	<u>10,411</u>	<u>-</u>	<u>10,411</u>
Total liabilities	<u>29,364</u>	<u>1,421,755</u>	<u>1,451,119</u>
Net assets:			
Invested in capital assets	381,964	-	381,964
Unrestricted	<u>274,990</u>	<u>4,648,791</u>	<u>4,923,781</u>
Total net assets	<u>\$ 656,954</u>	<u>\$ 4,648,791</u>	<u>\$ 5,305,745</u>

**DAVIDSON COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND NET ASSETS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2011**

Schedule 17

	Garage Fund	Insurance Fund	Total
Revenues:			
Charges for services	\$ 1,389,155	\$ 7,821,135	\$ 9,210,290
Miscellaneous	76,372	-	76,372
Total revenues	1,465,527	7,821,135	9,286,662
Expenditures:			
Salaries	250,973	-	250,973
Operating	1,335,899	6,896,691	8,232,590
Depreciation	62,433	-	62,433
Total expenses	1,649,305	6,896,691	8,545,996
Operating income	(183,778)	924,444	740,666
Total net assets, beginning	840,732	3,724,347	4,565,079
Total net assets, ending	\$ 656,954	\$ 4,648,791	\$ 5,305,745

**DAVIDSON COUNTY, NORTH CAROLINA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**Year Ended June 30, 2011**

Schedule 18

	Garage Fund	Insurance Fund	Total
Cash flows from operating activities:			
Cash received from customers	\$ 1,389,155	\$ 7,821,135	\$ 9,210,290
Cash paid for goods and services	(1,361,833)	(6,744,145)	(8,105,978)
Cash paid to employees for services	(254,253)	-	(254,253)
Other operating revenues	227,634	-	227,634
	703	1,076,990	1,077,693
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(14,519)	-	(14,519)
	(14,519)	-	(14,519)
Net cash used by capital and related financing activities	(14,519)	-	(14,519)
Net increase in cash and cash equivalents	(13,816)	1,076,990	1,063,174
Cash and cash equivalents at beginning of year	245,104	4,993,556	5,238,660
	245,104	4,993,556	5,238,660
Cash and cash equivalents at end of year	\$ 231,288	\$ 6,070,546	\$ 6,301,834
Reconciliation of operating income to net cash used by operating activities:			
Operating income (loss)	\$ (183,778)	\$ 924,444	\$ 740,666
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	62,433	-	62,433
Change in assets and liabilities:			
(Increase) decrease in accounts receivable	151,262	-	151,262
(Increase) decrease in inventory	18,821	-	18,821
Increase (decrease) in accounts payable and accrued liabilities	(44,755)	152,546	107,791
Increase (decrease) in accrued vacation benefits	(3,280)	-	(3,280)
	(44,755)	152,546	107,791
	(3,280)	-	(3,280)
Net cash provided by operating activities	\$ 703	\$ 1,076,990	\$ 1,077,693

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN NET ASSETS - FINANCIAL PLAN AND ACTUAL**  
**(NON-GAAP) - INTERNAL SERVICE - GARAGE FUND**  
**Year Ended June 30, 2011**

Schedule 19

	<b>Financial Plan</b>	<b>Actual Amounts</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Charges for services	\$ 1,545,792	\$ 1,389,155	\$ (156,637)
Miscellaneous	49,500	76,372	26,872
Total revenues	1,595,292	1,465,527	(129,765)
<b>Expenditures:</b>			
<b>Garage:</b>			
Salaries	256,474	250,973	5,501
Operating	1,319,128	1,335,899	(16,771)
Capital outlay	19,690	14,519	5,171
Total expenditures	1,595,292	1,601,391	(6,099)
Excess of revenues over expenditures	\$ -	(135,864)	\$ (135,864)
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
<b>Reconciling items:</b>			
Capital outlay		14,519	
Depreciation		(62,433)	
Change in net assets		\$ (183,778)	

**DAVIDSON COUNTY, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN NET ASSETS - FINANCIAL PLAN AND ACTUAL**  
**(NON-GAAP) - INTERNAL SERVICE - INSURANCE FUND**  
**Year Ended June 30, 2011**

Schedule 20

	<u>Financial Plan</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services	<u>\$ 7,073,826</u>	<u>\$ 7,821,135</u>	<u>\$ 747,309</u>
Total revenues	<u>7,073,826</u>	<u>7,821,135</u>	<u>747,309</u>
Expenditures:			
Insurance:			
Operating	<u>7,073,826</u>	<u>6,896,691</u>	<u>177,135</u>
Total expenditures	<u>7,073,826</u>	<u>6,896,691</u>	<u>177,135</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>924,444</u>	<u>\$ 924,444</u>
Change in net assets		<u><u>\$ 924,444</u></u>	

**DAVIDSON COUNTY, NORTH CAROLINA  
COMBINING STATEMENT OF CHANGES IN  
ASSETS AND LIABILITIES - AGENCY FUNDS  
Year Ended June 30, 2011**

Schedule 21

<u>AGENCY FUNDS</u>	<u>Balance, July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, June 30, 2011</u>
<u>Property Tax Fund</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 545,961	\$ 100,282,307	\$ 100,086,394	\$ 741,874
Due from other governments	22,976	40,808	-	63,784
	<u>\$ 568,937</u>	<u>\$ 100,323,115</u>	<u>\$ 100,086,394</u>	<u>\$ 805,658</u>
<b>LIABILITIES</b>				
Intergovernmental payable-State of North Carolina	\$ 4,684	\$ 70,539	\$ 62,174	\$ 13,049
Miscellaneous liabilities	564,253	100,252,576	100,024,220	792,609
	<u>\$ 568,937</u>	<u>\$ 100,323,115</u>	<u>\$ 100,086,394</u>	<u>\$ 805,658</u>
<u>P.I.C. Fund</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,606	\$ -	\$ -	\$ 1,606
<b>LIABILITIES</b>				
Miscellaneous liabilities	\$ 1,606	\$ -	\$ -	\$ 1,606
<u>United Way Fund</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,943	\$ 10,929	\$ 11,946	\$ 1,926
<b>LIABILITIES</b>				
Miscellaneous liabilities	\$ 2,943	\$ 10,929	\$ 11,946	\$ 1,926
<u>Sheriff-Execution Account</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 9,628	\$ -	\$ 2,023	\$ 7,605
<b>LIABILITIES</b>				
Miscellaneous liabilities	\$ 9,628	\$ -	\$ 2,023	\$ 7,605
<u>Sheriff-Inmate Account</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 61,529	\$ -	\$ 31,184	\$ 30,345
<b>LIABILITIES</b>				
Miscellaneous liabilities	\$ 61,529	\$ -	\$ 31,184	\$ 30,345
<u>Social Services Designated Payee Account Fund</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,428	\$ 115,980	\$ 118,846	\$ 10,562
<b>LIABILITIES</b>				
Miscellaneous liabilities	\$ 13,428	\$ 115,980	\$ 118,846	\$ 10,562
<u>Bid Bond Deposit Fund</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 16,865	\$ -	\$ -	\$ 16,865
<b>LIABILITIES</b>				
Miscellaneous liabilities	\$ 16,865	\$ -	\$ -	\$ 16,865
<u>Total All Agency Funds</u>				
<b>ASSETS</b>				
Cash and cash equivalents	\$ 651,960	\$ 100,409,216	\$ 100,217,186	\$ 810,783
Due from other governments	22,976	40,808	-	63,784
	<u>\$ 674,936</u>	<u>\$ 100,450,024</u>	<u>\$ 100,217,186</u>	<u>\$ 874,567</u>
<b>LIABILITIES</b>				
Intergovernmental payable-State of North Carolina	\$ 4,684	\$ 70,539	\$ 62,174	\$ 13,049
Miscellaneous liabilities	670,252	100,379,485	100,155,012	861,518
	<u>\$ 674,936</u>	<u>\$ 100,450,024</u>	<u>\$ 100,217,186</u>	<u>\$ 874,567</u>

**DAVIDSON COUNTY, NORTH CAROLINA  
GENERAL FUND  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
June 30, 2011**

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2010</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2011</u>
2010-2011	\$ -	\$ 69,428,156	\$ 66,399,133	\$ 3,029,023
2009-2010	3,093,891	-	1,641,393	1,452,498
2008-2009	1,243,473	-	306,960	936,513
2007-2008	714,274	-	32,018	682,256
2006-2007	478,632	-	45,232	433,400
2005-2006	401,341	-	22,177	379,164
2004-2005	307,023	-	19,873	287,150
2003-2004	323,841	-	3,917	319,924
2002-2003	251,646	-	3,898	247,748
2001-2002	252,733	-	3,842	248,891
2000-2001	915,745	-	3,870	911,875
	<u>\$ 7,982,599</u>	<u>\$ 69,428,156</u>	<u>\$ 68,482,313</u>	8,928,442
Less: allowance for uncollectible accounts:				
General Fund				<u>6,803,688</u>
Ad valorem taxes receivable- net:				
General Fund				<u>\$ 2,124,754</u>
Reconcilement with revenues:				
Ad valorem taxes - General fund				\$ 68,487,443
Penalties collected on ad valorem taxes- General Fund				22,379
Interest collected on ad valorem taxes- General Fund				494,346
Reconciling items:				
Interest collected				(494,346)
Discounts allowed				550,084
Taxes written off				(577,593)
Total reconciling items				<u>(521,855)</u>
Total collections and credits				<u>\$ 68,482,313</u>

**DAVIDSON COUNTY, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
COUNTY-WIDE LEVY  
Year Ended June 30, 2011**

Schedule 23

	County-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 12,549,104,815	\$ 0.54	\$ 67,765,166	\$ 62,146,721	\$ 5,618,445
Penalties	-		19,979	19,979	-
Total	<u>12,549,104,815</u>		<u>67,785,145</u>	<u>62,166,700</u>	<u>5,618,445</u>
Discoveries:					
Current year taxes	446,499,815	0.54	2,411,099	2,375,656	35,443
Penalties	-		39,848	39,848	-
Total	<u>446,499,815</u>		<u>2,450,947</u>	<u>2,415,504</u>	<u>35,443</u>
Releases and discounts	<u>(47,750,550)</u>		<u>(807,936)</u>	<u>(746,548)</u>	<u>(61,388)</u>
Total property valuation	<u>\$ 12,947,854,080</u>				
Net levy			69,428,156	63,835,656	5,592,500
Uncollected taxes at June 30, 2011			<u>3,029,023</u>	<u>2,171,007</u>	<u>858,016</u>
Current year's taxes collected			<u>\$ 66,399,133</u>	<u>\$ 61,664,649</u>	<u>\$ 4,734,484</u>
Current levy collection percentage			<u>95.64%</u>	<u>96.60%</u>	<u>84.66%</u>

**DAVIDSON COUNTY AIRPORT AUTHORITY**  
**(A COMPONENT UNIT OF DAVIDSON COUNTY, NORTH CAROLINA)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN NET ASSETS - BUDGET AND ACTUAL (NON-GAAP) -**  
**Year Ended June 30, 2011**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 125,754	\$ 129,432	\$ 3,678
Charges for services	213,517	267,637	54,120
Other	1,312	10,409	9,097
Total revenues	<u>340,583</u>	<u>407,478</u>	<u>66,895</u>
Expenditures:			
Operating	295,569	314,464	(18,895)
Debt service	45,014	45,014	-
Total expenditures	<u>340,583</u>	<u>359,478</u>	<u>(18,895)</u>
Excess of revenues over expenditures	<u>\$ -</u>	48,000	<u>\$ 48,000</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(758,569)	
Debt principal		<u>23,407</u>	
Total reconciling items		<u>(735,162)</u>	
Change in net assets		<u>\$ (687,162)</u>	

## **Statistical Section**

This part of Davidson County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

### **Contents**

#### **Financial Trends - Tables 1, 11-13**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

#### **Revenue Capacity – Tables 2-5, 16**

These schedules contain information to help the reader assess the factors affecting the County's ability to generate property taxes.

#### **Debt Capacity – Tables 6-9, 14**

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

#### **Demographic and Economic Information – Tables 10, 15**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

#### **Operating Information – Tables 17-19**

These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive financial reports for the relevant year. The County implemented Statement 34 in 2003; schedules presenting government-wide information begin in that year.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**Last Ten Fiscal Years**

<u>Year Ended June 30,</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Taxes:					
Property	\$ 77,934,202	\$ 77,822,786	\$ 76,977,434	\$ 75,321,835	\$ 62,562,494
Sales	15,620,565	16,256,379	21,772,914	27,451,631	27,213,934
Intangibles	-	-	-	-	-
Other	1,918,818	1,976,501	1,930,069	1,763,355	1,492,826
Total taxes	95,473,585	96,055,666	100,680,417	104,536,821	91,269,254
Licenses and permits	1,412,721	1,465,327	1,533,632	2,426,939	2,924,721
Intergovernmental	24,866,041	27,667,976	27,092,154	23,776,817	22,535,309
Charges for services	7,567,247	7,109,202	7,297,063	5,478,345	5,140,944
Interest on investments	443,548	599,323	1,303,577	3,641,846	2,753,327
Miscellaneous	2,686,496	268,436	430,173	206,610	531,485
Total revenues	132,449,638	133,165,930	138,337,016	140,067,378	125,155,040
Current:					
General government	11,310,267	12,086,461	10,008,687	10,040,290	10,336,334
Human services	29,230,665	28,933,412	31,953,498	34,500,918	34,984,606
Public safety	30,740,569	30,612,510	30,254,889	29,896,785	27,229,969
Environmental protection	1,704,488	1,727,439	1,717,458	1,759,973	1,855,978
Economic and physical development	5,614,418	3,956,643	3,605,809	3,914,259	3,668,101
Culture and recreation	3,794,533	3,630,001	3,645,444	3,404,949	3,345,122
Transportation	875,222	922,092	1,080,014	1,129,074	911,578
Intergovernmental:					
Education	46,591,652	45,977,031	65,710,811	66,755,742	39,916,666
Capital outlay	51,063	716,660	1,010,590	229,819	313,265
Debt service:					
Principal	6,294,065	5,965,600	4,515,600	3,205,600	3,390,600
Interest and fiscal charges	4,154,425	4,197,129	3,639,631	3,256,024	1,573,804
Total expenditures	140,361,367	138,724,978	157,142,431	158,093,433	127,526,023
Other financing sources (uses)					
Transfers in	5,021,250	6,195,342	7,612,995	11,404,498	2,666,854
Transfers out	(8,023,374)	(7,237,355)	(7,752,789)	(11,616,909)	(2,711,019)
Debt issued	13,050,000	5,076,971	29,600,000	-	42,000,000
Premium on debt issued	149,543	-	554,399	-	660,727
Refunding bonds issued	4,915,000	-	-	-	-
Payments to refunded bond escrow agent	(4,965,000)	-	-	-	-
Sale of capital assets	-	6,400	8,150	-	37,182
Special item	-	-	-	-	-
Total other financing sources (uses)	10,147,419	4,041,358	30,022,755	(212,411)	42,653,744
Net change in fund balances	\$ 2,235,690	\$ (1,517,690)	\$ 11,217,340	\$ (18,238,466)	\$ 40,282,761
Debt service as a percentage of noncapital expenditures	7.4%	7.4%	5.2%	4.1%	3.9%

Table 1

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$	60,465,501	\$ 58,035,419	\$ 57,015,392	\$ 55,696,402	\$ 54,128,112
	25,913,084	24,461,171	24,782,742	20,236,661	18,733,434
	-	-	-	-	1,303,120
	<u>1,712,904</u>	<u>1,599,346</u>	<u>947,118</u>	<u>1,388,126</u>	<u>1,456,856</u>
	88,091,489	84,095,936	82,745,252	77,321,189	75,621,522
	2,894,975	2,624,414	2,388,508	2,270,010	1,680,166
	25,116,614	22,582,430	26,483,800	26,895,812	29,635,801
	4,633,123	5,025,990	7,729,558	9,064,065	8,989,793
	2,055,613	1,154,224	504,164	757,535	1,182,115
	<u>519,764</u>	<u>463,595</u>	<u>199,599</u>	<u>135,839</u>	<u>292,534</u>
	<u>123,311,578</u>	<u>115,946,589</u>	<u>120,050,881</u>	<u>116,444,450</u>	<u>117,401,931</u>
	9,796,982	9,219,554	8,243,767	7,731,295	7,126,073
	33,448,308	32,628,628	37,496,472	39,382,972	39,812,890
	25,771,512	23,806,952	23,275,436	22,138,716	21,654,279
	1,692,729	1,743,189	1,730,874	1,484,606	1,592,145
	4,161,935	3,464,160	5,175,997	2,133,062	2,084,755
	3,141,564	3,127,024	3,214,329	2,861,818	2,806,680
	1,037,636	815,195	856,842	797,576	778,638
	39,824,925	38,208,927	38,067,130	39,563,554	28,179,649
	21,115	140,268	103,510	816,022	3,530,728
	3,415,600	3,491,443	2,707,008	2,305,973	2,494,976
	<u>1,659,321</u>	<u>1,866,304</u>	<u>1,111,717</u>	<u>1,550,612</u>	<u>1,596,111</u>
	<u>123,971,627</u>	<u>118,511,644</u>	<u>121,983,082</u>	<u>120,766,206</u>	<u>111,656,924</u>
	3,090,754	2,313,864	2,192,096	3,710,597	4,758,213
	(3,120,754)	(2,423,864)	(4,967,266)	(3,962,947)	(4,773,213)
	-	-	18,672,700	2,739,000	1,030,000
	-	-	-	-	-
	-	-	16,905,000	-	-
	-	-	(16,905,000)	-	-
	5,004	3,300	7,000	-	10,150
	<u>2,200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,175,004</u>	<u>(106,700)</u>	<u>15,904,530</u>	<u>2,486,650</u>	<u>1,025,150</u>
\$	<u>1,514,955</u>	<u>\$ (2,671,755)</u>	<u>\$ 13,972,329</u>	<u>\$ (1,835,106)</u>	<u>\$ 6,770,157</u>
	4.1%	4.5%	3.1%	3.2%	3.8%

**DAVIDSON COUNTY, NORTH CAROLINA  
PROPERTY TAX LEVIES AND COLLECTIONS  
Last Ten Fiscal Years**

<u>Year Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Less Discounts and Releases</u>	<u>Adjusted Net Levy</u>	<u>Collections of Current Year's Taxes During Fiscal Year (1)</u>
2002	\$ 49,140,426	\$ 709,493	\$ 48,430,933	\$ 46,638,048
2003	50,586,868	997,238	49,589,630	47,814,753
2004	51,107,771	607,458	50,500,313	48,513,863
2005	52,126,610	732,689	51,393,921	49,537,085
2006	54,246,270	698,220	53,548,050	51,707,602
2007	56,280,279	626,687	55,653,592	53,660,278
2008	68,050,734	1,066,954	66,983,780	64,621,474
2009	69,932,159	930,158	69,002,001	65,974,390
2010	70,141,530	800,584	69,340,946	66,247,055
2011	70,236,091	807,936	69,428,155	66,399,133

(1) Collections do not include interest.

**Table 2**

<u>Percentage of Levy Collected During Fiscal Year</u>	<u>Total Collections on Prior Year's Taxes</u>	<u>Percentage of Total Tax Collections to Adjusted Net Levy</u>	<u>Total Collections</u>	<u>Accumulated Total Delinquent Taxes</u>	<u>Ratio of Total Delinquent Taxes to Current Tax Levy</u>
96.30%	\$ 1,312,201	99.01%	\$ 47,950,249	\$ 1,783,347	3.68%
96.42%	1,470,945	99.39%	49,285,698	2,027,402	4.09%
96.07%	1,426,575	98.89%	49,940,438	2,318,428	4.59%
96.39%	1,626,979	99.55%	51,164,064	3,026,641	5.89%
96.56%	1,663,949	99.67%	53,371,551	3,150,207	5.88%
96.42%	1,458,430	99.04%	55,118,708	3,489,460	6.27%
96.47%	1,808,658	99.17%	66,430,132	3,712,868	5.54%
95.61%	1,813,347	98.24%	67,787,737	4,285,529	6.21%
95.54%	2,190,304	98.70%	68,437,359	5,119,416	7.38%
95.64%	2,109,308	98.68%	68,508,441	6,130,127	8.83%

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

<b>Year Ended June 30,</b>	<b>Assessed Value</b>		
	<b>Real Property (1)</b>	<b>Individual Personal (2)</b>	<b>Business Personal (1)</b>
2002	\$ 7,059,010,661	\$ 74,054,557	\$ 613,986,645
2003	7,243,229,586	78,903,965	613,981,165
2004	7,449,332,037	37,175,666	706,337,657
2005	7,535,183,851	37,761,935	717,476,769
2006	7,839,758,642	32,390,958	692,190,344
2007	8,109,938,795	52,953,086	714,352,950
2008	10,186,197,400	52,453,186	707,605,727
2009	10,539,366,996	54,220,116	736,262,071
2010	10,705,278,310	52,874,992	717,998,624
2011	10,813,916,630	49,018,736	665,644,277

- Notes:
- (1) Assessed value of taxable property approximates market value except for real property assessed values after the year ended June 30, 2002 which is based on market value as of January 1, 2001 (the County's last reappraisal). The assessed value of taxable property for business personal on manufacturers', retailers', and wholesalers' inventories is excluded.
  - (2) Assessed value of taxable property on registered motor vehicles is shown due to a state law change, as of January 1, 1993, which altered the procedures for the assessment of property taxes on registered motor vehicles in North Carolina and excluded the assessed value on registered motor vehicles from individual personal.
  - (3) Public service companies' property includes real and personal property of utilities, railroads, telephone and pipeline, etc. These assessments are made by the North Carolina Department of Revenue with no distinction between real and personal property.

Table 3

<b>Assessed Value</b>			
<b>Motor Vehicles (2)</b>	<b>Public Service Companies (3)</b>	<b>Total</b>	<b>Total Direct Tax Rate</b>
\$ 1,053,717,460	\$ 394,876,277	\$ 9,195,645,600	\$ 0.53
1,062,312,745	395,755,919	9,394,183,380	0.53
1,063,415,360	331,444,974	9,587,705,694	0.53
1,055,442,264	331,444,974	9,677,309,793	0.53
1,090,575,185	327,172,239	9,982,087,368	0.54
1,160,632,178	338,372,556	10,376,249,565	0.54
1,172,035,633	370,205,652	12,488,497,598	0.54
1,139,990,926	397,981,937	12,867,822,046	0.54
1,066,520,996	388,516,648	12,931,189,570	0.54
1,035,675,555	383,598,882	12,947,854,080	0.54

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

<u>June 30,</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008 (2)</u>	<u>2007</u>
County direct rate:					
General-operating	\$ 0.540	\$ 0.540	\$ 0.540	\$ 0.540	\$ 0.540
City of Lexington	0.560	0.560	0.560	0.535	0.545
Lexington Special Schools District	0.120	0.120	0.120	0.120	0.130
Lexington Main Street District	0.200	0.200	0.200	0.200	0.200
City of Thomasville	0.560	0.560	0.560	0.560	0.570
Thomasville Special Schools District	0.180	0.180	0.180	0.1725	0.180
Town of Denton	0.550	0.550	0.550	0.550	0.550
City of High Point	0.633	0.633	0.633	0.633	0.608
Town of Wallburg	0.050	0.050	0.050	0.050	0.050
Town of Midway	0.050	0.050	0.050	0.050	0.050
Fire Protection Districts:					
Central	0.070	0.070	0.070	0.070	0.070
Pilot	0.085	0.085	0.085	0.085	0.085
Hasty	0.070	0.070	0.070	0.065	0.060
West Lexington	0.100	0.100	0.100	0.100	0.100
Wallburg	0.080	0.080	0.080	0.080	0.080
Holly Grove	0.080	0.080	0.080	0.080	0.080
North Lexington	0.110	0.110	0.110	0.110	0.110
Welcome	0.100	0.100	0.100	0.080	0.080
Reeds	0.040	0.040	0.040	0.040	0.040
Tyro	0.080	0.080	0.080	0.080	0.080
Linwood	0.075	0.075	0.075	0.060	0.045
Churchland	0.070	0.070	0.070	0.070	0.080
Arcadia - Reedy Creek - Hampton	0.080	0.080	0.080	0.080	0.080
Healing Springs	0.090	0.090	0.070	0.070	0.070
Southmont	0.085	0.085	0.085	0.085	0.085
Fairgrove	0.060	0.060	0.060	0.055	0.055
South Lexington	0.110	0.110	0.110	0.110	0.110
Silver Valley	0.110	0.110	0.110	0.110	0.110
Midway	0.100	0.100	0.100	0.100	0.100
Gumtree	0.085	0.085	0.085	0.085	0.080
South Emmons	0.050	0.050	0.050	0.050	0.050
South Davidson	0.100	0.100	0.100	0.100	0.100
Horneytown	0.100	0.100	0.100	0.100	0.100
Griffith	0.080	0.080	0.080	0.080	0.080
Clemmons	0.050	0.050	0.050	0.050	0.050
Badin	0.060	0.060	0.060	0.060	0.060

Notes: (1) The County's reappraisal was effective as of January 1, 2001.

(2) The County's reappraisal was effective as of January 1, 2007.

Table 4

<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002 (1)</u>
\$ 0.540	\$ 0.530	\$ 0.530	\$ 0.530	\$ 0.530
0.545	0.515	0.515	0.515	0.515
0.130	0.130	0.130	0.130	0.130
0.200	0.200	0.200	0.200	0.200
0.570	0.550	0.550	0.550	0.550
0.180	0.180	0.180	0.180	0.180
0.550	0.550	0.550	0.520	0.520
0.608	0.540	0.622	0.622	0.622
0.050	0.050	-	-	-
-	-	-	-	-
0.070	0.060	0.060	0.060	0.070
0.085	0.085	0.085	0.060	0.070
0.060	0.060	0.060	0.060	0.050
0.100	0.100	0.100	0.100	0.100
0.080	0.080	0.080	0.080	0.080
0.080	0.080	0.080	0.070	0.070
0.110	0.090	0.090	0.090	0.090
0.080	0.080	0.080	0.080	0.080
0.040	0.040	0.040	0.040	0.030
0.080	0.080	0.080	0.080	0.080
0.045	0.030	0.030	0.030	0.025
0.080	0.090	0.090	0.100	0.100
0.080	0.080	0.080	0.080	0.070
0.070	0.070	0.070	0.070	0.070
0.085	0.070	0.070	0.070	0.070
0.055	0.050	0.050	0.050	0.050
0.110	0.110	0.120	0.120	0.100
0.110	0.110	0.110	0.110	0.100
0.100	0.090	0.090	0.090	0.080
0.080	0.080	0.080	0.080	0.080
0.050	0.050	0.035	0.030	0.030
0.100	0.100	0.100	0.100	0.100
0.100	0.100	0.100	0.100	0.070
0.080	0.080	0.080	0.080	0.055
0.050	0.050	0.045	0.000	0.000
0.060	0.060	-	-	-

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

Assessed Value	2011 (1)	2010 (1)	2009 (1)	2008 (1)(3)
Davidson County	\$ 12,947,854,080	\$ 12,931,189,570	\$ 12,867,822,046	\$ 12,488,497,598
City of Lexington	1,473,672,255	1,492,980,321	1,510,345,430	1,476,846,553
Lexington Special Schools District	1,291,604,908	1,318,384,117	1,318,552,842	1,475,984,017
Lexington Main Street District	51,490,750	47,262,355	50,716,805	49,553,550
City of Thomasville	1,631,688,204	1,618,601,777	1,651,223,607	1,590,725,830
Thomasville Special Schools District	749,911,389	751,942,511	759,035,500	755,303,484
Town of Denton	116,439,524	117,874,584	114,632,407	113,585,395
City of High Point	409,138,859	405,298,123	405,727,368	40,516,058
Town of Wallburg	246,426,080	249,863,520	246,490,980	239,477,600
Town of Midway	341,185,220	329,544,760	327,011,120	318,684,420
Fire Protection Districts:				
Central	354,197,100	347,912,214	346,260,400	342,546,200
Pilot	324,601,176	352,563,753	356,487,859	351,866,894
Hasty	508,090,571	496,509,986	494,207,271	479,244,615
West Lexington	242,734,750	243,747,980	244,370,920	241,299,190
Wallburg	735,350,700	744,359,763	732,307,363	673,664,713
Holly Grove	274,369,675	273,476,238	276,519,900	271,544,000
North Lexington	196,519,718	192,939,864	194,155,345	196,009,618
Welcome	493,415,430	486,896,450	484,822,890	474,940,238
Reeds	470,628,225	453,950,875	493,419,325	447,402,275
Tyro	396,789,138	402,760,913	394,994,875	379,545,063
Linwood	298,656,427	303,999,253	305,953,947	295,138,350
Churchland	245,488,343	231,714,814	233,403,514	226,844,457
Arcadia - Reedy Creek - Hampton	910,201,613	931,328,850	906,152,638	883,832,775
Healing Springs	315,181,767	327,104,044	314,755,143	298,608,871
Southmont	767,148,376	780,622,706	769,648,788	754,652,800
Fairgrove	410,337,817	400,471,167	402,986,883	407,130,545
South Lexington	187,228,109	179,402,182	201,630,964	188,129,018
Silver Valley	356,209,473	356,273,891	351,100,527	347,660,791
Midway	835,903,950	825,496,830	816,695,080	808,735,050
Gumtree	130,897,882	121,944,282	124,643,459	119,693,400
South Emmons	119,643,580	120,967,140	123,567,640	119,038,240
South Davidson	103,562,980	103,329,050	101,752,810	99,722,040
Horneytown	119,410,440	119,136,710	118,345,310	108,324,730
Griffith	265,095,663	246,154,450	237,858,425	207,695,988
Clemmons	90,460,020	78,820,120	78,153,500	73,894,780
Badin	60,953,283	54,340,017	52,209,250	50,396,050

Notes: (1) Excludes the assessed value of taxable property for business personal on manufacturers', retailers' and wholesalers' inventories.

(2) The County's reappraisal was effective as of January 1, 2001.

(3) The County's reappraisal was effective as of January 1, 2007.

Table 5

2007 (1)	2006 (1)	2005 (1)	2004 (1)	2003 (1)	2002 (1),(2)
\$ 10,376,249,565	\$ 9,982,087,368	\$ 9,677,309,793	\$ 9,587,705,694	\$ 9,394,183,380	\$ 9,195,645,600
1,331,336,090	1,302,774,404	1,281,862,191	1,291,242,164	1,288,239,493	1,229,028,010
1,157,741,177	1,138,641,200	1,113,490,193	1,118,398,070	1,132,848,300	1,136,675,770
40,618,885	40,370,250	36,908,302	36,492,035	36,010,060	35,437,605
1,385,704,925	1,260,410,353	1,301,828,213	1,292,194,762	1,259,460,527	1,079,257,093
675,324,694	713,384,544	687,908,292	692,478,823	678,711,656	697,362,106
91,583,758	88,870,453	81,622,343	81,755,919	83,919,962	86,858,649
37,414,021	30,928,770	21,673,177	20,611,933	16,079,346	5,853,726
190,545,540	183,549,740	171,507,940	-	-	-
251,338,460	-	-	-	-	-
288,955,357	239,769,929	272,416,540	271,455,534	268,288,850	260,589,900
297,546,906	291,516,235	284,871,640	276,051,436	274,401,383	328,549,986
389,782,000	378,521,950	369,736,711	364,318,867	355,595,650	357,631,500
207,789,840	200,018,670	196,174,207	194,432,610	188,020,890	185,759,840
508,356,650	461,853,338	450,034,985	442,837,588	432,721,575	438,649,263
226,652,563	218,397,150	213,549,430	209,660,900	207,110,129	203,883,300
156,802,400	142,538,891	149,861,631	151,388,400	147,551,833	145,507,634
388,497,963	376,063,500	360,979,566	360,719,338	361,409,163	362,984,813
382,860,700	374,046,700	368,128,531	362,187,000	349,075,825	350,315,200
313,647,750	301,790,113	288,162,566	278,356,800	268,301,725	258,905,163
263,570,756	176,772,267	276,275,102	274,152,634	288,738,833	278,033,520
189,392,650	202,299,075	170,633,067	169,704,412	165,013,960	154,642,570
690,970,238	648,804,975	610,904,340	590,833,675	572,812,000	552,110,015
242,880,200	235,155,243	233,043,355	227,713,443	221,298,086	213,046,815
566,898,412	454,455,129	541,698,715	532,216,415	517,876,971	505,137,815
361,339,636	327,476,436	356,461,885	354,666,980	355,156,840	471,301,340
141,716,009	139,343,136	136,432,705	132,859,975	131,181,450	128,381,120
301,888,300	289,477,091	279,348,307	276,432,610	232,379,100	225,037,560
670,247,130	647,685,460	629,246,988	603,902,456	581,013,933	566,745,363
100,777,850	95,738,150	94,581,271	95,295,175	91,456,550	90,141,550
103,712,640	100,738,860	98,381,125	97,453,000	93,669,900	90,052,067
87,208,920	82,242,140	80,602,388	80,838,180	80,423,210	78,867,270
87,486,990	85,468,080	79,194,469	78,725,700	82,264,210	81,188,700
171,017,688	164,099,338	155,285,890	151,034,800	145,612,323	146,138,019
59,636,040	46,869,220	41,349,492	39,059,689	-	-
47,635,760	37,539,367	36,145,871	-	-	-

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

Table 6

<u>Year Ended June 30,</u>	<u>Population (1)</u>	<u>Assessed Value (000,000's)</u>	<u>Bonded Debt (000's)</u>	<u>Ratio of Bonded Debt to Assessed Value</u>	<u>Bonded Debt Per Capita</u>
2002	149,690	\$ 9,196	\$ 18,775	0.20%	125
2003	151,290	9,394	18,305	0.19%	121
2004	152,187	9,588	17,495	0.18%	115
2005	153,897	9,677	15,845	0.16%	102
2006	154,796	9,982	14,200	0.14%	92
2007	155,343	10,376	54,595	0.53%	351
2008	156,530	12,488	53,000	0.42%	339
2009	159,865	12,868	80,780	0.63%	505
2010	159,947	12,931	76,425	0.59%	478
2011	162,878	12,948	72,105	0.56%	443

Sources:

- (1) Most recent annual estimates as certified to the North Carolina Department of Revenue by the Office of State Budget and Management Research Planning Services.

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

Table 7

<u>Year Ended June 30,</u>	<u>Debt Limit</u>	<u>Total net debt applicable to limit</u>	<u>Legal Debt Margin</u>	<u>Ratio of total net debt applicable to limit to the debt limit</u>
2002	735,652	\$ 29,990	\$ 705,661	4.08%
2003	751,535	30,665	720,870	4.08%
2004	767,016	46,833	720,183	6.11%
2005	774,185	43,462	730,723	5.61%
2006	798,567	40,046	758,521	5.01%
2007	830,100	78,656	751,444	9.48%
2008	999,080	75,661	923,419	7.57%
2009	1,029,426	111,594	917,831	10.84%
2010	1,034,495	110,481	924,014	10.68%
2011	1,035,828	118,779	917,049	11.47%

**Legal Debt Margin Calculation for Fiscal Year 2011**

Assessed value of taxable property	<u>\$ 12,947,854,080</u>
Debt limit - eight percent (8%) of assessed value	\$ 1,035,828,326
Amount of debt applicable to debt limit:	
Bonded debt	\$ 72,105,000
Certificates of participation	11,210,000
Limited Obligation Bonds	6,915,000
Qualified Zone Academy Bonds	1,030,000
Qualified School Construction Bonds	17,788,506
Obligations under installment purchases	<u>9,731,182</u>
Total amount of debt applicable to legal debt limit	<u>118,779,688</u>
Legal debt margin	<u>\$ 917,048,638</u>

**DAVIDSON COUNTY, NORTH CAROLINA** **Table 8**  
**COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**As of June 30, 2011**

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	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to Davidson County</u>	<u>Amount Applicable to Davidson County</u>
Davidson County	\$ 72,105,000	100%	\$ 72,105,000
City of Lexington	<u>7,964,318</u>	100%	<u>7,964,318</u>
Total direct and overlapping debt	<u><u>\$ 80,069,318</u></u>		<u><u>\$ 80,069,318</u></u>

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

**DAVIDSON COUNTY, NORTH CAROLINA**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES**  
**FOR GENERAL BONDED DEBT TO TOTAL GENERAL**  
**GOVERNMENT EXPENDITURES**  
**Last Ten Fiscal Years**

**Table 9**

<u>Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Total Debt Service</u>	<u>General Government Expenditures</u>	<u>Ratio (1)</u>
2002	\$ 1,400,000	\$ 1,076,175	\$ 2,476,175	\$ 111,637,924	2.22%
2003	1,400,000	1,002,450	2,402,450	120,766,206	1.99%
2004	1,715,000	578,135	2,293,135	121,947,415	1.88%
2005	1,650,000	533,750	2,183,750	118,511,644	1.84%
2006	1,645,000	461,450	2,106,450	123,971,627	1.70%
2007	1,605,000	427,550	2,032,550	127,526,023	1.59%
2008	1,595,000	363,850	1,958,850	158,093,433	1.24%
2009	2,880,000	2,256,800	5,136,800	157,142,431	3.27%
2010	5,965,600	4,197,129	10,162,729	138,724,978	7.33%
2011	6,294,065	4,154,425	10,448,490	140,361,367	7.44%

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

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

Table 10

<u>Year Ended June 30,</u>	<u>Population (1)</u>	<u>Personal Income (thousands of dollars)(1)</u>	<u>Per Capita Income (1)</u>	<u>Public School Enrollment (1)</u>	<u>Unemployment Rate (2)</u>
2002	149,690	3,945,242	25,327	25,085	5.7%
2003	151,290	3,841,795	25,909	24,984	8.6%
2004	152,187	3,847,529	25,914	25,253	6.2%
2005	153,897	3,951,673	28,071	25,757	6.2%
2006	154,796	4,149,212	27,029	25,857	5.8%
2007	155,343	4,460,396	28,983	25,998	6.0%
2008	156,530	4,502,585	28,765	26,239	6.7%
2009	159,865	3,593,286	22,477	26,200	12.5%
2010	159,947	3,540,907	22,138	25,953	12.1%
2011	162,878	3,590,157	22,042	25,524	11.3%

Sources:

- (1) Most recent annual estimates as certified to the North Carolina Department of Commerce
- (2) Employment Security Commission

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**DAVIDSON COUNTY, NORTH CAROLINA  
CHANGES IN NET ASSETS  
LAST NINE FISCAL YEARS**

Expenses	Fiscal Year					
	2003	2004	2005	2006	2007	2008
<b>Governmental activities:</b>						
General government	\$ 8,228,200	\$ 7,440,710	\$ 9,878,098	\$ 9,616,856	\$ 11,139,773	\$ 11,099,650
Human Services	39,384,314	37,247,741	32,617,812	33,534,177	34,809,028	34,742,655
Public Safety	22,575,521	22,165,478	24,093,067	25,528,358	27,250,824	30,182,148
Environmental protection	1,533,677	1,634,391	1,694,163	1,588,845	1,699,407	1,837,069
Economic and physical development	2,316,411	5,214,357	3,464,643	4,164,322	3,619,829	4,040,692
Culture and recreation	2,898,039	3,109,987	3,135,567	3,169,876	3,313,982	3,538,489
Transportation	864,885	859,283	893,159	899,869	989,988	989,779
Education	39,563,554	38,297,640	38,208,927	39,824,925	39,836,117	66,755,742
Interest and fiscal charges	1,621,183	1,145,847	2,001,051	1,786,878	1,690,851	3,486,511
<b>Total governmental activities expenses</b>	<b>118,985,784</b>	<b>117,115,434</b>	<b>115,986,487</b>	<b>120,114,106</b>	<b>124,349,799</b>	<b>156,672,735</b>
<b>Business-type activities:</b>						
Landfill	3,755,471	3,533,698	4,484,855	3,638,608	3,095,612	3,936,995
Sewer	60,091	77,173	92,861	5,358,248	197,095	369,895
<b>Total business-type activities</b>	<b>3,815,562</b>	<b>3,610,871</b>	<b>4,577,716</b>	<b>8,996,856</b>	<b>3,292,707</b>	<b>4,306,890</b>
<b>Total primary governmental expenses</b>	<b>\$ 122,801,346</b>	<b>\$ 120,726,305</b>	<b>\$ 120,564,203</b>	<b>\$ 129,110,962</b>	<b>\$ 127,642,506</b>	<b>\$ 160,979,625</b>
<b>Program Revenues</b>						
<b>Governmental activities:</b>						
Charges for services:						
General government	2,201,692	\$ 2,244,977	\$ 1,762,895	\$ 1,830,909	\$ 1,853,756	\$ 1,719,113
Human services	7,145,261	4,335,415	1,318,562	928,968	766,063	826,455
Public safety	3,099,711	2,706,670	4,851,566	5,220,770	5,219,349	4,657,416
Culture and recreation	110,917	105,417	113,124	161,448	147,250	171,709
Other activities	249,414	244,301	329,448	382,706	454,598	619,258
Operating grants and contributions	23,178,652	23,794,955	21,427,636	21,273,669	21,881,671	23,312,408
Capital grants and contributions	2,784,790	1,769,371	592,890	3,096,752	485,542	284,869
<b>Total governmental activities program revenues</b>	<b>38,770,437</b>	<b>35,201,106</b>	<b>30,396,121</b>	<b>32,895,222</b>	<b>30,808,229</b>	<b>31,591,228</b>
<b>Business-type activities:</b>						
Charges for services:						
Landfill	3,322,515	3,705,834	3,855,851	3,740,492	4,047,907	4,229,943
Sewer	6,204	187,717	85,528	127,329	92,009	124,188
Capital grants and contributions	-	36,000	1,056,945	746,637	-	-
<b>Total business-type activities program revenues</b>	<b>3,328,719</b>	<b>3,929,551</b>	<b>4,998,324</b>	<b>4,614,458</b>	<b>4,139,916</b>	<b>4,354,131</b>
<b>Total primary governmental program revenues</b>	<b>\$ 42,099,156</b>	<b>\$ 39,130,657</b>	<b>\$ 35,394,445</b>	<b>\$ 37,509,680</b>	<b>\$ 34,948,145</b>	<b>\$ 35,945,359</b>
<b>Net (expense)/revenue</b>						
Governmental activities	\$ (80,215,347)	\$ (81,914,328)	\$ (85,590,366)	\$ (87,218,884)	\$ (93,541,570)	\$ (125,081,507)
Business-type activities	(486,843)	318,680	420,608	(4,382,398)	847,209	47,241
<b>Total primary governmental net expense</b>	<b>\$ (80,702,190)</b>	<b>\$ (81,595,648)</b>	<b>\$ (85,169,758)</b>	<b>\$ (91,601,282)</b>	<b>\$ (92,694,361)</b>	<b>\$ (125,034,266)</b>
<b>General Revenues and Other Changes in Net Assets</b>						
<b>Governmental activities:</b>						
Taxes						
Property taxes	55,658,640	\$ 56,800,293	\$ 57,699,908	\$ 60,297,147	\$ 63,028,741	\$ 75,346,979
Sales taxes	20,236,661	24,782,742	24,461,171	25,913,084	27,213,934	27,451,631
Other taxes	670,578	724,830	896,534	927,660	721,618	1,763,355
Investment earnings	757,537	504,164	1,154,224	2,055,613	2,753,327	3,641,846
Miscellaneous	504,731	477,636	740,864	2,994,758	1,286,534	429,467
Contributions of general fixed assets	-	(795,592)	-	-	-	-
Transfers	(252,350)	(2,775,170)	(110,000)	(30,000)	(44,165)	(212,411)
<b>Total governmental activities</b>	<b>77,575,797</b>	<b>79,718,903</b>	<b>84,842,701</b>	<b>92,158,262</b>	<b>94,959,989</b>	<b>108,420,867</b>
<b>Business-type activities:</b>						
Other taxes	192,434	199,289	206,777	217,181	255,536	250,061
Investment earnings	151,308	110,259	236,414	411,225	584,726	441,134
Other	2,833	2,557	6,453	46,862	12,422	42,741
Contributions of general fixed assets	-	795,592	-	-	-	-
Transfers	252,350	2,775,170	110,000	30,000	44,165	212,411
<b>Total business-type activities</b>	<b>598,925</b>	<b>3,882,867</b>	<b>559,644</b>	<b>705,268</b>	<b>896,849</b>	<b>946,347</b>
<b>Total primary government</b>	<b>\$ 78,174,722</b>	<b>\$ 83,601,770</b>	<b>\$ 85,402,345</b>	<b>\$ 92,863,530</b>	<b>\$ 95,856,838</b>	<b>\$ 109,367,214</b>
<b>Change in Net Assets</b>						
Governmental activities	\$ (2,639,550)	\$ (2,195,425)	\$ (747,665)	\$ 4,939,378	\$ 1,418,419	\$ (16,660,640)
Business-type activities	112,082	4,201,547	980,252	(3,677,130)	1,744,058	993,588
<b>Total primary government</b>	<b>\$ (2,527,468)</b>	<b>\$ 2,006,122</b>	<b>\$ 232,587</b>	<b>\$ 1,262,248</b>	<b>\$ 3,162,477</b>	<b>\$ (15,667,052)</b>

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

Table 11

2009	2010	2011
\$ 10,590,021	\$ 10,867,828	\$ 10,045,788
31,577,050	29,065,775	28,866,973
30,422,383	30,806,090	31,010,651
1,698,515	1,760,905	1,726,887
3,754,120	3,973,291	5,614,594
3,480,617	4,212,050	3,789,100
974,361	1,000,759	999,233
65,639,516	45,943,736	46,591,652
<u>3,119,835</u>	<u>4,086,543</u>	<u>4,083,566</u>
<u>151,256,418</u>	<u>131,716,977</u>	<u>132,728,444</u>
4,520,628	6,455,668	4,823,470
<u>389,144</u>	<u>1,218,918</u>	<u>1,184,169</u>
<u>4,909,772</u>	<u>7,674,586</u>	<u>6,007,639</u>
<u>\$ 156,166,190</u>	<u>\$ 139,391,563</u>	<u>\$ 138,736,083</u>
\$ 1,237,892	\$ 1,445,391	\$ 1,352,649
836,737	785,087	836,868
5,792,104	5,541,529	5,611,966
250,513	246,687	203,182
911,875	477,911	575,590
24,990,993	25,134,600	24,375,540
<u>2,387,802</u>	<u>2,316,754</u>	<u>2,255,619</u>
<u>36,407,916</u>	<u>35,947,959</u>	<u>35,211,414</u>
4,082,577	3,951,772	4,250,794
176,861	234,286	290,018
-	-	-
<u>4,259,438</u>	<u>4,186,058</u>	<u>4,540,812</u>
<u>\$ 40,667,354</u>	<u>\$ 40,134,017</u>	<u>\$ 39,752,226</u>
\$ (114,848,502)	\$ (95,769,018)	\$ (97,517,030)
<u>(650,334)</u>	<u>(3,488,528)</u>	<u>(1,466,827)</u>
<u>\$ (115,498,836)</u>	<u>\$ (99,257,546)</u>	<u>\$ (98,983,857)</u>
\$ 77,530,749	\$ 77,678,303	\$ 78,319,729
21,772,914	16,256,379	15,620,565
1,930,069	1,976,501	1,918,818
1,303,577	599,323	443,548
429,587	465,271	1,929,082
-	-	-
<u>(139,794)</u>	<u>(1,042,013)</u>	<u>(3,002,124)</u>
<u>102,827,102</u>	<u>95,933,764</u>	<u>95,229,618</u>
259,029	291,769	331,070
176,328	65,616	49,723
8,345	183,412	148,168
-	-	-
<u>139,794</u>	<u>1,042,013</u>	<u>3,002,124</u>
<u>583,496</u>	<u>1,582,810</u>	<u>3,531,085</u>
<u>\$ 103,410,598</u>	<u>\$ 97,516,574</u>	<u>\$ 98,760,703</u>
\$ (12,021,400)	\$ 164,746	\$ (2,287,412)
<u>(66,838)</u>	<u>(1,905,718)</u>	<u>2,064,258</u>
<u>\$ (12,088,238)</u>	<u>\$ (1,740,972)</u>	<u>\$ (223,154)</u>

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

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	\$ 9,335,110	\$ 10,573,753	\$ 9,633,950	\$ 11,699,878	\$ 10,897,326	\$ 12,045,020	\$ 11,708,044	\$ 12,699,217	\$ -
Unreserved	19,036,665	22,066,006	25,847,996	29,370,725	33,071,687	35,181,660	38,839,394	41,040,720	-
Nonspendable	-	-	-	-	-	-	-	-	1,816,031
Restricted	-	-	-	-	-	-	-	-	14,334,997
Committed	-	-	-	-	-	-	-	-	75,997
Assigned	-	-	-	-	-	-	-	-	3,029,478
Unassigned	-	-	-	-	-	-	-	-	32,425,675
Total General Fund	<u>\$ 28,371,775</u>	<u>\$ 32,639,759</u>	<u>\$ 35,481,946</u>	<u>\$ 41,070,603</u>	<u>\$ 43,969,013</u>	<u>\$ 47,226,680</u>	<u>\$ 50,547,438</u>	<u>\$ 53,739,937</u>	<u>\$ 51,682,178</u>
All other governmental funds									
Reserved	\$ 508,941	\$ 206,597	\$ 144,807	\$ 289,381	\$ 83,167	\$ 235,997	\$ 257,919	\$ 97,005	\$ -
Unreserved, reported in:									
Special revenue funds	6,930,269	17,306,533	11,719,939	7,965,844	45,803,577	23,207,524	31,391,030	27,263,442	-
Capital projects funds	891,600	1,040,857	1,175,299	711,118	463,950	1,411,040	1,102,194	680,507	-
Nonspendable	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	18,329,666
Committed	-	-	-	-	-	-	-	-	14,004,737
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 8,330,810</u>	<u>\$ 18,553,987</u>	<u>\$ 13,040,045</u>	<u>\$ 8,966,343</u>	<u>\$ 46,350,694</u>	<u>\$ 24,854,561</u>	<u>\$ 32,751,143</u>	<u>\$ 28,040,954</u>	<u>\$ 32,334,403</u>

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**NET ASSETS BY COMPONENT**  
**LAST NINE FISCAL YEARS**  
**(accrual basis of accounting)**

	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities									
Invested in capital assets, net of related debt	\$ 21,812,779	\$ 20,223,594	\$ 18,301,883	\$ 23,891,079	\$ 23,688,744	\$23,307,122	\$23,541,704	\$ 25,424,830	\$ 27,327,101
Restricted	-	11,818,069	5,977,202	1,437,715	41,157,266	14,989,076	192,196	254,896	32,664,663
Unrestricted	19,007,026	4,736,978	11,751,891	15,641,560	(22,457,237)	(12,568,065)	(10,027,167)	(11,808,247)	(48,407,697)
Total Governmental activities net assets	\$ 40,819,805	\$ 36,778,641	\$ 36,030,976	\$ 40,970,354	\$ 42,388,773	\$25,728,133	\$13,706,733	\$ 13,871,479	\$ 11,584,067
Business-type activities									
Invested in capital assets, net of related debt	\$ 7,157,403	\$ 8,976,973	\$ 11,095,475	\$ 6,698,522	\$ 8,292,936	\$19,208,365	\$12,118,884	\$ 10,603,866	\$ 10,016,688
Restricted	-	-	-	-	-	-	-	-	-
Unrestricted	4,594,444	6,976,421	5,838,171	6,557,994	6,707,638	(3,214,203)	3,808,440	3,417,740	6,069,176
Total business-type activities net assets	\$ 11,751,847	\$ 15,953,394	\$ 16,933,646	\$ 13,256,516	\$ 15,000,574	\$15,994,162	\$15,927,324	\$ 14,021,606	\$ 16,085,864
Primary government									
Invested in capital assets, net of related debt	\$ 28,970,182	\$ 29,200,567	\$ 29,397,358	\$ 30,589,601	\$ 31,981,680	\$42,515,487	\$ 35,660,588	\$ 36,028,696	\$ 37,343,789
Restricted	-	11,818,069	5,977,202	1,187,424	41,157,266	14,989,076	192,196	254,896	32,664,663
Unrestricted	23,601,470	11,713,399	17,590,062	22,449,744	(15,749,599)	(15,782,268)	(6,218,727)	(8,390,507)	(42,338,521)
Total primary government net assets	\$ 52,571,652	\$ 52,732,035	\$ 52,964,622	\$ 54,226,769	\$ 57,389,347	\$41,722,295	\$29,634,057	\$ 27,893,085	\$ 27,669,931

Note: Accrual-basis financial information for the county government as a whole is available back to 2003 only, the year GASB Statement 34 was implemented.

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

Fiscal Year	Governmental Activities						Business-type activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Qualified Zone Academy Bonds	Qualified School Construction Bonds	Installment Purchases	Limited Obligation Bonds	Certificates of Participation	General Obligation Bonds	Limited Obligation Bonds	Installment Purchases			
2002	\$ 18,775,000	\$ 1,030,000	\$ -	\$ 775,274	\$ -	\$ 9,410,000	\$ -	\$ -	\$ -	\$ 29,990,274	0.76%	\$200
2003	18,305,000	1,030,000	-	2,394,745	-	8,995,000	-	-	-	30,724,745	0.80%	203
2004	17,495,000	1,030,000	-	1,828,292	-	26,600,000	-	-	-	46,953,292	1.22%	309
2005	15,845,000	1,030,000	-	1,526,850	-	25,060,000	-	-	-	43,461,850	1.10%	282
2006	14,200,000	1,030,000	-	1,316,250	-	23,500,000	-	-	-	40,046,250	0.97%	259
2007	54,595,000	1,030,000	-	1,105,650	-	21,925,000	-	-	-	78,655,650	1.76%	506
2008	53,000,000	1,030,000	-	895,050	-	20,525,000	-	-	-	75,450,050	1.68%	482
2009	79,720,000	1,030,000	-	684,450	-	19,100,000	1,060,000	-	10,000,000	111,594,450	2.48%	698
2010	75,415,000	1,030,000	5,076,971	473,850	-	17,650,000	1,010,000	-	9,825,172	110,480,993	3.12%	691
2011	71,145,000	1,030,000	17,788,506	263,250	4,915,000	11,210,000	960,000	2,000,000	9,467,932	118,779,688	3.31%	729

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

**DAVIDSON COUNTY, NORTH CAROLINA**  
**Principal Employers**  
**Current Year and Nine Years Ago**

<b>Employer</b>	<b>2011</b>		<b>2002</b>	
	<b>Employees</b>	<b>Percentage of Total County Employment</b>	<b>Employees</b>	<b>Percentage of Total County Employment</b>
Davidson County Schools	1000+	3.00%	1000+	3.00%
Atrium Windows & Doors	500-999	1.00%	250-499	1.00%
County of Davidson	500-999	1.00%	500-999	1.00%
Wal-mart Associates, Inc.	500-999	1.00%		
Lexington Memorial Hospital	500-999	1.00%	250-499	1.00%
Davidson County Community College	500-999	1.00%	100-249	1.00%
Lexington City Schools	500-999	1.00%	250-499	1.00%
Thomasville Medical Center	500-999	1.00%	250-499	1.00%
Food Lion LLC	250-499	1.00%		
Thomasville City Schools	250-499	1.00%	250-499	1.00%
PPG Industries			1000+	3.00%
Lexington Furniture Industries			1000+	3.00%
Thomasville Furniture Industries			1000+	3.00%
Tyco/AMP, Inc			500-999	1.00%
Parkdale Mills, Inc.			500-999	1.00%
<b>Total County Employment</b>	<b><u>66,917</u></b>		<b><u>73,674</u></b>	

Source: Principal employer data is from the NC Employment Security Commission, labor market information. Total County employment is from the NC Employment Security Commission civilian labor force estimates.

**DAVIDSON COUNTY, NORTH CAROLINA  
PRINCIPAL TAXPAYERS  
Current Year and Nine Years Ago**

Table 16

<u>Taxpayer</u>	<u>2011</u>		<u>2002</u>	
	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Kimberly-Clark Corporation	\$ 78,371,837	0.61%	\$ 70,195,174	0.76%
Unilin Flooring NC LLC	73,059,395	0.56%	-	-
Duke Energy	77,842,115	0.60%	-	-
PPG Industries, Inc.	61,227,051	0.47%	104,351,245	1.13%
Yadkin, Inc	52,657,831	0.41%	-	-
RCR Enterprises, LLC	23,120,969	0.18%	-	-
Walmart	31,228,020	0.24%	-	-
Owens-Brockway	29,852,456	0.23%	28,972,311	0.32%
TFI Industries	21,304,416	0.16%	58,936,991	0.64%
Newbridge Bank	20,904,919	0.16%	-	-
Lexington Furniture Industries	-	-	72,016,213	0.78%
Parkdale Mills	-	-	46,578,367	0.51%
Kraft, Incorporated DBA Duracell USA	-	-	46,147,368	0.50%
Ellison Windows	-	-	30,550,379	0.33%
Tyco/AMP	-	-	24,820,021	0.27%
Yadkin, Inc.	-	-	<u>23,455,030</u>	0.26%
	<u>\$ 469,569,009</u>		<u>\$ 506,023,099</u>	

Source - Davidson County Tax Department

**DAVIDSON COUNTY, NORTH CAROLINA**  
**FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION**  
**LAST SEVEN YEARS**

Function	Full-time Equivalent Employees As of June 30						
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government	110	112	112	117	115	114	115
Human Services	311	319	316	320	332	321	311
Public Safety	343	335	357	367	372	357	351
Environmental protection	31	31	27	27	27	26	26
Economic and physical development	35	38	38	41	39	41	38
Culture and recreation	70	70	71	71	70	73	74
Transportation	19	16	18	18	18	15	14
Landfill	32	31	33	32	32	33	34
Sewer	-	-	1	2	2	2	2
Garage	4	4	4	4	4	4	5
Total	<u>955</u>	<u>956</u>	<u>977</u>	<u>999</u>	<u>1,011</u>	<u>986</u>	<u>970</u>

Source: Davidson County Budget Office.

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

<b>Function</b>	<b>Fiscal Year</b>									
	<b>As of June 30</b>									
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Human Services (1):										
Public health occupied square footage	21,572	21,572	21,572	21,572	21,572	21,572	21,572	21,572	21,572	25,303
Social services occupied square footage	39,216	39,216	39,216	45,511	45,511	45,511	45,511	45,511	45,511	45,511
Public Safety (1):										
Number of Emergency medical stations	5	5	5	5	5	5	5	6	6	6
Number of volunteer fire stations	23	23	23	23	23	23	23	23	23	23
Culture & recreation (1):										
Number of libraries	5	5	5	5	5	5	5	5	5	5
Education (2):										
Number of schools	38	39	42	42	41	41	42	42	43	43

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

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

Function	Fiscal Year As of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government (1):										
Number of tax bills per 1000 parcels	N/A	N/A	N/A	2,740	2,620	2,640	2,722	2,696	2,640	2,651
Registered motor vehicles per 1000 population	N/A	N/A	N/A	966	952	973	969	963	923	929
Human services (1):										
Children in Social Services custody	N/A	N/A	N/A	196	208	199	113	219	192	182
Active child support cases	N/A	N/A	N/A	4,902	4,862	5,130	5,625	5,789	6,009	6,132
Public Safety (1):										
Number of EMS calls dispatched	N/A	N/A	N/A	11,353	11,718	12,273	12,486	13,317	12,433	15,848
Number of emergency medical technicians	84	89	92	92	92	103	104	105	104	104
Building permits issued	8,221	8,290	8,669	10,078	11,398	10,262	7,458	4,789	4,740	4,776
Number of firemen	915	819	889	907	1,027	1,050	1,600	1,100	1,071	1,071
Number of fire inspections made	N/A	N/A	N/A	972	761	879	951	1,147	1,302	1,363
Economic and physical development (1):										
Number of adults sponsored in WIA services/training	N/A	N/A	N/A	503	294	663	227	348	514	537
Education (2):										
Number of students	25,085	24,984	25,253	25,757	25,857	25,998	26,239	26,200	25,953	25,448
Number of teachers	1,815	2,368	1,681	1,676	1,838	1,944	1,956	1,900	1,828	1,879

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