

**REVIEWED**

*By SLGFD at 8:52 am, Dec 21, 2021*

**DAVIE COUNTY  
NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2021**



# **DAVIE COUNTY NORTH CAROLINA**

## **BOARD OF COUNTY COMMISSIONERS**

Terry N. Renegar, Chairman

James Blakley, Vice-Chairman

Benita Finney

Mark S. Jones

Richard Poindexter

## **COUNTY OFFICIALS**

David Bone	County Manager
Robin M. West	Assistant County Manager/CFO
E. Edward Vogler, Jr.	County Attorney
Kelly C. Funderburk	Register of Deeds

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# DAVIE COUNTY, NORTH CAROLINA

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## **FINANCIAL SECTION**

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

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

## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davie County, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Davie County's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

### ***Opinions***

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davie County, North Carolina, as of June 30, 2021, and the respective changes in financial position and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 10 to the financial statements, effective July 1, 2020, the City adopted new accounting guidance promulgated in GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis, the Other Post-Employment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System Schedules of the County's Proportionate Share of Net Pension Liability and County Contributions, the Register of Deeds' Supplemental Pension Fund Schedule of the County's Proportionate Share of the Net Pension Asset and Schedule of County Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered-Employee Payroll, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2021 on our consideration of Davie County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Davie County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Davie County's internal control over financial reporting and compliance.

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

Martin Starnes & Associates, CPAs, P.A.  
Hickory, North Carolina  
December 1, 2021

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## Management's Discussion and Analysis

As management of Davie County, we offer readers of Davie County's financial statements this narrative overview and analysis of the financial activities of Davie County for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follows this narrative.

### Financial Highlights

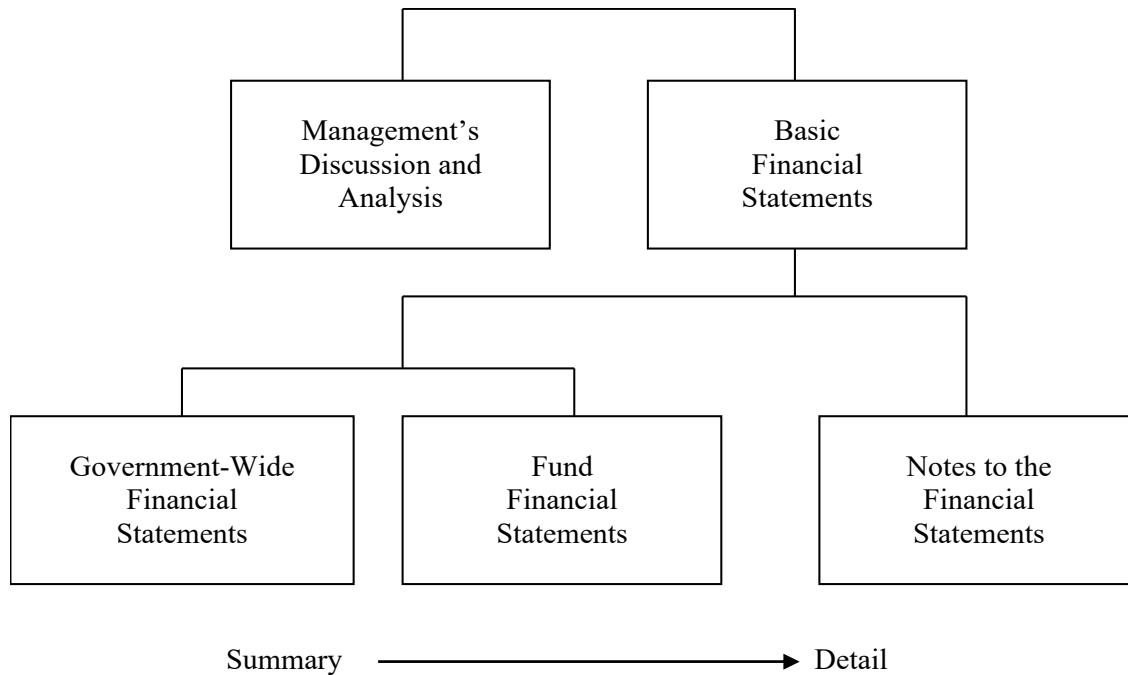
- The assets and deferred outflows of resources of Davie County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$15,729,072 (*net position*).
- The government's total net position increased by \$2,885,464 in the current year, primarily due to the increase in net position in the governmental and business-type activities. This is mostly due to the increase in capital grants and loans due to the construction in progress related to the East Davie Pump Station project that occurred during the current fiscal year.
- As of the close of the current fiscal year, Davie County's governmental funds reported combined ending fund balances of \$22,330,388 a decrease of \$4,347,492 in comparison with the prior year. Approximately 44.6% of this total amount, or \$9,965,759, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,025,295, or 6.4%, of total General Fund expenditures for the fiscal year.
- Davie County has AA+ and Aa2 general obligation bond ratings.

### Overview of the Financial Statements

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

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

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

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



## **Government-Wide Financial Statements**

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

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

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

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

## **Fund Financial Statements**

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

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

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

**Proprietary Funds.** Davie County has two kinds of proprietary fund. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. Davie County uses enterprise funds to account for its water and sewer activity and for its solid waste operations. These funds are the same as those separate activities shown in the business-type activities in the Statement of Net Position and the Statement of Activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the functions of Davie County operations. The County uses one internal service fund to account for the self-insurance plan. These operations benefit both governmental and proprietary funds and have been included within the governmental activities in the government-wide statements.

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

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 27 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Davie County's progress in funding its obligation to provide pension benefits to its employees. Required supplemental information can be found beginning on page 77 of this report.

## **Government-Wide Financial Analysis**

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Davie County exceeded its liabilities and deferred inflows of resources by \$15,729,072 as of June 30, 2021. The County's net position increased by \$2,885,464 for the fiscal year ended June 30, 2021. One of the largest portions of net position, \$44,427,186, reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). Davie County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Davie County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Davie County's net position, \$9,063,920, represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Assets:</b>						
Current and other assets	\$ 28,947,558	\$ 31,982,645	\$ 16,885,886	\$ 14,527,174	\$ 45,833,444	\$ 46,509,819
Capital assets	33,965,519	29,546,275	40,528,165	39,510,812	74,493,684	69,057,087
Total assets	<u>62,913,077</u>	<u>61,528,920</u>	<u>57,414,051</u>	<u>54,037,986</u>	<u>120,327,128</u>	<u>115,566,906</u>
<b>Deferred Outflows of Resources</b>	<u>6,446,835</u>	<u>5,029,949</u>	<u>369,569</u>	<u>291,251</u>	<u>6,816,404</u>	<u>5,321,200</u>
<b>Liabilities:</b>						
Long-term liabilities	76,156,595	79,417,648	15,564,449	13,138,599	91,721,044	92,556,247
Other liabilities	<u>16,863,618</u>	<u>13,265,196</u>	<u>2,360,200</u>	<u>1,827,495</u>	<u>19,223,818</u>	<u>15,092,691</u>
Total liabilities	<u>93,020,213</u>	<u>92,682,844</u>	<u>17,924,649</u>	<u>14,966,094</u>	<u>110,944,862</u>	<u>107,648,938</u>
<b>Deferred Inflows of Resources</b>	<u>448,523</u>	<u>411,719</u>	<u>21,075</u>	<u>18,966</u>	<u>469,598</u>	<u>430,685</u>
<b>Net Position:</b>						
Net investment in capital assets	19,334,605	18,157,686	25,092,581	26,516,868	44,427,186	44,674,554
Restricted	9,063,920	14,660,796	-	-	9,063,920	14,660,796
Unrestricted	<u>(52,507,349)</u>	<u>(59,354,176)</u>	<u>14,745,315</u>	<u>12,827,309</u>	<u>(37,762,034)</u>	<u>(46,526,867)</u>
Total net position	<u>\$ (24,108,824)</u>	<u>\$ (26,535,694)</u>	<u>\$ 39,837,896</u>	<u>\$ 39,344,177</u>	<u>\$ 15,729,072</u>	<u>\$ 12,808,483</u>

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 98.76%
- Continued low cost of debt due to the County's high bond rating
- Continued implementation of financial policy guidelines, including: Cash Management and Investment Policy, General Fund Balance Policy, Debt Policy, Cyber Security Policy, and Enterprise/Utility Policies
- Implemented Performance Based Budgets for departments focused on outcome attainment focused on historical/actual spending, prioritizing outcomes, using data to make informed decisions
- The County continues each year to update the Strategic Plan that was adopted in FY 2018. The Plan has five focus areas: Safe & Healthy Community, Education, Quality of Life & Place, Business Operations, and Growth & Infrastructure

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 5,611,963	\$ 5,487,788	\$ 7,321,070	\$ 7,341,255	\$ 12,933,033	\$ 12,829,043
Operating grants and contributions	9,371,577	8,187,315	-	-	9,371,577	8,187,315
Capital grants and contributions	834,607	2,251,812	50,000	1,837,483	884,607	4,089,295
General revenues:						
Property taxes	38,693,792	38,169,556	-	-	38,693,792	38,169,556
Other taxes	11,768,816	9,643,174	-	-	11,768,816	9,643,174
Other	(11,478)	174,618	247,918	14,596	236,440	189,214
Total revenues	<u>66,269,277</u>	<u>63,914,263</u>	<u>7,618,988</u>	<u>9,193,334</u>	<u>73,888,265</u>	<u>73,107,597</u>
<b>Expenses:</b>						
General government	16,112,599	11,139,710	-	-	16,112,599	11,139,710
Public safety	19,387,771	17,784,992	-	-	19,387,771	17,784,992
Environmental protection	68,628	29,623	-	-	68,628	29,623
Economic and physical development	1,168,621	1,919,361	-	-	1,168,621	1,919,361
Human services	8,640,807	8,595,313	-	-	8,640,807	8,595,313
Culture and recreation	736,187	2,247,715	-	-	736,187	2,247,715
Education	15,429,967	15,123,981	-	-	15,429,967	15,123,981
Interest and fiscal changes	1,960,060	1,975,928	-	-	1,960,060	1,975,928
Solid waste	-	-	508,341	471,694	508,341	471,694
Water and sewer	-	-	6,989,820	5,708,511	6,989,820	5,708,511
Total expenses	<u>63,504,640</u>	<u>58,816,623</u>	<u>7,498,161</u>	<u>6,180,205</u>	<u>71,002,801</u>	<u>64,996,828</u>
Change in net position before transfers	2,764,637	5,097,640	120,827	3,013,129	2,885,464	8,110,769
Transfers, net	<u>(372,892)</u>	<u>(360,158)</u>	<u>372,892</u>	<u>360,158</u>	<u>-</u>	<u>-</u>
Change in net position	2,391,745	4,737,482	493,719	3,373,287	2,885,464	8,110,769
Net position, July 1	<u>(26,535,694)</u>	<u>(31,273,176)</u>	<u>39,344,177</u>	<u>35,970,890</u>	<u>12,808,483</u>	<u>4,697,714</u>
End of year - June 30	<u>\$ (24,108,824)</u>	<u>\$ (26,535,694)</u>	<u>\$ 39,837,896</u>	<u>\$ 39,344,177</u>	<u>\$ 15,729,072</u>	<u>\$ 12,808,483</u>

**Governmental Activities.** Governmental activities increased the County's net position by \$2,391,745. A key element for this increase was continued investment in County capital projects through grants and General fund pay as you go contributions for construction in progress over the prior year.

**Business-Type Activities.** Business-type activities increased Davie County's net position by \$493,719. A key element for this increase was the capital grants and loans due to the construction in progress related to the East Davie Pump Station project that occurred during the current fiscal year.

## Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Davie County. At the end of the current fiscal year, fund balance available in the General Fund was \$11,445,095, while total fund balance reached \$17,728,808. Fund balance available represents 17.6% of total General Fund expenditures and transfers out, while total fund balance represents 27.2% of that same amount.

The Capital Projects Fund accounts for the activities of several capital projects going on within the County. The majority of the revenue to support these projects comes from federal and state grants as well as debt issuance. At June 30, 2021, the net change in fund balance was a decrease of \$3,632,835 with an ending fund balance of \$3,666,343. There were significant expenditures for the completion of the Government Center project on Farmington Road for Health and Human Services and the Sheriff's Department.

At June 30, 2021, the governmental funds of Davie County reported a combined fund balance of \$22,330,388 a decrease of \$4,347,492 from the prior year. The primary reason for this change in fund balance was the expenditure of loan proceeds received in March 2020 for future Capital Projects.

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

Total amendments to the General Fund increased revenues by \$3,372,938. A major portion of this increase was attributable to changes in amounts of funding received from the State of North Carolina and other grants. There was an increase in property taxes, as well as sales and use tax.

**Proprietary Funds.** Davie County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year was \$253,737, and those for the Water and Sewer Fund was \$14,491,578. The Solid Waste Fund net position increased \$22,304, and the Water and Sewer Fund net position increased \$471,415. Other factors concerning the finances of these two funds have already been addressed in the discussion of Davie County's business-type activities.

## Capital Assets and Debt Administration

**Capital Assets.** Davie County's capital assets for its governmental and business-type activities as of June 30, 2021 total \$74,493,684 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include:

- Purchase of replacement vehicles for sheriff's office, emergency medical services, and development services
- Computer Aided Dispatch project completion
- Completion and opening of the Davie Community Park

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land	\$ 760,222	\$ 840,355	\$ 552,624	\$ 552,624	\$ 1,312,846	\$ 1,392,979
Buildings	38,290,857	23,724,854	16,460,496	16,460,496	54,751,353	40,185,350
Furniture, equipment and computer	7,725,591	6,904,250	3,077,183	3,003,510	10,802,774	9,907,760
Vehicles and motor equipment	7,117,783	6,425,282	-	-	7,117,783	6,425,282
Water/sewer lines	-	-	21,664,368	21,228,459	21,664,368	21,228,459
Construction in progress	1,549,388	13,153,090	20,882,030	19,689,727	22,431,418	32,842,817
	55,443,841	51,047,831	62,636,701	60,934,816	118,080,542	111,982,647
Less:						
Accumulated depreciation	21,478,322	21,501,556	22,108,536	21,424,004	43,586,858	42,925,560
Capital assets, net	<u>\$ 33,965,519</u>	<u>\$ 29,546,275</u>	<u>\$ 40,528,165</u>	<u>\$ 39,510,812</u>	<u>\$ 74,493,684</u>	<u>\$ 69,057,087</u>

Additional information on Davie County's capital assets can be found beginning on page 42 of the basic financial statements.

**Long-Term Debt.** As of June 30, 2021, Davie County had total debt outstanding of \$82,811,547, including \$46,215,000 of bonded debt, which is debt backed by the full faith and credit of the County.

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

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
General obligation debt	\$ 46,215,000	\$ 49,570,000	\$ -	\$ -	\$ 46,215,000	\$ 49,570,000
COPS	3,406,000	4,301,000	-	-	3,406,000	4,301,000
Installment loans	12,979,071	13,226,501	-	-	12,979,071	13,226,501
Unamortized premiums	4,775,892	5,250,920	-	-	4,775,892	5,250,920
Notes from direct borrowing	-	-	15,435,584	12,993,944	15,435,584	12,993,944
Total	<u>\$ 67,375,963</u>	<u>\$ 72,348,421</u>	<u>\$ 15,435,584</u>	<u>\$ 12,993,944</u>	<u>\$ 82,811,547</u>	<u>\$ 85,342,365</u>

Davie County's total debt decreased by \$2,530,818 during the fiscal year, due to various debt service payments and significantly less installment purchases in the current year.

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

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Davie County is approximately \$326,226,000. The County has no authorized, unissued bonds at June 30, 2021.

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

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

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

- Davie County has several new businesses opening. A few of the businesses relocating to Davie County are a pallet manufacturer, custom resins manufacturer, and a sound deadener and insulation manufacturer used in the automotive industry.
- Davidson-Davie Community College continues to expand to advance the future of high-quality healthcare in the region by expanding in-demand healthcare programs. There has been increased enrollment due to the Ignite Davie program, which allows Davie County students to attend the community college at no charge to them up to three years post-graduation.
- The County and the Town of Mocksville have agreed to a joint venture with a new Water Treatment Plant. This plant will service the southern portion of the County, include the Town of Mocksville. The project is in the design phase and bidding is planned for January 2022.
- The County and the Town of Mocksville have an agreement for the Sheriff to provide law enforcement services to the Town. This agreement started on July 1, 2021.
- Republic Services has offered citizens of the County to contract with them directly for recycling services along with solid waste pick-up. Previously, the County paid for recycling, but the recycling market has changed over the years, making it cost prohibitive for the County to continue.
- The County received the first payment of the America Rescue Plan funds of \$4.1 million in June 2021. The second payment will be received in June 2022. The total allocation is \$8.3 million. The County is developing a plan to use these funds in accordance with U.S. Treasury guidance.

### **Budget Highlights for the Fiscal Year Ending June 30, 2022**

**Governmental Activities.** The property tax rate was reduced to 77.3 cents from 77.8 cents for fiscal year 2020-2021. The Advance Rural Fire Protection District remained the same ( 2.438 cents), as did the county-wide fire tax of four cents. Sales and use tax has exceeded expectations, even during pandemic months of fiscal year 2020-2021. The County's budget includes the five focus areas as outlined in the County's Strategic Plan and Performance Based Budget. Budgeted expenditures in the General Fund are increased to \$71,026,091.

**Business-Type Activities.** An increase in water and sewer rates of 4.25% for all customers was adopted effective July 1, 2021 to fund the water and sewer system, while keeping customer rates competitive as compared to other systems throughout the state.

### **Requests for Information**

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



## **BASIC FINANCIAL STATEMENTS**

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## DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
JUNE 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Davie County Watershed Improvement Commission
<b>Assets:</b>				
Cash and cash equivalents	\$ 16,239,238	\$ 14,875,396	\$ 31,114,634	\$ 337,729
Taxes receivable, net	590,330	-	590,330	-
Accounts receivable, net	813,328	1,212,137	2,025,465	-
Due from other governments	4,602,663	259,358	4,862,021	-
Accrued interest on investments	23	-	23	-
Restricted cash and cash equivalents	6,611,113	253,558	6,864,671	-
Inventories	170	285,437	285,607	-
Net pension asset	90,693	-	90,693	-
Capital assets:				
Land and construction in progress	2,309,610	21,434,654	23,744,264	-
Other capital assets, net of depreciation	31,655,909	19,093,511	50,749,420	-
Total capital assets	33,965,519	40,528,165	74,493,684	-
Total assets	62,913,077	57,414,051	120,327,128	337,729
<b>Deferred Outflows of Resources:</b>				
Deferred charges on refunding	182,219	-	182,219	-
Pension deferrals	4,721,086	260,674	4,981,760	-
OPEB deferrals	1,543,530	108,895	1,652,425	-
Total deferred outflows of resources	6,446,835	369,569	6,816,404	-
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	3,476,915	1,131,915	4,608,830	23
Liabilities to be paid from restricted assets:				
Advances from grantors	4,162,633	-	4,162,633	-
Customer deposits	-	253,558	253,558	-
Due within one year	7,117,774	908,418	8,026,192	-
Non-current liabilities:				
Net pension liability (LGRS)	7,314,323	465,383	7,779,706	-
Total pension liability (LEOSSA)	2,004,383	-	2,004,383	-
Total OPEB liability	7,219,687	509,344	7,729,031	-
Due in more than one year	61,724,498	14,656,031	76,380,529	-
Total liabilities	93,020,213	17,924,649	110,944,862	23
<b>Deferred Inflows of Resources:</b>				
Prepaid property taxes	93,424	-	93,424	-
Pension deferrals	155,950	7,025	162,975	-
OPEB deferrals	199,149	14,050	213,199	-
Total deferred inflows of resources	448,523	21,075	469,598	-
<b>Net Position:</b>				
Net investment in capital assets	19,334,605	25,092,581	44,427,186	-
Restricted for:				
Stabilization by state statute	6,331,970	-	6,331,970	-
Register of Deeds	268,089	-	268,089	-
Register of Deeds' pension plan	82,987	-	82,987	-
Public safety	917,050	-	917,050	-
Economic and physical development	1,463,824	-	1,463,824	-
Unrestricted (deficit)	(52,507,349)	14,745,315	(37,762,034)	337,706
Total net position	\$ (24,108,824)	\$ 39,837,896	\$ 15,729,072	\$ 337,706

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 16,112,599	\$ 991,647	\$ 1,021,323	\$ -
Public safety	19,387,771	2,976,635	1,560,057	691,407
Environmental protection	68,628	-	-	17,278
Economic and physical development	1,168,621	42,260	735,639	-
Human services	8,640,807	1,601,421	5,762,240	-
Cultural and recreational	736,187	-	292,318	125,922
Education	15,429,967	-	-	-
Interest and fiscal charges	1,960,060	-	-	-
Total governmental activities	<u>63,504,640</u>	<u>5,611,963</u>	<u>9,371,577</u>	<u>834,607</u>
<b>Business-Type Activities:</b>				
Water and Sewer Fund	6,989,820	7,126,317	-	92,078
Solid Waste Fund	508,341	194,753	-	-
Total business-type activities	<u>7,498,161</u>	<u>7,321,070</u>	<u>-</u>	<u>92,078</u>
Total primary government	<u>\$ 71,002,801</u>	<u>\$ 12,933,033</u>	<u>\$ 9,371,577</u>	<u>\$ 926,685</u>
<b>Component Unit:</b>				
Davie County Watershed				
Improvement Commission	\$ 16,980	-	-	-
Total component unit	<u>\$ 16,980</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

	Net (Expense) Revenue and Changes in Net Position			Component Unit
	Primary Government			Davie County Watershed Improvement Commission
	Governmental Activities	Business-Type Activities	Total	
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ (14,099,628)	\$ -	\$ (14,099,628)	
Public safety	(14,159,672)	-	(14,159,672)	
Environmental protection	(51,350)	-	(51,350)	
Economic and physical development	(390,722)	-	(390,722)	
Human services	(1,277,146)	-	(1,277,146)	
Cultural and recreational	(317,947)	-	(317,947)	
Education	(15,429,967)	-	(15,429,967)	
Interest and fiscal charges	(1,960,060)	-	(1,960,060)	
Total governmental activities	(47,686,493)	-	(47,686,493)	
<b>Business-Type Activities:</b>				
Water and Sewer Fund	-	228,575	228,575	
Solid Waste Fund	-	(313,588)	(313,588)	
Total business-type activities	-	(85,013)	(85,013)	
Total primary government	(47,686,493)	(85,013)	(47,771,506)	
<b>Component Unit:</b>				
Davie County Watershed Improvement Commission				\$ (16,980)
Total component unit				(16,980)
<b>General Revenues:</b>				
Taxes:				
Property taxes, levied for general purpose	38,693,792	-	38,693,792	-
Local option sales tax	11,648,382	-	11,648,382	-
Other taxes	120,434	-	120,434	-
Investment earnings, unrestricted	(11,478)	2,955	(8,523)	229
Other unrestricted intergovernmental revenue	-	-	-	30,000
Miscellaneous	-	202,885	202,885	-
Total general revenues, excluding transfers	50,451,130	205,840	50,656,970	30,229
Transfers to/from other funds	(372,892)	372,892	-	-
Total general revenues and transfers	50,078,238	578,732	50,656,970	30,229
Change in net position	2,391,745	493,719	2,885,464	13,249
<b>Net Position:</b>				
Beginning of year - July 1	(26,535,694)	39,344,177	12,808,483	324,457
Restatement	35,125	-	35,125	-
Beginning of year, restated	(26,500,569)	39,344,177	12,843,608	324,457
End of year - June 30	\$ (24,108,824)	\$ 39,837,896	\$ 15,729,072	\$ 337,706

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

**DAVIE COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

	<b>Major Funds</b>			<b>Nonmajor Funds</b>	
	<b>General</b>	<b>Capital Projects Fund</b>	<b>Coronavirus Relief Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 11,629,928	\$ 3,685,177	\$ -	\$ 924,133	\$ 16,239,238
Taxes receivable, net	590,330	-	-	-	590,330
Accounts receivable, net	812,380	-	-	-	812,380
Due from other governments	4,561,650	2,700	20,084	18,229	4,602,663
Due from other funds	1,476,494	-	-	-	1,476,494
Accrued interest on investments	23	-	-	-	23
Restricted cash and cash equivalents	2,448,480	-	4,162,633	-	6,611,113
Inventories	170	-	-	-	170
Total assets	<u>\$ 21,519,455</u>	<u>\$ 3,687,877</u>	<u>\$ 4,182,717</u>	<u>\$ 942,362</u>	<u>\$ 30,332,411</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 2,533,681	\$ 21,534	\$ 339	\$ 7,084	\$ 2,562,638
Due to other funds	-	-	19,786	-	19,786
Payable from restricted assets:					
Advances from grantors	-	-	4,162,633	-	4,162,633
Total liabilities	<u>2,533,681</u>	<u>21,534</u>	<u>4,182,758</u>	<u>7,084</u>	<u>6,745,057</u>
<b>Deferred Inflows of Resources:</b>					
Prepaid property taxes	93,424	-	-	-	93,424
Property taxes receivable	590,330	-	-	-	590,330
Other receivables	573,212	-	-	-	573,212
Total deferred inflows of resources	<u>1,256,966</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,256,966</u>
<b>Fund Balances:</b>					
Non-spendable:					
Inventories	170	-	-	-	170
Restricted:					
Stabilization by state statute	6,283,543	10,114	20,084	18,229	6,331,970
Restricted, all other	2,716,569	-	-	917,050	3,633,619
Committed	995,000	3,656,229	-	-	4,651,229
Assigned	3,708,231	-	-	-	3,708,231
Unassigned	4,025,295	-	(20,125)	(1)	4,005,169
Total fund balances	<u>17,728,808</u>	<u>3,666,343</u>	<u>(41)</u>	<u>935,278</u>	<u>22,330,388</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,519,455</u>	<u>\$ 3,687,877</u>	<u>\$ 4,182,717</u>	<u>\$ 942,362</u>	<u>\$ 30,332,411</u>

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

**DAVIE COUNTY, NORTH CAROLINA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

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

Total fund balances	\$ 22,330,388
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	33,965,519
Deferred outflows related to long-term debt issue refunding	182,219
Deferred inflows of resources for taxes and other receivables	1,163,542
Net pension asset (ROD)	90,693
Net pension liability (LGRS)	(7,314,323)
Deferred inflows of resources related to pensions	(155,950)
Deferred outflows of resources related to pensions	4,721,086
Deferred inflows of resources related to OPEB	(199,149)
Deferred outflows of resources related to OPEB	1,543,530
Total OPEB liability	(7,219,687)
Total pension liability (LEOSSA)	(2,004,383)
Accrued vacation payable	(1,466,309)
The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	(1,927,270)
Some liabilities, including interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(67,818,730)</u>
Net position of governmental activities, per Exhibit A	<u>\$ (24,108,824)</u>

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

## DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds			Nonmajor Funds	
	General Fund	Capital Projects Fund	Coronavirus Relief Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 50,007,078	\$ -	\$ -	\$ 471,110	\$ 50,478,188
Intergovernmental	7,812,555	143,200	691,407	218,748	8,865,910
Charges for services	3,983,431	-	-	-	3,983,431
Permits and fees	1,170,215	-	-	-	1,170,215
Interest on investments	(13,372)	1,691	-	203	(11,478)
Miscellaneous	1,340,274	-	-	-	1,340,274
Total revenues	<u>64,300,181</u>	<u>144,891</u>	<u>691,407</u>	<u>690,061</u>	<u>65,826,540</u>
<b>Expenditures:</b>					
General government	8,285,472	6,630,047	-	-	14,915,519
Public safety	18,859,663	294,926	691,448	682,162	20,528,199
Environmental protection	60,971	72,583	-	-	133,554
Economic and physical development	1,192,297	-	-	-	1,192,297
Human services	9,152,333	-	-	-	9,152,333
Cultural and recreational	1,643,594	-	-	-	1,643,594
Education	15,429,967	-	-	-	15,429,967
Debt service:					
Principal	6,124,430	-	-	-	6,124,430
Interest and fees	2,405,995	-	-	-	2,405,995
Total expenditures	<u>63,154,722</u>	<u>6,997,556</u>	<u>691,448</u>	<u>682,162</u>	<u>71,525,888</u>
Revenues over (under) expenditures	<u>1,145,459</u>	<u>(6,852,665)</u>	<u>(41)</u>	<u>7,899</u>	<u>(5,699,348)</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	3,219,830	-	-	3,219,830
Transfers out	(3,592,722)	-	-	-	(3,592,722)
Proceeds from installment debt	1,627,000	-	-	-	1,627,000
Proceeds from sale of capital assets	97,748	-	-	-	97,748
Total other financing sources (uses)	<u>(1,867,974)</u>	<u>3,219,830</u>	<u>-</u>	<u>-</u>	<u>1,351,856</u>
Net change in fund balances	<u>(722,515)</u>	<u>(3,632,835)</u>	<u>(41)</u>	<u>7,899</u>	<u>(4,347,492)</u>
<b>Fund Balances:</b>					
Beginning of year - July 1	18,416,198	7,299,178	-	927,379	26,642,755
Restatement	35,125	-	-	-	35,125
Beginning of year, restated	<u>18,451,323</u>	<u>7,299,178</u>	<u>-</u>	<u>927,379</u>	<u>26,677,880</u>
End of year - June 30	<u>\$ 17,728,808</u>	<u>\$ 3,666,343</u>	<u>\$ (41)</u>	<u>\$ 935,278</u>	<u>\$ 22,330,388</u>

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



## DAVIE COUNTY, NORTH CAROLINA

**RECONCILIATION OF THE STATEMENT OF REVENUES  
EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ (4,347,492)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	6,480,670
Pension expense - LEOSSA	(125,426)
Pension expense - LGERS and ROD	(900,975)
OPEB plan expense	(563,941)
Net book value of capital assets disposed of during the year, not recognized on modified accrual basis.	(2,061,426)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has any effect on net position. This amount includes principal payments and premium amortization.	
Principal payments	6,124,430
Debt proceeds	(1,627,000)
Expenses that do not require current financial resources and are not reported as expenditures in the governmental funds statements.	
Amortization of deferred charge on refunding	(37,055)
Amortization of bond premium	475,028
Change in accrued interest	7,962
Change in compensated absences	(183,623)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	168,172
The net revenue (expense) of the internal service fund is reported with governmental activities.	<u>(1,017,579)</u>
Change in net position of governmental activities per Exhibit B	<u>\$ 2,391,745</u>

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

## DAVIE COUNTY, NORTH CAROLINA

## GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget Over/Under
<b>Revenues:</b>				
Taxes	\$ 43,801,289	\$ 44,591,290	\$ 50,007,078	\$ 5,415,788
Intergovernmental	10,403,727	12,459,168	7,812,555	(4,646,613)
Charges for sales and services	4,022,829	4,333,714	3,983,431	(350,283)
Permits and fees	1,029,266	1,037,766	1,170,215	132,449
Interest on investments	20,000	20,000	(13,372)	(33,372)
Miscellaneous	981,041	1,189,152	1,340,274	151,122
Total revenues	60,258,152	63,631,090	64,300,181	669,091
<b>Expenditures:</b>				
General government	8,822,672	9,430,521	8,285,472	1,145,049
Public safety	19,207,607	20,397,473	18,859,663	1,537,810
Environmental protection	65,200	65,200	60,971	4,229
Economic and physical development	740,965	762,115	1,192,297	(430,182)
Human services	10,246,606	11,601,436	9,152,333	2,449,103
Cultural and recreational	1,946,529	2,040,909	1,643,594	397,315
Education	14,184,714	16,484,042	15,429,967	1,054,075
Debt service:				
Principal	6,025,705	6,025,705	6,124,430	(98,725)
Interest and fees	2,734,997	2,734,997	2,405,995	329,002
Contingency	50,000	50,000	-	50,000
Total expenditures	64,024,995	69,592,398	63,154,722	6,437,676
Revenues over (under) expenditures	(3,766,843)	(5,961,308)	1,145,459	7,106,767
<b>Other Financing Sources (Uses):</b>				
Transfers (to) other funds	(2,324,433)	(3,894,764)	(3,592,722)	302,042
Proceeds from sale of capital assets	-	-	97,748	97,748
Installment debt issued	1,145,000	1,145,000	1,627,000	482,000
Total other financing sources (uses)	(1,179,433)	(2,749,764)	(1,867,974)	881,790
Revenues and other financing sources over (under) expenditures and other financing uses	(4,946,276)	(8,711,072)	(722,515)	7,988,557
Appropriated fund balance	4,946,276	8,711,072	-	(8,711,072)
Net change in fund balance	\$ -	\$ -	(722,515)	\$ (722,515)
<b>Fund Balance:</b>				
Beginning of year - July 1			18,416,198	
Restatement			35,125	
Beginning of year - July 1, as restated			18,451,323	
End of year - June 30			\$ 17,728,808	

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

## DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

	Business-Type Activities			Governmental Activities
	Major	Nonmajor	Total	Self-Insurance Internal Service Fund
	Water and Sewer Fund	Fund		
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 14,606,655	\$ 268,741	\$ 14,875,396	\$ -
Accounts receivable, net	1,212,137	-	1,212,137	948
Due from other governments	202,885	56,473	259,358	-
Inventory, at cost	285,437	-	285,437	-
Cash and cash equivalents, restricted	253,558	-	253,558	-
Total current assets	16,560,672	325,214	16,885,886	948
Capital assets:				
Land and other non-depreciable assets	21,220,551	214,103	21,434,654	-
Other capital assets, net of depreciation	18,892,553	200,958	19,093,511	-
Capital assets, net	40,113,104	415,061	40,528,165	-
Total non-current assets	40,113,104	415,061	40,528,165	-
Total assets	56,673,776	740,275	57,414,051	948
<b>Deferred Outflows of Resources:</b>				
OPEB deferrals	108,895	-	108,895	-
Pension deferrals	260,674	-	260,674	-
Total deferred outflows of resources	369,569	-	369,569	-
<b>Liabilities and Net Position:</b>				
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable and accrued liabilities	1,077,751	54,164	1,131,915	471,510
Due to other funds	-	-	-	1,456,708
Liabilities to be paid from restricted assets:				
Customer deposits	253,558	-	253,558	-
Current portion of compensated absences	71,000	-	71,000	-
Current portion of long-term debt	820,105	-	820,105	-
Accrued landfill post-closure liabilities	-	17,313	17,313	-
Total current liabilities	2,222,414	71,477	2,293,891	1,928,218
Non-current liabilities:				
Compensated absences payable	40,552	-	40,552	-
Total OPEB liability	509,344	-	509,344	-
Net pension liability	465,383	-	465,383	-
Non-current portion of long-term debt	14,615,479	-	14,615,479	-
Total non-current liabilities	15,630,758	-	15,630,758	-
Total liabilities	17,853,172	71,477	17,924,649	1,928,218
<b>Deferred Inflows of Resources:</b>				
Pension deferrals	7,025	-	7,025	-
OPEB deferrals	14,050	-	14,050	-
Total deferred inflows of resources	21,075	-	21,075	-
<b>Net Position:</b>				
Net investment in capital assets	24,677,520	415,061	25,092,581	-
Unrestricted	14,491,578	253,737	14,745,315	(1,927,270)
Total net position	\$ 39,169,098	\$ 668,798	\$ 39,837,896	\$ (1,927,270)

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

## DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities			Governmental Activities
	Major			Self-Insurance
	Water and Sewer Fund	Nonmajor Fund	Total	Internal Service Fund
<b>Operating Revenues:</b>				
Charges for sales and services	\$ 7,024,796	\$ 194,753	\$ 7,219,549	\$ 3,928,409
Miscellaneous	101,521	-	101,521	-
Total operating revenues	7,126,317	194,753	7,321,070	3,928,409
<b>Operating Expenses:</b>				
Salaries and benefits	1,802,060	-	1,802,060	-
Administration	-	-	-	1,352,689
Insurance claims paid	-	-	-	3,593,299
Other operating expenses	4,365,513	493,341	4,858,854	-
Depreciation	822,247	15,000	837,247	-
Total operating expenses	6,989,820	508,341	7,498,161	4,945,988
Operating income (loss)	136,497	(313,588)	(177,091)	(1,017,579)
<b>Non-Operating Revenues (Expenses):</b>				
Grant revenue	42,078	-	42,078	-
Miscellaneous	202,885	-	202,885	-
Interest on investments	2,955	-	2,955	-
Total non-operating revenues (expenses)	247,918	-	247,918	-
Income (loss) before capital contributions and transfers	384,415	(313,588)	70,827	(1,017,579)
Capital contributions	50,000	-	50,000	-
Transfer from General Fund	37,000	335,892	372,892	-
Total contributions and transfers	87,000	335,892	422,892	-
Change in net position	471,415	22,304	493,719	(1,017,579)
<b>Net Position:</b>				
Beginning of year - July 1	38,697,683	646,494	39,344,177	(909,691)
End of year - June 30	\$ 39,169,098	\$ 668,798	\$ 39,837,896	\$ (1,927,270)

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

## DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities			Governmental Activities
	Major			Self-Insurance Internal Service Fund
	Water and Sewer	Nonmajor Fund	Total	
<b>Cash Flows from Operating Activities:</b>				
Cash received from customers	\$ 7,848,776	\$ 190,891	\$ 8,039,667	\$ -
Cash received from interfund services provided	-	-	-	3,931,050
Cash paid for goods and services	(4,260,790)	(527,423)	(4,788,213)	(4,883,261)
Cash paid to employees for services	(1,686,422)	-	(1,686,422)	-
Customer deposits paid, net	40,492	-	40,492	-
Net cash provided (used) by operating activities	1,942,056	(336,532)	1,605,524	(952,211)
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Payments to/from other funds	-	-	-	952,211
Interfund transfer in (out)	37,000	335,892	372,892	-
Net cash provided (used) by non-capital financing activities	37,000	335,892	372,892	952,211
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and construction of capital assets	(1,959,104)	-	(1,959,104)	-
Capital contributions	50,000	-	50,000	-
Proceeds from revolving loan	2,441,640	-	2,441,640	-
Proceeds from insurance settlement	202,885	-	-	-
Federal and state grants	42,078	-	42,078	-
Net cash provided (used) by capital and related financing activities	777,499	-	777,499	-
<b>Cash Flows from Investing Activities:</b>				
Interest on investments	2,955	-	2,955	-
Net increase (decrease) in cash and cash equivalents	2,759,510	(640)	2,758,870	-
<b>Cash and Cash Equivalents:</b>				
Beginning of year - July 1	12,100,703	269,381	12,370,084	-
End of year - June 30	\$ 14,860,213	\$ 268,741	\$ 15,128,954	\$ -
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 136,497	\$ (313,588)	\$ (177,091)	\$ (1,017,579)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	822,247	15,000	837,247	-
Contraction in Progress written off in the current year	252,706	-	252,706	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	469,753	(3,862)	465,891	2,641
(Increase) decrease in inventory	(65,733)	-	(65,733)	-
Increase (decrease) in accounts payable and accrued liabilities	170,456	(11,782)	158,674	62,727
Increase (decrease) in net pension liability	97,518	-	97,518	-
Increase (decrease) in deferred inflows of resources for pensions	1,886	-	1,886	-
Increase (decrease) in deferred inflows of resources for OPEB	223	-	223	-
(Increase) decrease in deferred outflows of resources for OPEB	(36,713)	-	(36,713)	-
Increase (decrease) in customer deposits	40,492	-	40,492	-
Increase (decrease) in other post-employment benefits	87,819	-	87,819	-
Increase (decrease) in accrued landfill post-closure liabilities	-	(22,300)	(22,300)	-
Increase (decrease) in compensated absences payable	6,510	-	6,510	-
Net cash provided (used) by operating activities	\$ 1,942,056	\$ (336,532)	\$ 1,605,524	\$ (952,211)

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

**DAVIE COUNTY, NORTH CAROLINA****STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2021**

	<b><u>Custodial Funds</u></b>
<b>Assets:</b>	
Taxes receivable, net	\$ <u>64,729</u>
<b>Net Position:</b>	
Restricted for:	
Other governments	\$ <u>64,729</u>

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

**DAVIE COUNTY, NORTH CAROLINA**
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u><b>Custodial Funds</b></u>
<b>Additions:</b>	
Property taxes collected for other governments	\$ 4,259,607
<b>Deductions:</b>	
Tax distributions to other governments	<u>4,295,918</u>
Net increase (decrease) in fiduciary net position	<u>(36,311)</u>
<b>Net Position:</b>	
Beginning of year - July 1	-
Restatement	<u>101,040</u>
Beginning of year - July 1, as restated	<u>101,040</u>
End of year - June 30	<u><u>\$ 64,729</u></u>

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

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# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 1. Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

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

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

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

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

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

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### **Basis of Presentation, Basis of Accounting**

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

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

The Statement of Net Position and the Statement of Activities display information about the primary government (the "County") net position and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole, or in part, by fees charged to external parties.

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

#### **Fund Financial Statements**

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

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

The County reports the following major governmental funds:

**General Fund** – The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

The County reports the following major enterprise fund:

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

The County reports the following nonmajor enterprise fund:

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

The County reports the following fund types:

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

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

The County reports the following nonmajor governmental funds:

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

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

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

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

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

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

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

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

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

# **DAVIE COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net positions available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, then by general revenues.

### **B. Budgetary Data**

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

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the strategic goals level for the General Fund, which are Safe and Healthy Community, Growth and Infrastructure, Business Operations, Quality of Life and Place, Education, and Debt Service. Expenditures may not legally exceed appropriations at the fund level for the Special Revenue Funds, enterprise funds, and Capital Projects Fund. The County Manager is authorized by the budget ordinance to transfer appropriations between departments of the same fund up to \$100,000 with an official report of such transfers to the Board at the next regular meeting of the Board of Commissioners. Amendments are required for any revisions that alter total expenditures of any fund or that change department appropriations. The governing board must approve all amendments. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

### **C. Use of Estimates**

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

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

#### **Deposits and Investments**

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

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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 majority of the County's investments are carried at fair value. Non-participating interest earning contracts are accounted for at cost. The North Carolina Capital Management Trust (NCCMT) is authorized by G.S. 159-30(c)(8). The Government Portfolio is a 2a7 fund which invests in treasuries and government agencies and is rated AAAm by S&P and AAA-mf by Moody Investor Services. The Government Portfolio is reported at fair value.

#### Cash and Cash Equivalents

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

#### Restricted Assets

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

#### Governmental Activities:

General Fund	Reserve for debt service	\$ 1,463,824
General Fund	Unexpended debt proceeds	984,656
Coronavirus Relief Fund	Advance from grantors	<u>4,162,633</u>
Total		6,611,113

#### Business-Type Activities:

Water and Sewer Fund	Customer deposits	<u>253,558</u>
Total restricted cash		<u>\$ 6,864,671</u>

## **DAVIE COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

#### **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, 2020.

#### **Allowances for Doubtful Accounts**

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

#### **Inventories**

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

#### **Capital Assets**

Purchased or constructed capital assets are recorded at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. Minimum capitalization cost is \$5,000 for land, buildings, improvements, plant assets, furniture and equipment, vehicles and motor equipment, and computer equipment and software. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The County has several items that meet this criteria – a charge on refunding, and OPEB and pension related deferrals. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – prepaid property taxes, OPEB deferrals, and pension related deferrals.

#### **Long-Term Obligations**

In the government-wide financial statements and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position.

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

#### **Compensated Absences**

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



# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

### **Net Position/Fund Balances**

#### **Net Position**

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

#### **Fund Balances**

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

The governmental fund types classify fund balances as follows:

#### **Non-Spendable Fund Balance**

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

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

#### **Restricted Fund Balance**

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

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

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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

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

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

Restricted fund balance at June 30, 2021 is as follows:

<b>Purpose</b>	<b>General Fund</b>	<b>Other Governmental Funds</b>
<b>Restricted, All Other:</b>		
Register of Deeds	\$ 268,089	\$ -
Public safety	984,656	917,050
Economic and physical development	1,463,824	-
Total	<u>\$ 2,716,569</u>	<u>\$ 917,050</u>

Restricted net position on Exhibit A differs from restricted fund balance on Exhibit C by the amount restricted for Register of Deeds' pension plan of \$82,987 as well as unexpended debt proceeds of \$984,656 at June 30, 2021.

#### **Committed Fund Balance**

This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Davie County's governing body. The Board of Commissioners is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to year-end, commit fund balance. Once adopted, any changes or removal of specific purpose restrictions requires majority action by the governing body through another ordinance.

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

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Committed fund balance at June 30, 2021 is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>
Future capital projects	\$ 995,000	\$ 3,656,229

#### Assigned Fund Balance

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

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

Assigned fund balance at June 30, 2021 is as follows:

<u>Purpose</u>	<u>General Fund</u>
Subsequent year's expenditures	\$ 3,708,231

#### Unassigned Fund Balance

Unassigned fund balance represents the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. Only the General Fund may report a positive unassigned fund balance.

Davie County has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: debt proceeds, federal funds, state funds, local non-County funds, and County funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the County or when required by grant or other contractual agreements.

Davie County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least greater than or equal to 25% of the General Fund expenditures of the County. Monies in excess of the 25% target may be used to fund one-time capital expenditures or other one-time costs or may be transferred to a Capital Reserve Fund for future use for a specific purpose within a specified time frame. The Board of Commissioners may, from time to time,

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

appropriate available fund balances that will reduce the available fund balances below the 25% threshold for the purposes of a declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of the County. In such circumstances, the Commissioners will adopt a plan to restore the available fund balance to or above the threshold within 36 months from the date of the appropriation. If restoration cannot be accomplished within such time period without severe hardship to the County, then the Commissioners will establish a different but appropriate time period.

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

Total fund balance - General Fund	\$	17,728,808
Less:		
Inventories		170
Stabilization by state statute		<u>6,283,543</u>
Fund balance available for appropriation	\$	<u><u>11,445,095</u></u>

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

	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>W&amp;S Capital Project Fund</b>
Encumbrances	\$ <u><u>6,208</u></u>	\$ <u><u>7,414</u></u>	\$ <u><u>742,484</u></u>

#### Defined Benefit Cost-Sharing Plans

The County participates in two cost-sharing, multi-employer, defined benefit pension plans that are administered by the state: the Local Governmental Employees' Retirement System (LGERs) and the Registers of Deeds' Supplemental Pension Fund (RODSPF) (collectively, the "state-administered defined benefit pension plans"). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized when due and the County has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans. Investments are reported at fair value.

# **DAVIE COUNTY, NORTH CAROLINA**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

### **2. Stewardship, Compliance, and Accountability**

#### **Non-Compliance with North Carolina General Statutes - Excess of Expenditures Over Appropriations**

Excess of expenditures over appropriations at the level of budgetary control are in violation of state law [G.S. 159-28(b)]. For the year ended June 30, 2021, the economic and physical development expenditures in the General Fund exceeded appropriations by \$430,182 and total expenditures for the Fire District Fund exceeded appropriations by \$3,870.

Corrective Action Plan: Management will continue to review and amend the budget as needed.

### **3. Detail Notes On All Funds**

#### **A. Assets**

##### **Deposits**

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

The State Treasurer enforces standards of minimum capitalization for all pooling method financial institutions. The County relies on the State Treasurer to monitor those financial institutions. The County analyzes the financial soundness of any other financial institution used by the County. The County complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The County does not have a policy regarding custodial credit risk for deposits.

At June 30, 2021, the County's deposits had a carrying amount of \$21,361,318 and a bank balance of \$21,484,394. Of the bank balance, \$1,125,426 was covered by federal depository insurance and \$20,358,968 was covered by collateral held under the Pooling Method. Cash on hand was \$2,800.

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

#### Investments

As of June 30, 2021, the County had the following investments and maturities:

Investment Type	Valuation	Fair Value	Less Than 6 Months	6-12 Months
	Measurement Method			
NCCMT - Government Portfolio	Fair Value - Level 1	\$ 16,615,187	\$ 16,615,187	N/A

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAM rating from S&P and AAA-mf by Moody's Investor Services.

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

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

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

*Credit Risk.* The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investor Services as of June 30, 2021.

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

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

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Year Levied	Tax	Interest	Total
2018	\$ 3,099,273	\$ 1,015,012	\$ 4,114,285
2019	3,175,062	754,077	3,929,139
2020	3,194,046	471,122	3,665,168
2021	3,204,144	184,238	3,388,382
Total	<u>\$ 12,672,525</u>	<u>\$ 2,424,449</u>	<u>\$ 15,096,974</u>

### Receivables

Receivables at the government-wide level at June 30, 2021 were as follows:

	Accounts	Taxes	Due from Other Governments	Accrued Interest	Total
<b>Governmental Activities:</b>					
General	\$ 1,635,328	\$ 1,139,468	\$ 4,561,650	\$ 23	\$ 7,336,469
Other governmental	-	-	41,013	-	41,013
Total receivables	1,635,328	1,139,468	4,602,663	23	7,377,482
Allowance for doubtful accounts	(822,000)	(549,138)	-	-	(1,371,138)
Total governmental activities	<u>\$ 813,328</u>	<u>\$ 590,330</u>	<u>\$ 4,602,663</u>	<u>\$ 23</u>	<u>\$ 6,006,344</u>
<b>Business-Type Activities:</b>					
Solid Waste Fund	\$ -	\$ -	\$ 56,473	\$ -	\$ 56,473
Water and Sewer Fund	1,336,137	-	202,885	-	1,539,022
Total receivables	1,336,137	-	259,358	-	1,595,495
Allowance for doubtful accounts	(124,000)	-	-	-	(124,000)
Total business-type activities	<u>\$ 1,212,137</u>	<u>\$ -</u>	<u>\$ 259,358</u>	<u>\$ -</u>	<u>\$ 1,471,495</u>

Due from other governments consisted of the following:

### Governmental Activities:

Sales tax refund reimbursement	\$ 710,960
Grants	391,163
Local option sales tax	3,072,587
Due from state - DMV MV taxes	400,186
NC E911 funds	18,229
Other	9,538
Total governmental activities	<u>\$ 4,602,663</u>

### Business-Type Activities:

Scrap tire tax and white goods disposal tax	\$ 56,473
Grants	202,885
Total business-type activities	<u>\$ 259,358</u>

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Capital Assets

#### Governmental Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2021</u>
<b>Governmental Activities:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Construction in progress	\$ 13,153,090	\$ 6,997,556	\$ 1,491,016	\$ (17,110,242)	\$ 1,549,388
Land	<u>840,355</u>	<u>-</u>	<u>80,133</u>	<u>-</u>	<u>760,222</u>
Total non-depreciable capital assets	<u>13,993,445</u>	<u>6,997,556</u>	<u>1,571,149</u>	<u>(17,110,242)</u>	<u>2,309,610</u>
<b>Depreciable Capital Assets:</b>					
Buildings	23,724,854	413,844	2,315,417	16,467,576	38,290,857
Furniture and equipment, computer equipment, and software	6,904,250	279,780	101,105	642,666	7,725,591
Vehicles and motor equipment	<u>6,425,282</u>	<u>1,016,005</u>	<u>323,504</u>	<u>-</u>	<u>7,117,783</u>
Total depreciable capital assets	<u>37,054,386</u>	<u>1,709,629</u>	<u>2,740,026</u>	<u>17,110,242</u>	<u>53,134,231</u>
<b>Less Accumulated Depreciation:</b>					
Buildings	11,901,046	638,214	1,831,242	-	10,708,018
Furniture and equipment, computer equipment, and software	5,333,929	728,125	98,157	-	5,963,897
Vehicles and motor equipment	<u>4,266,581</u>	<u>860,176</u>	<u>320,350</u>	<u>-</u>	<u>4,806,407</u>
Total accumulated depreciation	<u>21,501,556</u>	<u>\$ 2,226,515</u>	<u>\$ 2,249,749</u>	<u>\$ -</u>	<u>21,478,322</u>
Total depreciable capital assets	<u>15,552,830</u>				<u>31,655,909</u>
Governmental activity capital assets, net	<u>\$ 29,546,275</u>				<u>\$ 33,965,519</u>



# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

### Governmental Activities:

General government	\$ 801,082
Public safety	1,357,363
Environmental protection	5,239
Human services	41,283
Cultural and recreation	21,548
Total	<u>\$ 2,226,515</u>

### Proprietary Capital Assets

The capital asset activity of the proprietary funds at June 30, 2021 was as follows:

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
<b>Business-Type Activities:</b>				
<b>Solid Waste:</b>				
<b>Non-Depreciable Capital Assets:</b>				
Land	<u>\$ 214,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 214,103</u>
<b>Depreciable Capital Assets:</b>				
Buildings	603,213	-	-	603,213
Equipment	<u>31,436</u>	<u>-</u>	<u>-</u>	<u>31,436</u>
Total depreciable capital assets	<u>634,649</u>	<u>-</u>	<u>-</u>	<u>634,649</u>
<b>Less Accumulated Depreciation:</b>				
Buildings	387,255	15,000	-	402,255
Equipment	<u>31,436</u>	<u>-</u>	<u>-</u>	<u>31,436</u>
Total accumulated depreciation	<u>418,691</u>	<u>\$ 15,000</u>	<u>\$ -</u>	<u>433,691</u>
Total capital assets being depreciated, net	<u>215,958</u>			<u>200,958</u>
Solid waste capital assets, net	<u>430,061</u>			<u>415,061</u>

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2021</u>
<b>Water and Sewer Fund:</b>					
<b>Non-Depreciable Capital Assets:</b>					
Land	338,521	\$ -	\$ -	\$ -	338,521
Construction-in-progress	<u>19,689,727</u>	<u>1,880,918</u>	<u>252,706</u>	<u>(435,909)</u>	<u>20,882,030</u>
Total non-depreciable capital assets	<u>20,028,248</u>	<u>1,880,918</u>	<u>252,706</u>	<u>(435,909)</u>	<u>21,220,551</u>
<b>Depreciable Capital Assets:</b>					
Water/sewer lines	21,228,459	-	-	435,909	21,664,368
Buildings	15,857,283	-	-	-	15,857,283
Equipment and vehicles	<u>2,972,074</u>	<u>226,388</u>	<u>152,715</u>	-	<u>3,045,747</u>
Total depreciable capital assets	<u>40,057,816</u>	<u>226,388</u>	<u>152,715</u>	<u>435,909</u>	<u>40,567,398</u>
<b>Less Accumulated Depreciation:</b>					
Water/sewer lines	10,895,095	348,883	-	-	11,243,978
Buildings	7,705,969	311,224	-	-	8,017,193
Equipment and vehicles	<u>2,404,249</u>	<u>162,140</u>	<u>152,715</u>	-	<u>2,413,674</u>
Total accumulated depreciation	<u>21,005,313</u>	<u>\$ 822,247</u>	<u>\$ 152,715</u>	<u>\$ -</u>	<u>21,674,845</u>
Total capital assets being depreciated, net	<u>19,052,503</u>				<u>18,892,553</u>
Water/Sewer capital assets, net	<u>39,080,751</u>				<u>40,113,104</u>
Business-type activities capital assets, net	<u>\$ 39,510,812</u>				<u>\$ 40,528,165</u>

### Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2021 is composed of the following elements:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets	\$ 33,965,519	\$ 40,528,165
Long-term debt	(67,375,963)	(15,435,584)
Unexpended debt proceeds	984,656	-
Long-term debt for assets not owned by the County	<u>51,760,393</u>	<u>-</u>
Net investment in capital assets	<u>\$ 19,334,605</u>	<u>\$ 25,092,581</u>

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

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### B. Liabilities

#### Payables

Payables at the government-wide level at June 30, 2021 were as follows:

	<u>Vendors</u>	<u>Accrued Interest</u>	<u>Total</u>
<b>Governmental Activities:</b>			
General	\$ 3,005,530	\$ 442,767	\$ 3,448,297
Other governmental	28,618	-	28,618
Total	<u>\$ 3,034,148</u>	<u>\$ 442,767</u>	<u>\$ 3,476,915</u>
<b>Business-Type Activities:</b>			
Solid waste	\$ 54,164	\$ -	\$ 54,164
Water and sewer	1,077,751	-	1,077,751
Total	<u>\$ 1,131,915</u>	<u>\$ -</u>	<u>\$ 1,131,915</u>

#### Pension Plan and Other Post-Employment Obligations

##### Local Governmental Employees' Retirement System

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

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

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2021, was 10.9% of compensation for law enforcement officers and 10.15% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$1,666,758 for the year ended June 30, 2021.

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

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

At June 30, 2021, the County reported a liability of \$7,779,706 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension liability was based on a projection of the County's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers,

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

actuarially determined. At June 30, 2021, the County's proportion was .21771% (measured as of June 30, 2020), which was a decrease of .00765% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the County recognized pension expense of \$2,629,714. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 982,440	\$ -
Changes in assumptions	578,963	-
Net difference between projected and actual earnings on pension plan investments	1,094,785	-
Changes in proportion and differences between County contributions and proportionate share of contributions	5,379	117,083
County contributions subsequent to the measurement date	<u>1,666,758</u>	<u>-</u>
Total	<u><u>\$ 4,328,325</u></u>	<u><u>\$ 117,083</u></u>

\$1,666,758 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2022	\$ 702,062
2023	966,379
2024	552,044
2025	323,999
2026	-
Thereafter	-
Total	<u><u>\$ 2,544,484</u></u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

The actuarial assumptions used in the December 31, 2019 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**Discount Rate.** The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
County's proportionate share of the net pension liability (asset)	\$ 15,784,175	\$ 7,779,706	\$ 1,127,429

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

#### Law Enforcement Officers' Special Separation Allowance

**Plan Description.** Davie County administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the County's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more creditable years of service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2020 the Separation Allowance's membership consisted of:

Retirees receiving benefits	8
Terminated plan members entitled to, but not yet, receiving benefits	-
Active plan members	59
Total	67

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Summary of Significant Accounting Policies

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

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

**Actuarial Assumptions.** The entry age normal actuarial cost method was used in the June 30, 2020 valuation. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	2.12 percent

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

The actuarial assumptions used in the June 30, 2020 valuation was based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

*Deaths Before Retirement:* RP-2014 Total Data Set Employee Mortality Table projected generationally using MP-2015.

*Deaths After Retirement (Healthy):* RP-2014 Total Data Set for Healthy Annuitant Mortality Table projected generationally using MP-2015. Rates are adjusted by 104% for both males and females for ages 50 and older. The RP-2014 Total Data Set Employee Mortality Table is used for ages less than 50 (with no adjustments).

*Deaths After Retirement (Disabled):* RP-2014 Total Data Set of Disabled Annuitants Mortality Table projected generationally using MP-2015. Rates are adjusted by 103% (male) and 99% (female) for all ages.



# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**Contributions.** The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$90,760 as benefits came due for the reporting period.

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

At June 30, 2021, the County reported a total pension liability of \$2,004,383. The total pension liability was measured as of December 31, 2020 based on a June 30, 2020 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the County recognized pension expense of \$233,100.

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 387,430	\$ -
Changes of assumptions	201,128	32,384
County benefit payments and plan administrative expense made subsequent to the measurement date	59,075	-
Total	<u>\$ 647,633</u>	<u>\$ 32,384</u>

\$59,075 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30</b>	<b>Amount</b>
2022	\$ 107,226
2023	107,759
2024	94,534
2025	84,815
2026	52,207
Thereafter	109,633
Total	<u>\$ 556,174</u>

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

**Sensitivity of the County's Total Pension Liability to Changes in the Discount Rate.** The following presents the County's total pension liability calculated using the discount rate of 2.12 percent, as well as what the County's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.12 percent) or 1-percentage-point higher (3.12 percent) than the current rate:

	<b>1% Decrease (1.12%)</b>	<b>Discount Rate (2.12%)</b>	<b>1% Increase (3.12%)</b>
Total pension liability	\$ 2,162,874	\$ 2,004,383	\$ 1,858,564

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

	<b>2021</b>
Beginning balance	\$ 1,548,394
Service cost	74,876
Interest on the total pension liability	48,998
Difference between expected and actual experience in the measurement of the total pension liability	259,061
Changes of assumptions or other inputs	163,814
Benefit payments	(90,760)
Ending balance of the total pension liability	\$ 2,004,383

*Changes of Assumptions.* Changes of assumptions and other inputs reflect a change in the discount rate from 3.26 percent at December 31, 2019 to 2.12 percent at December 31, 2020.

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

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

The actuarial assumptions used in the June 30, 2020 valuation was based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

**Plan Description.** The County contributes to the Supplemental Retirement Income Plan (the "Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Plan for Law

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The state's CAFR includes the Pension Trust Fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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

The County contributed \$151,799 for the reporting year. No amounts were forfeited.

#### **Deferred Compensation Plan**

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

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

The County also has an approved 401(k) retirement plan covering substantially all employees not engaged in law enforcement. For the year ended June 30, 2021, the County contributed 3% of participating full-time employees' salaries for those employees who voluntarily contributed at least 1% of their salary. The County's contributions were calculated using a covered payroll of \$11,796,818; the County's total payroll was \$17,427,187. The total contribution for the fiscal year ended was \$738,085, which consisted of \$355,125 from the County and \$382,960 from the employees. The County's required contribution and the employees' voluntary contributions represented 3.00% and 3.57%, respectively, of the covered payroll amount.

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

**Plan Description.** Davie County also contributes to the Registers of Deeds' Supplemental Pension Fund (RODSPF), a non-contributory, cost-sharing multiple- employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Government Employees' Retirement System (LGERS) or an equivalent locally sponsored plan. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds' Supplemental Pension Fund is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

**Contributions.** Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$4,489 for the year ended June 30, 2021.

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

At June 30, 2021, the County reported an asset of \$90,693 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2020, the County's proportion was .39573%, which was an increase of .0308% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the County recognized pension expense (benefits) of \$(64). At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,848
Net difference between projected and actual earnings on pension plan investments	-	7,760
Changes in proportion and differences between County contributions and proportionate share of contributions	1,313	3,900
County contributions subsequent to the measurement date	4,489	-
Total	<u>\$ 5,802</u>	<u>\$ 13,508</u>

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

\$4,489 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending</b>	
<b>June 30</b>	<b>Amount</b>
2022	\$ (2,642)
2023	(4,096)
2024	(3,502)
2025	(1,955)
2026	-
Thereafter	-
Total	<u>\$ (12,195)</u>

**Actuarial Assumptions.** The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2019 valuation was based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The adopted asset allocation policy for the RODSPF is 100% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2020 is 1.4%.

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b><u>(2.75%)</u></b>	<b><u>(3.75%)</u></b>	<b><u>(4.75%)</u></b>
County's proportionate share of the net pension liability (asset)	<u>\$ (77,033)</u>	<u>\$ (90,693)</u>	<u>\$ (102,253)</u>

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

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2019. The total pension liability for LEOSSA was measured as of December 31, 2020, with an actuarial valuation date of December 31, 2019. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	\$ 7,779,706	\$ (90,693)	\$ -	\$ 7,689,013
Proportion of the net pension liability (asset)	0.21771%	0.39573%	n/a	-
Total pension liability	-	-	2,004,383	2,004,383
Pension expense	2,629,714	(64)	233,100	2,862,750

At June 30, 2021, the County reported deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>ROD</u>	<u>LEOSSA</u>	<u>Total</u>
<b>Deferred Outflows of Resources:</b>				
Differences between expected and actual experience	\$ 982,440	\$ -	\$ 387,430	\$ 1,369,870
Changes of assumptions	578,963	-	201,128	780,091
Net difference between projected and actual earnings on pension plan investments	1,094,785	-	-	1,094,785
Changes in proportion and differences between County contributions and proportionate share of contributions	5,379	1,313	-	6,692
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	<u>1,666,758</u>	<u>4,489</u>	<u>59,075</u>	<u>1,730,322</u>
	<u>\$ 4,328,325</u>	<u>\$ 5,802</u>	<u>\$ 647,633</u>	<u>\$ 4,981,760</u>
<b>Deferred Inflows of Resources:</b>				
Differences between expected and actual experience	\$ -	\$ 1,848	\$ -	\$ 1,848
Changes of assumptions	-	-	32,384	32,384
Net difference between projected and actual earnings on pension plan investments	-	7,760	-	7,760
Changes in proportion and differences between County contributions and proportionate share of contributions	<u>117,083</u>	<u>3,900</u>	<u>-</u>	<u>120,983</u>
	<u>\$ 117,083</u>	<u>\$ 13,508</u>	<u>\$ 32,384</u>	<u>\$ 162,975</u>

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

##### Plan Description

*Plan Administration.* Under a County resolution, the County administers the Healthcare Benefits Plan (HCB Plan), a single-employer defined benefit healthcare plan that is used to provide post-employment benefits other than pensions (OPEB) for all retirees of the County who participate in the North Carolina Local Government Employees' Retirement System (System). At retirement, all employees who retire under the County's retirement plan have the option to purchase individual medical coverage at the County's group rate. The cost of insurance is borne by the retirees at a prorata share based on years of service. Also, retirees can purchase coverage for their dependents at the County's group rates. This benefit is available to qualified retirees until the age of 65 or until Medicare eligible, whichever is sooner. The County's contribution is dependent on the employee's number of years of creditable service and the employee's age at retirement. The County Commissioners may amend the benefit provisions. A separate report was not issued for the plan.

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

*Plan Membership.* At June 30, 2020 (valuation date), the HCB Plan membership consisted of the following:

<b>Members</b>	
Retirees and dependents receiving benefits	15
Active members	331
Total	346

##### Total OPEB Liability

The County's total OPEB liability of \$7,729,031 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020.



## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General Employees	3.50 - 7.75 percent
Law Enforcement Officers	3.50 - 7.35 percent
Municipal Bond Index Rate	
Prior Measurement Date	3.50 percent
Measurement Date	2.21 percent
Health Care Cost Trends	
Pre-Medicare medical and Prescription Drug	7.50 percent for 2020 decreasing to an ultimate rate of 4.50 percent by 2026

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

#### Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Balance at July 1, 2020	<u>\$ 6,586,321</u>
Changes for the year:	
Service cost at end of year	350,164
Interest	227,458
Difference between expected and actual experience	(41,858)
Changes of assumptions or other inputs	781,980
Benefit payments and implicit subsidy credit	<u>(175,034)</u>
Net change in total OPEB liability	<u>1,142,710</u>
Balance at June 30, 2021	<u><u>\$ 7,729,031</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

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

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.* The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current discount rate:

	<b>1% Decrease (1.21%)</b>	<b>Current Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
Total OPEB liability	<u>\$ 8,513,810</u>	<u>\$ 7,729,031</u>	<u>\$ 7,012,706</u>

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

	<b>1% Decrease</b>	<b>Current</b>	<b>1% Increase</b>
Total OPEB liability	<u>\$ 6,738,455</u>	<u>\$ 7,729,031</u>	<u>\$ 8,917,569</u>

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$788,054. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 563,390	\$ 47,977
Changes of assumptions or other inputs	990,564	165,222
Benefit payments and administrative costs made subsequent to the measurement date	<u>98,471</u>	<u>-</u>
Total	<u>\$ 1,652,425</u>	<u>\$ 213,199</u>

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

\$98,471 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease in the total OPEB liability in the year ending June 30, 2022.

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

<b>Year Ending</b>	
<b>June 30</b>	<b>Amount</b>
2022	\$ 200,274
2023	200,274
2024	200,274
2025	200,274
2026	224,275
Thereafter	315,384
Total	<u>\$ 1,340,755</u>

#### Other Employment Benefits

The County has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's twelve highest months' salary in a row during the twenty-four months prior to the employee's death, but the benefit will be a minimum of \$25,000 and will not exceed \$50,000. Because all death benefit payments are made from the Death Benefit Plan and not by the County, the County does not determine the number of eligible participants. The County has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separation rates are set for employees not engaged in law enforcement and for law enforcement officers. The County considers these contributions to be immaterial.

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

#### Deferred Outflows and Inflows of Resources

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Charge on refunding of debt	\$ 182,219	\$ -
Pension deferrals	4,981,760	162,975
OPEB deferrals	1,652,425	213,199
Prepaid taxes not yet earned (General Fund)	-	93,424
Taxes receivable, net (General Fund)	-	590,330
Other receivables (General Fund)	-	573,212
Total	<u>\$ 6,816,404</u>	<u>\$ 1,633,140</u>

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

Federal and state laws and regulations require the County to place a final cover on its landfill facility when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County closed its landfill prior to April 4, 1994. The County continues the required monitoring during the post-closure care period for up to thirty years. Post-closure costs consist of water quality monitoring, maintenance of the landfill surface and vegetation, mowing, inspections, and recordkeeping. Costs during the monitoring period are estimated to be \$22,300 per year. A liability of \$17,313 is recorded on the books in the Solid Waste Fund to provide for future post-closure costs. Actual post-closure costs may be higher due to inflation, changes in technology, or changes in regulations.

#### Risk Management

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County participates in two self-funded risk financing pools administered by the North Carolina Association of County Commissioners Joint Risk Management Agency.

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

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

The County carries commercial flood insurance coverage for other risks of loss. There have been no significant reductions in insurance coverage from the previous year and settled claims have not exceeded coverage in any of the past three fiscal years.

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial crime coverage with a \$250,000 occurrence limit. The Finance Director is bonded for \$50,000, and all other individuals holding positions requiring statutory bonds are covered elsewhere.

The County self-insures for employee health coverage, which is administered by a private company, with a stop loss provision of \$130,000 per member per plan year. The maximum lifetime benefit is unlimited, in accordance with healthcare reform. The County carries commercial insurance coverage above these limits. There have been no significant reductions in insurance coverage from the previous year and in the plan year from July 1, 2020 through June 30, 2021, the County did not have any stop-loss claims resulting in stop-loss credits. The County carries commercial coverage for all other risks of loss.

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

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

	<b>2021</b>
Unpaid claims, beginning	\$ 408,783
Incurred claims	3,656,026
Claim payments	<u>(3,593,299)</u>
Unpaid claims, ending	<u>\$ 471,510</u>

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### Claims and Judgments

At June 30, 2021, the County was defendant to various lawsuits. In the opinion of the County's management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

### Operating Leases

The County is committed under various operating leases for land, buildings, and equipment. For the year ended June 30, 2021, total lease expenditures under these operating leases totaled \$250,058. For the current year, the operating leases were for storage spaces and the Cooleemee Branch Library, mobile office at Detention, and the Government Center. These are annual commitments that expire in June of each fiscal year. Therefore, there are no future obligations.

### Long-Term Obligations

#### General Obligation Bonds Payable

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due. The following bonds were issued to refund Series 1996 GO Bonds and 2004 GO bonds, respectively. General obligation bonds payable at June 30, 2021 are comprised of the following individual issues:

#### Serviced by the General Fund:

\$5,130,000 refunding bonds due on November 1 and May 1, in installments of \$455,000 to \$1,160,000 through May 1, 2024; interest at 2.00% to 4.00%	\$ 1,705,000
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\$54,500,000 School Building Serial bond due on November 1 and May 1, in installments of \$2,285,000 to \$4,655,000 through May 1, 2032; interest at 2.00% to 5.00%	40,010,000
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\$5,000,000 Parks & Recreation Serial bond due on April 1 and October 1, in installments of \$250,000 through October 1, 2038; interest at 3.00% to 4.00%	<u>4,500,000</u>
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Total general obligation bonds	<u><u>\$ 46,215,000</u></u>
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## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The County has outstanding general obligation bonds from direct placements related to governmental-type activities totaling \$46,215,000 secured by a pledge of the faith and credit and taxing power of the County with a levy on all property taxable by the County such as ad valorem taxes, without limitation as to rate or amount, as may be necessary to pay the Bonds and the interest thereon. All general obligation bonds totaling \$46,215,000 have the following provisions in case of default, (1) the local government commission impounding the books and records of any unit of local governments and assume full control of all its financial affairs; (2) the Commission is vested with all of the powers of the governing board of the unit of local government as to levy taxes, expenditure of money, adoption of budgets and all other financial powers conferred upon such governing board by law; (3) the Commission will create a plan for refinancing, adjusting or comprising such debt.

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

<b>Year Ending June 30</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2022	\$ 3,440,000	\$ 1,844,650
2023	3,465,000	1,759,950
2024	3,560,000	1,594,900
2025	3,655,000	1,425,300
2026	4,575,000	1,245,050
2027-2031	22,520,000	3,193,400
2032-2036	4,250,000	331,313
2037-2041	750,000	41,813
Total	<u>\$ 46,215,000</u>	<u>\$ 11,436,376</u>

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

#### Installment Purchase Contracts

Installment purchase contract for economic development contracts due in annual installments of \$200,000 beginning February 15, 2017 through February 15, 2026; at 0% interest	\$ 1,000,000
Installment purchase contract for economic development contracts due in monthly installments of \$4,167 beginning September 2020 through August 2030; at 0% interest	458,333
Installment purchase contract for renovations to Central Davie Academy due in annual installments of \$173,000 beginning November 1, 2017 through May 1, 2026; at 2.29% interest	863,501
Installment purchase contract for vehicles and related equipment due in annual installments of \$173,000 beginning June 2, 2018 through June 1, 2022; at 1.97% interest	183,000
Installment purchase contract for vehicles and related equipment due in annual installments of \$170,000 beginning June 2, 2019 through June 1, 2023; at 3.13% interest.	355,000
Installment purchase contract for vehicles and related equipment due in annual installments of \$173,000 beginning August 27, 2019 through June 1, 2024; at 1.953% interest	431,237
Installment purchase contract for various capital improvements due in annual installments of \$463,000 beginning August 1, 2020 through February 1, 2040; at 2.79% interest	8,788,000
Installment purchase contract for vehicles and related equipment due in annual installments of \$227,000 beginning February 3, 2021 through June 1, 2025; at 1.01% interest	<u>900,000</u>
Total installment purchase contracts	<u>\$ 12,979,071</u>

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$1,000,000 secured with an escrow account held at Branch Banking and Trust Company in the amount of \$1,000,000. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$1,000,000 contain provisions that an event of default would result in the lender taking possession of the collateral escrow account and apply the proceeds thereof to the County's outstanding amount.



## **DAVIE COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$458,333 secured with an escrow account held at First National Bank in the amount of \$458,333. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$458,333 contain provisions that an event of default would result in the lender taking possession of the collateral escrow account and apply the proceeds thereof to the County's outstanding amount.

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$863,501 secured with as Deed of Trust granting a lien on the mortgaged property, together with all buildings, improvements and fixtures located and to be located on the property. The outstanding installment purchase debt contains provisions that an event of default would result in (1) declare the entire amount of the principal component of the Installment Payments and accrued and unpaid interest component to the date of declaration to be immediately due and payable; (2) exercise all remedies available at law or in equity or under the Deed of Trust, including foreclosure and sale of the Mortgaged Property, and apply the proceeds of any such sale or other disposition, after deducting all costs and expenses, including court costs and reasonable attorneys' fees incurred with the recovery, repair, storage and other sale or other disposition costs, toward the principal component and accrued and unpaid interest of the balance of Installment Payments due; (3) subject to the Enforcement Limitation, proceed by appropriate court action to enforce performance by the County of the applicable covenants of the Agreement or to recover for the breach thereof.

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$183,000 are secured with the equipment. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$183,000 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments and all accrued interest and other charges immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) avail itself of all available remedies at law or in equity, including those right and remedies of a secured party or creditor under the Uniform Commercial Code and the general laws of the State with respect to enforcement of the security interest granted or reserved; (4) pay on demand to the bank, the reasonable costs and reasonable attorneys' fees, incurred by the bank in the collection of payments and additional payments of the enforcement of observation of any obligation or agreement by the County.

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$355,000 secured with all moneys on deposit from time to time in the Project Fund and all property acquired by the County with funds advanced by BB&T, all personal property obtained in substitution or replacement therefore, and all personal property obtained in the substitution or replacement for any of the Security Property, and all proceeds of the foregoing. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$355,000 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) payment of any remaining balance in the Project Fund to be applied against outstanding Required

## **DAVIE COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

Payments in any manner BB&T may reasonably deem appropriate (4) avail itself of all available remedies under the financing agreement, including sale of the Equipment, and recovery of attorneys' fees and other expenses.

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$431,237 are secured with the equipment. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$431,237 contain provisions that an event of default would result in (1) declare the entire amount of the principle component of the Installment Payments and the accrued interest and unpaid interest component to the date of declaration to be immediately due and payable; (2) exercise all remedies available at law or in equity or under the Security Agreement, including sale of the Equipment, and apply the proceeds of any such sale or other disposition, after deducting all costs and expenses, including court costs and reasonable attorneys' fees incurred with the recovery, repair, storage and other sale or other disposition costs, toward the principal component and accrued and unpaid interest of the balance of Installment Payments due; (3) subject to the Enforcement Limitation, proceed by appropriate court action to enforce performance by the County of the applicable covenants of the Agreement or to recover for the breach thereof.

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$900,000 secured with all moneys on deposit from time to time in the Project Fund and all property acquired by the County with funds advanced by Truist, all personal property obtained in substitution or replacement therefore, and all personal property obtained in the substitution or replacement for any of the Security Property, and all proceeds of the foregoing. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$900,000 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County's performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) payment of any remaining balance in the Project Fund to be applied against outstanding Required Payments in any manner Truist may reasonably deem appropriate (4) avail itself of all available remedies under the financing agreement, including sale of the Equipment, and recovery of attorneys' fees and other expenses.

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$8,788,000 are secured with mortgaged property. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$8,788,000 contain provisions that an event of default would result in (1) declare the entire amount of the principle component of the Installment Payments and the accrued interest and unpaid interest component to the date of declaration to be immediately due and payable; (2) exercise all remedies available at law or in equity or under the Deed of Trust, including foreclosure and sale of the Mortgaged Property, and apply the proceeds of any such sale or other disposition, after deducting all costs and expenses, including court costs and reasonable attorneys' fees incurred with the recovery, repair, storage and other sale or other disposition costs, toward the principal component and accrued and unpaid interest of the balance of Installment Payments due; (3) subject to the Enforcement Limitation, proceed by appropriate court action to enforce performance by the County of the applicable covenants of the Agreement or to recover for the breach thereof.

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

<b>Year Ending June 30</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2022	\$ 1,608,746	\$ 297,282
2023	1,432,746	269,101
2024	1,254,745	238,315
2025	1,113,000	216,693
2026	885,000	197,533
2027-2031	2,526,834	773,887
2032-2036	2,310,000	451,143
2037-2041	1,848,000	128,898
Total	<u>\$ 12,979,071</u>	<u>\$ 2,572,852</u>

#### Certificates of Participation

On February 17, 2015, the County issued \$7,303,000 in certificates of participation Series 2015, with an interest rate of 2.520% to finance the construction and equipping of a new middle school and the Davie Campus of Davidson County Community College. The debt is serviced by the General Fund. The principal amount outstanding as of June 30, 2015 is \$7,219,000. Debt service payments are due June 1st of each year in principal installments ranging from \$80,000 to \$930,000, plus interest at 2.520% with the final payment in June 2025.

\$ 3,406,000

Total certificates of participation

\$ 3,406,000

The County has outstanding certificates of participation from direct placements related to governmental-type activities totaling \$3,406,000 secured with as Deed of Trust granting Davie County Public Facilities Financing Corporation a lien on the mortgaged property. The certificates contain provisions that an event of default would result in the exercise of all remedies available at law or in equity or under the Deed of Trust, including foreclosure and sale of the Mortgaged Property, and apply the proceeds of any such sale or other disposition, after deducting all costs and expenses, including court costs and reasonable attorneys' fees incurred with the recovery, repair, storage and other sale or other disposition costs, toward the principal component and accrued and unpaid interest of the balance.

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

<b>Year Ending June 30</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2022	\$ 882,000	\$ 85,831
2023	862,000	63,605
2024	842,000	41,882
2025	820,000	20,664
Total	<u>\$ 3,406,000</u>	<u>\$ 211,982</u>

#### **Advance Refunding**

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

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

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

General obligation bonds (\$46,490,892 including unamortized premium), Installment Purchases (\$1,863,501) and Certificates of Participation (\$3,406,000) represent debt not considered in the calculation of net investment in capital assets for governmental activities, as these debt issues are not associated with capital assets owned by the County. The deferred charges on refunding (\$182,219) are related to debt issues for assets not owned by the County.

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

#### Revolving Loans Payable

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

\$ 15,435,584

Total revolving loans payable

\$ 15,435,584

The County's outstanding notes from direct borrowings related to business-type activities of \$15,435,584 contain provisions that an event of default would result in immediate prepayment of loan in whole and any further commitment of funds may be withdrawn.

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

<b>Year Ending June 30</b>	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2022	\$ 820,105	\$ 362,677
2023	820,105	238,405
2024	820,105	225,857
2025	820,105	213,309
2026	820,105	200,762
2027-2031	4,100,525	815,594
2032-2036	4,100,525	501,904
2037-2041	3,134,009	188,214
Total	<u>\$ 15,435,584</u>	<u>\$ 2,746,722</u>

# DAVIE COUNTY, NORTH CAROLINA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

### 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, 2021:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities:</b>					
General obligation debt - direct placements	\$ 49,570,000	\$ -	\$ 3,355,000	\$ 46,215,000	\$ 3,440,000
Unamortized premiums	5,250,920	-	475,028	4,775,892	475,028
Notes from direct placements	13,226,501	1,627,000	1,874,430	12,979,071	1,608,746
Certificates of participation - direct placement	4,301,000	-	895,000	3,406,000	882,000
Net pension liability (LGERS)	5,786,541	1,527,782	-	7,314,323	-
Total OPEB Liability	6,164,796	1,054,891	-	7,219,687	-
Compensated absences	1,282,686	1,364,553	1,180,930	1,466,309	712,000
Total pension liability (LEOSSA)	<u>1,548,394</u>	<u>455,989</u>	<u>-</u>	<u>2,004,383</u>	<u>-</u>
Total governmental activities	<u>\$ 87,130,838</u>	<u>\$ 6,030,215</u>	<u>\$ 7,780,388</u>	<u>\$ 85,380,665</u>	<u>\$ 7,117,774</u>
<b>Business-Type Activities:</b>					
<i>Solid Waste Fund</i>					
Accrued landfill post-closure care costs	\$ 39,613	\$ -	\$ 22,300	\$ 17,313	\$ 17,313
<i>Water and Sewer Fund</i>					
Notes from direct borrowing	12,993,944	2,441,640	-	15,435,584	820,105
Net pension liability (LGERS)	367,865	97,518	-	465,383	-
Total OPEB Liability	421,525	87,819	-	509,344	-
Compensated absences	<u>105,042</u>	<u>191,759</u>	<u>185,249</u>	<u>111,552</u>	<u>71,000</u>
Total Water and Sewer Fund	<u>13,888,376</u>	<u>2,818,736</u>	<u>185,249</u>	<u>16,521,863</u>	<u>891,105</u>
Total business-type activities	<u>\$ 13,927,989</u>	<u>\$ 2,818,736</u>	<u>\$ 207,549</u>	<u>\$ 16,539,176</u>	<u>\$ 908,418</u>

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

At June 30, 2021, the County had a legal debt margin of approximately \$326,226,000.

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

#### C. Interfund Balances and Activity

Transfers from/to other funds for the year ended June 30, 2021 consist of the following:

	<b>Transfers</b>		<b>Purpose</b>
	<b>From</b>	<b>To</b>	
<b>Transfers From/To Other Funds:</b>			
General Fund	\$ 3,592,722	\$ -	
Capital Projects Fund	-	3,219,830	to fund future capital projects
Water and Sewer Fund	-	37,000	to fund operations
Solid Waste Fund	-	335,892	to fund operations
Total	<u>\$ 3,592,722</u>	<u>\$ 3,592,722</u>	

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

The due to/from other funds are June 30, 2021 consist of the following:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Coronavirus Relief Fund	\$ 19,786
General Fund	Self-Insurance Internal Service Fund	1,456,708
		<u>\$ 1,476,494</u>

#### Transaction with Component Unit

The County contributed \$30,000 to the Davie County Watershed Improvement Commission for operations.

#### 4. Related Organizations

The Council of Economic Development (Council) was established to coordinate and promote the economic development of the County. Two of the twelve Board members are appointed by the County. The Council maintains its own accounting system. The County contributed \$163,420 to the Council during the fiscal year ended June 30, 2021.

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

## **DAVIE COUNTY, NORTH CAROLINA**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

#### **5. Joint Ventures**

The County, in conjunction with the State of North Carolina, participates in a joint venture to operate the colleges of Davidson and Davie Counties (Community College). The County appoints two members out of the fifteen-member Board of Trustees of the Community College. The President of the Community College's student government serves as an ex-officio non-voting member of the Community College's Board of Trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the Davie Campus of Davidson County Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Davie Campus of Davidson County Community College's facilities. The County contributed \$684,762 and \$55,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2021. The Community College entered into a contract for the construction of a Davie Campus during the 2007 fiscal year. Davie County does not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2019. Complete financial statements for the Davie Campus of Davidson County Community College may be obtained from the Community College's administrative offices at P.O. Box 1287, Lexington, NC 27293 or 1205 Salisbury Road, Mocksville, North Carolina 27028.

The County also participates in a joint venture to operate Yadkin Valley Economic Development District, Inc. (District) with three other local governments. Each participating government appoints two Board members to the twenty-seven-member Board of the District. The District is a joint venture established to improve the economic conditions for citizens of the participating governments. The County has an ongoing financial responsibility for the joint venture because the District's continued existence depends on the participating governments' continued funding. None of the participating governments has an equity interest in the District, so no equity interest has been reflected in the financial statements at June 30, 2021. The County contributed \$54,000 to the District for the fiscal year ended June 30, 2021. Complete financial statements for the Yadkin Valley Economic Development District, Inc. can be obtained from the District's offices at P.O. Box 309, Boonville, North Carolina 27011.

The County, in conjunction with Forsyth County and Stokes County, participates in Cardinal Innovations Healthcare, an area mental health authority. Cardinal Innovations Healthcare is a joint venture established to provide the participating counties with legally mandated mental health services. The County has an ongoing financial responsibility to Cardinal Innovations Healthcare because Cardinal's continued existence depends on the participating governments' continued funding. None of the participating governments has any equity interest in Cardinal Innovations Healthcare so no equity interest has been reflected in the financial statement at June 30, 2021. Complete financial statements for Cardinal Innovations Healthcare can be obtained from its corporate office at 4855 Milestone Avenue, Kannapolis, North Carolina 28081.



## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

#### 6. Jointly Governed Organization

The County, in conjunction with four other counties and 21 other municipalities, established the Piedmont Triad Regional Council of Governments (the "Council"). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member of the council's governing board. The County paid membership fees of \$12,878 to the Council during the fiscal year ended June 30, 2021.

#### 7. Construction Commitments

The government has several active construction projects as of June 30, 2021. At year-end, the government's commitments with contractors are as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
East Davie Sewer project	\$ 17,525,595	\$ 691,096
Water System Expansion	1,188,778	125,211
Detention Center Construction	120,000	480,000
Total	<u>\$ 18,834,373</u>	<u>\$ 1,296,307</u>

#### 8. Summary Disclosure of Significant Commitments and Contingencies

##### Federal and State-Assisted Programs

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

##### Coronavirus Disease (COVID-19)

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the County, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the County is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

## DAVIE COUNTY, NORTH CAROLINA

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

#### 9. Severance Pay Agreements

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

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

#### 10. Change in Accounting Principles/Restatement

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. The statement establishes criteria for identifying fiduciary activities of all state and local governments and provides guidance on how to report fiduciary activities within the financial statements. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement also describes four fiduciary funds that should be reported if criteria outlined in the statement are met: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. The use of agency funds was eliminated. The statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. As part of implementing the statement, the County performed a comprehensive review of its fiduciary relationships and applied the criteria within the guidance. As a result, fund balances of the Municipal Tax Custodial Fund (previously an agency fund) was restated by \$101,040, representing the net taxes receivables at June 30, 2020; and the fund balance of the General Fund was restated by \$35,125, representing the assets held by the County under the Social Security Administration's Representative Payee Program at June 30, 2020, previously reported in an agency fund.

#### 11. Subsequent Events

The Board of County Commissioners voted on August 2, 2021 to disengage from Cardinal Innovations Healthcare and align with Partners Health Management for behavioral health services. Each entity is a Local Management Entity/Managed Care Organization (LME/MCO), a governmental entity, which manages the county's mental health, intellectual/developmental disability and substance use services.

NC Department of Health and Human Services approved of the County's transition to Partners on August 6, 2021. The effective date of the transition is November 1, 2021. The County has developed a Disengagement Plan to ensure a smooth transition for the citizens and providers.

As part of pandemic relief provided by the federal government, Davie County was awarded \$8,322,333 from the American Rescue Plan (ARP.) The City received the first installment of \$4,161,167 in June 2021, with the remaining \$4,161,166 expected to be received within the next 12 months.

**REQUIRED SUPPLEMENTAL FINANCIAL DATA**

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**DAVIE COUNTY, NORTH CAROLINA**

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,548,394	\$ 1,230,202	\$ 1,177,576	\$ 977,000	\$ 912,271
Service cost	74,876	72,344	74,045	58,265	58,470
Interest on the total pension liability	48,998	43,956	36,603	37,465	32,563
Difference between expected and actual experience in the measurement of the total pension liability	259,061	202,235	31,126	36,659	-
Changes of assumptions or other inputs	163,814	44,908	(50,660)	80,980	(26,018)
Benefit payments	(90,760)	(45,251)	(38,488)	(12,793)	(286)
Ending balance of the total pension liability	<u>\$ 2,004,383</u>	<u>\$ 1,548,394</u>	<u>\$ 1,230,202</u>	<u>\$ 1,177,576</u>	<u>\$ 977,000</u>

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

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

**DAVIE COUNTY, NORTH CAROLINA**

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

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Total pension liability	\$ 2,004,383	\$ 1,548,394	\$ 1,230,202	\$ 1,177,576	\$ 977,000
Covered-employee payroll	2,860,296	2,860,601	2,781,841	2,578,802	2,429,565
Total pension liability as a percentage of covered-employee payroll	70.08%	54.13%	44.22%	45.66%	40.21%

**Notes to the Schedules:**

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

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

**DAVIE COUNTY, NORTH CAROLINA****OTHER POST-EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST FOUR FISCAL YEARS****Schedule of Changes in the Total OPEB Liability and Related Ratios**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service cost at end of year	\$ 350,164	\$ 338,323	\$ 279,702	\$ 303,012
Interest	227,458	222,328	173,588	151,622
Difference between expected and actual experience	(41,858)	213,873	639,556	(20,658)
Changes of assumptions or other inputs	781,980	272,174	145,523	(315,422)
Benefit payments and implicit subsidy credit	(175,034)	(348,181)	(449,346)	(113,236)
Net change in total OPEB liability	1,142,710	698,517	789,023	5,318
Total OPEB liability - beginning	6,586,321	5,887,804	5,098,781	5,093,463
Total OPEB liability - ending	<u>\$ 7,729,031</u>	<u>\$ 6,586,321</u>	<u>\$ 5,887,804</u>	<u>\$ 5,098,781</u>
Covered-employee payroll	\$ 13,907,651	\$ 13,907,651	\$ 13,907,651	\$ 12,895,580
Total OPEB liability as a percentage of covered-employee payroll	55.57%	47.36%	42.33%	39.54%

**Notes to Schedule:**

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

<b>Fiscal Year</b>	<b>Rate</b>
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%

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

**DAVIE COUNTY, NORTH CAROLINA**

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

	<b>Local Government Employees' Retirement System</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Proportion of the net pension liability (asset) (%)	0.21771%	0.22536%	0.22772%	0.22227%
Proportion of the net pension liability (asset) (\$)	\$ 7,779,706	\$ 6,154,406	\$ 5,402,297	\$ 3,395,670
Covered payroll	\$ 15,658,672	\$ 14,822,680	\$ 14,262,056	\$ 13,312,927
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	49.68%	41.52%	37.88%	25.51%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%

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

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

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



DAVIE COUNTY, NORTH CAROLINA

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

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

**DAVIE COUNTY, NORTH CAROLINA**

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

	<b>Local Government Employees' Retirement System</b>			
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 1,666,758	\$ 1,419,881	\$ 1,169,408	\$ 1,090,295
Contributions in relation to the contractually required contribution	<u>1,666,758</u>	<u>1,419,881</u>	<u>1,169,408</u>	<u>1,090,295</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 16,434,047	\$ 15,658,672	\$ 14,822,680	\$ 14,262,056
Contributions as a percentage of covered payroll	10.14%	9.07%	7.89%	7.64%

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

DAVIE COUNTY, NORTH CAROLINA

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

	<b>Local Government Employees' Retirement System</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 991,110	\$ 876,944	\$ 890,745	\$ 851,104
Contributions in relation to the contractually required contribution	<u>991,110</u>	<u>876,944</u>	<u>890,745</u>	<u>851,104</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,312,927	\$ 12,936,172	\$ 12,598,405	\$ 12,060,535
	7.44%	6.78%	7.07%	7.06%

DAVIE COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund			
	2021	2020	2019	2018
Proportion of the net pension liability (asset) (%)	0.39573%	0.36493%	0.37849%	0.42516%
Proportion of the net pension liability (asset) (\$)	\$ (90,693)	\$ (72,044)	\$ (62,689)	\$ (72,571)
Covered payroll	\$ 77,808	\$ 76,278	\$ 74,792	\$ 72,528
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-116.56%	-94.45%	-83.82%	-100.06%
Plan fiduciary net position as a percentage of the total pension liability**	173.62%	164.11%	153.31%	153.77%

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

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

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

**DAVIE COUNTY, NORTH CAROLINA**

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

	<b>Register of Deeds' Supplemental Pension Fund</b>			
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Proportion of the net pension liability (asset) (%)	0.40919%	0.42021%	0.40000%	0.39000%
Proportion of the net pension liability (asset) (\$)	\$ (76,502)	\$ (97,379)	\$ (90,657)	\$ (83,261)
Covered payroll	\$ 69,661	\$ 67,069	\$ 66,390	\$ 66,534
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-109.82%	-145.19%	-136.55%	-125.14%
Plan fiduciary net position as a percentage of the total pension liability**	160.17%	197.29%	193.88%	190.50%

**DAVIE COUNTY, NORTH CAROLINA**

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

<b>Register of Deeds' Supplemental Pension Fund</b>				
	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 4,489	\$ 3,789	\$ 3,469	\$ 5,654
Contributions in relation to the contractually required contribution	<u>4,489</u>	<u>3,789</u>	<u>3,469</u>	<u>5,654</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 52,405	\$ 77,808	\$ 76,278	\$ 74,792
Contributions as a percentage of covered payroll	5.77%	4.87%	4.55%	7.56%

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

**DAVIE COUNTY, NORTH CAROLINA****DAVIE COUNTY'S CONTRIBUTIONS  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST EIGHT FISCAL YEARS**

<b>Register of Deeds' Supplemental Pension Fund</b>				
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 3,694	\$ 3,343	\$ 3,363	\$ 3,266
Contributions in relation to the contractually required contribution	<u>3,694</u>	<u>3,343</u>	<u>3,363</u>	<u>3,266</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 72,528	\$ 69,661	\$ 67,069	\$ 66,390
Contributions as a percentage of covered payroll	5.09%	4.80%	5.01%	4.92%

# DAVIE COUNTY, NORTH CAROLINA

## GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Ad Valorem Taxes:</b>			
Taxes	\$ 37,651,368	\$ 38,069,946	\$ 418,578
Penalties and interest	100,000	168,316	68,316
Total	<u>37,751,368</u>	<u>38,238,262</u>	<u>486,894</u>
<b>Other Taxes:</b>			
<b>Local Option Sales Tax:</b>			
Article 39 - one percent	1,984,395	4,108,219	2,123,824
Article 40 - one-half of one percent	1,534,698	3,041,882	1,507,184
Article 42 - one-half of one percent	2,069,071	2,416,570	347,499
Article 44 - one-half of one percent	1,126,758	2,081,711	954,953
Total	<u>6,714,922</u>	<u>11,648,382</u>	<u>4,933,460</u>
<b>Occupancy Tax</b>	<u>125,000</u>	<u>120,434</u>	<u>(4,566)</u>
<b>Unrestricted Intergovernmental Revenues:</b>			
Hold Harmless revenue	500,000	1,298,828	798,828
Beer and wine tax	-	141,515	141,515
Towns of Mocksville, Cooleemee, and fire department reimbursement	337,427	353,718	16,291
Total	<u>837,427</u>	<u>1,794,061</u>	<u>956,634</u>
<b>Restricted Intergovernmental Revenues:</b>			
Federal and state grants	11,250,546	5,640,308	(5,610,238)
Court facilities fees	360,300	210,470	(149,830)
Controlled substance tax	-	13,088	13,088
Crime prevention	10,895	10,895	-
Representative Payee Fund	-	143,733	143,733
Total	<u>11,621,741</u>	<u>6,018,494</u>	<u>(5,603,247)</u>
<b>Sales and Services:</b>			
Emergency medical service fees	2,406,609	2,208,589	(198,020)
Health fees	146,500	167,160	20,660
Other fees	49,885	51,251	1,366
Rents	50,600	106,970	56,370
Tax collection fees	28,500	16,756	(11,744)
Health - client and third-party fees	1,651,620	1,432,705	(218,915)
Total	<u>4,333,714</u>	<u>3,983,431</u>	<u>(350,283)</u>



## DAVIE COUNTY, NORTH CAROLINA

### GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Licenses and Permits:</b>			
Building permits	302,916	298,178	(4,738)
Inspection and other related fees	225,000	243,807	18,807
Other permits and fees	51,350	47,414	(3,936)
Register of Deeds	458,500	580,816	122,316
Total	<u>1,037,766</u>	<u>1,170,215</u>	<u>132,449</u>
<b>Investment Earnings</b>	<u>20,000</u>	<u>(13,372)</u>	<u>(33,372)</u>
<b>Miscellaneous Revenues:</b>			
Library - gifts, fines and fees	41,470	39,775	(1,695)
Total	<u>1,189,152</u>	<u>1,340,274</u>	<u>151,122</u>
Total revenues	<u>63,631,090</u>	<u>64,300,181</u>	<u>669,091</u>
<b>Expenditures:</b>			
<b>General Government:</b>			
<b>Governing Board:</b>			
Salaries and employee benefits	97,864	97,363	
Other operating expenditures	312,484	219,678	
Total	<u>410,348</u>	<u>317,041</u>	<u>93,307</u>
<b>Administration:</b>			
Salaries and benefits	497,663	498,459	
Other operating expenditures	141,404	79,361	
Total	<u>639,067</u>	<u>577,820</u>	<u>61,247</u>
<b>Human Resources:</b>			
Operating expenditures	<u>29,779</u>	<u>11,006</u>	<u>18,773</u>
<b>Elections:</b>			
Salaries and employee benefits	177,847	176,254	
Other operating expenditures	126,515	126,365	
Capital outlay	29,248	29,242	
Total	<u>333,610</u>	<u>331,861</u>	<u>1,749</u>

**DAVIE COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Finance:</b>			
Salaries and employee benefits	554,922	546,224	
Other operating expenditures	75,240	74,070	
Capital outlay	556	556	
Total	<u>630,718</u>	<u>620,850</u>	<u>9,868</u>
<b>Data Processing:</b>			
Salaries and employee benefits	513,207	493,870	
Other operating expenditures	899,803	833,953	
Capital outlay	-	427	
Total	<u>1,413,010</u>	<u>1,328,250</u>	<u>84,760</u>
<b>Taxes:</b>			
Salaries and employee benefits	521,967	512,717	
Other operating expenditures	353,409	342,072	
Capital outlay	27,313	-	
Total	<u>902,689</u>	<u>854,789</u>	<u>47,900</u>
<b>Revaluation:</b>			
Salaries and employee benefits	208,624	203,203	
Other operating expenditures	33,129	30,485	
Total	<u>241,753</u>	<u>233,688</u>	<u>8,065</u>
<b>Legal:</b>			
Contracted services	396,190	293,323	
Other operating expenditures	3,550	326	
Total	<u>399,740</u>	<u>293,649</u>	<u>106,091</u>
<b>Register of Deeds:</b>			
Salaries and employee benefits	289,265	285,712	
Other operating expenditures	71,555	69,194	
Total	<u>360,820</u>	<u>354,906</u>	<u>5,914</u>
<b>Public Buildings:</b>			
Salaries and employee benefits	389,354	356,473	
Other operating expenditures	2,282,796	1,726,631	
Capital outlay	967,147	889,758	
Total	<u>3,639,297</u>	<u>2,972,862</u>	<u>666,435</u>

## DAVIE COUNTY, NORTH CAROLINA

### GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Court Facilities:</b>			
Operating expenditures	156,452	132,211	24,241
<b>DAVIENET:</b>			
Operating expenditures	16,000	12,338	
Capital outlay	15,000	11,816	
Total	31,000	24,154	6,846
<b>Project Management:</b>			
Salaries and employee benefits	39,818	36,713	
Other operating expenditures	9,000	2,252	
Total	48,818	38,965	9,853
Contributions to other agencies	193,420	193,420	-
Total general government	9,430,521	8,285,472	1,145,049
<b>Public Safety:</b>			
<b>Sheriff:</b>			
Salaries and employee benefits	5,023,517	4,790,622	
Other operating expenditures	1,796,637	1,493,154	
Capital outlay	492,250	549,318	
Total	7,312,404	6,833,094	479,310
<b>Jail:</b>			
Salaries and employee benefits	1,692,664	1,470,654	
Other operating expenditures	790,686	675,034	
Total	2,483,350	2,145,688	337,662
<b>Detention - Opioid Response:</b>			
Salaries and employee benefits	49,259	46,731	
Total	49,259	46,731	2,528
<b>Davie Domestic Violence Service:</b>			
Salaries and employee benefits	257,512	185,823	
Other operating expenditures	92,123	44,221	
Total	349,635	230,044	119,591

## DAVIE COUNTY, NORTH CAROLINA

### GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Davie Domestic Violence United Way:</b>			
Salaries and employee benefits	8,001	7,966	
Total	<u>8,001</u>	<u>7,966</u>	<u>35</u>
<b>Displaced Homemakers:</b>			
Salaries and employee benefits	18,745	12,541	
Total	<u>18,745</u>	<u>12,541</u>	<u>6,204</u>
<b>Fire:</b>			
Salaries and employee benefits	318,720	304,393	
Other operating expenditures	141,131	137,276	
Assistance to local fire departments	2,145,328	2,145,328	
Capital outlay	1,378	-	
Total	<u>2,606,557</u>	<u>2,586,997</u>	<u>19,560</u>
<b>Inspections:</b>			
Salaries and employee benefits	489,116	469,407	
Other operating expenditures	68,400	55,264	
Capital outlay	1,000	756	
Total	<u>558,516</u>	<u>525,427</u>	<u>33,089</u>
<b>Medical Examiner:</b>			
Salaries and employee benefits	1,870	1,752	
Professional services	38,435	36,314	
Total	<u>40,305</u>	<u>38,066</u>	<u>2,239</u>
<b>Convalescent Care Unit:</b>			
Salaries and employee benefits	236,871	151,139	
Other operating expenditures	31,266	28,993	
Total	<u>268,137</u>	<u>180,132</u>	<u>88,005</u>
<b>Emergency Medical Service:</b>			
Salaries and employee benefits	3,682,332	3,518,345	
Other operating expenditures	857,050	763,310	
Capital outlay	459,090	452,529	
Total	<u>4,998,472</u>	<u>4,734,184</u>	<u>264,288</u>

## DAVIE COUNTY, NORTH CAROLINA

### GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Emergency Management:</b>			
Other operating expenditures	136,044	136,044	
Total	136,044	136,044	-
<b>Animal Protection:</b>			
Salaries and employee benefits	387,761	321,439	
Operating expenditures	55,536	46,037	
Capital outlay	1,000	-	
Total	444,297	367,476	76,821
<b>Communication:</b>			
Salaries and employee benefits	984,669	900,564	
Other operating expenditures	139,082	114,709	
Total	1,123,751	1,015,273	108,478
Total public safety	20,397,473	18,859,663	1,537,810
<b>Environmental Protection:</b>			
<b>Contributions to Other Agencies:</b>			
Forestry service	65,200	60,971	4,229
Total environmental protection	65,200	60,971	4,229
<b>Economic and Physical Development:</b>			
<b>Planning and Zoning:</b>			
Salaries and employee benefits	260,158	259,445	
Other operating expenditures	67,426	31,040	
Total	327,584	290,485	37,099
<b>Agricultural Extension:</b>			
Salaries and employee benefits	2,330	-	
Operating expenditures	224,167	197,334	
Total	226,497	197,334	29,163
Contributions to other agencies	208,034	704,478	(496,444)
Total economic and physical development	762,115	1,192,297	(430,182)

## DAVIE COUNTY, NORTH CAROLINA

### GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL FOR THE YEAR ENDED JUNE 30, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Health:</b>			
<b>Administration-Basic Programs:</b>			
Salaries and employee benefits	141,162	106,266	
Other operating expenditures	361,916	122,873	
Total	<u>503,078</u>	<u>229,139</u>	<u>273,939</u>
<b>Clinical Services:</b>			
Other operating expenditures	17,600	9,118	
Total	<u>17,600</u>	<u>9,118</u>	<u>8,482</u>
<b>Family Planning:</b>			
Salaries and employee benefits	224,517	220,769	
Other operating expenditures	75,611	44,448	
Total	<u>300,128</u>	<u>265,217</u>	<u>34,911</u>
<b>Adolescent Pregnancy Prevention:</b>			
Other operating expenditures	25,025	15,271	
Total	<u>25,025</u>	<u>15,271</u>	<u>9,754</u>
<b>Maternal and Child Health:</b>			
Salaries and employee benefits	715,273	693,340	
Other operating expenditures	159,319	113,389	
Total	<u>874,592</u>	<u>806,729</u>	<u>67,863</u>
<b>Women, Infants, and Children:</b>			
Salaries and employee benefits	181,719	135,082	
Other operating expenditures	49,610	42,427	
Total	<u>231,329</u>	<u>177,509</u>	<u>53,820</u>
<b>Environmental Health:</b>			
Salaries and employee benefits	382,852	288,975	
Other operating expenditures	47,745	31,562	
Total	<u>430,597</u>	<u>320,537</u>	<u>110,060</u>

**DAVIE COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
<b>Health - Other:</b>			
Salaries and employee benefits	670,436	628,591	
Other operating expenditures	567,017	192,580	
Capital outlay	25,000	-	
Total	<u>1,262,453</u>	<u>821,171</u>	<u>441,282</u>
Total health	<u>3,644,802</u>	<u>2,644,691</u>	<u>1,000,111</u>
<b>Social Services:</b>			
<b>Administration:</b>			
Salaries and employee benefits	4,079,867	3,611,342	
Other operating expenditures	2,585,055	1,880,115	
Total	<u>6,664,922</u>	<u>5,491,457</u>	<u>1,173,465</u>
<b>Foster Care Support:</b>			
Salaries and employee benefits	21,150	8,569	
Other operating expenditures	56,878	3,110	
Total	<u>78,028</u>	<u>11,679</u>	<u>66,349</u>
<b>Other Programs:</b>			
Representative Payee Fund	-	131,639	
Total	<u>-</u>	<u>131,639</u>	<u>(131,639)</u>
Total social services	<u>6,742,603</u>	<u>5,634,428</u>	<u>1,108,175</u>
<b>Veteran's Service Officer:</b>			
Salaries and employee benefits	66,107	60,020	
Other operating expenditures	3,470	2,026	
Total	<u>69,577</u>	<u>62,046</u>	<u>7,531</u>
<b>Senior Center:</b>			
Salaries and employee benefits	431,189	342,046	
Other operating expenditures	513,040	398,987	
Capital outlay	17,225	16,135	
Total	<u>961,454</u>	<u>757,168</u>	<u>204,286</u>
Contributions to other agencies	<u>183,000</u>	<u>54,000</u>	<u>129,000</u>
Total human services	<u>11,601,436</u>	<u>9,152,333</u>	<u>2,449,103</u>

**DAVIE COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u><b>Final Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance Over/Under</b></u>
<b>Cultural and Recreational:</b>			
<b>Recreation:</b>			
Operating expenditures	92,500	70,520	
Total	<u>92,500</u>	<u>70,520</u>	<u>21,980</u>
<b>Recreation and Parks:</b>			
Salaries and employee benefits	284,375	259,424	
Operating expenditures	609,541	366,609	
Capital outlay	79,989	108,860	
Total	<u>973,905</u>	<u>734,893</u>	<u>239,012</u>
<b>Library:</b>			
Salaries and employee benefits	535,046	454,087	
Other operating expenditures	222,931	175,997	
Capital outlay	5,207	593	
Total	<u>763,184</u>	<u>630,677</u>	<u>132,507</u>
Contribution to other agencies	<u>211,320</u>	<u>207,504</u>	<u>3,816</u>
Total cultural and recreational	<u>2,040,909</u>	<u>1,643,594</u>	<u>397,315</u>
<b>Education:</b>			
Public schools - current expense	11,840,402	11,840,402	
Capital outlay - one-half cent tax	2,189,385	2,164,218	
Capital outlay - State and local	1,514,313	486,096	
Community College	739,762	739,762	
Contributions to other agencies:			
JCPC	165,180	164,489	
Ignite Davie	<u>35,000</u>	<u>35,000</u>	
Total education	<u>16,484,042</u>	<u>15,429,967</u>	<u>1,054,075</u>
<b>Debt Service:</b>			
Principal retirement	6,025,705	6,124,430	(98,725)
Interest and fees	<u>2,734,997</u>	<u>2,405,995</u>	<u>329,002</u>
Total debt service	<u>8,760,702</u>	<u>8,530,425</u>	<u>230,277</u>



**DAVIE COUNTY, NORTH CAROLINA**

**GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Over/Under</b>
Contingency	50,000	-	50,000
Total expenditures	69,592,398	63,154,722	6,437,676
Revenues over (under) expenditures	(5,961,308)	1,145,459	7,106,767
<b>Other Financing Sources (Uses):</b>			
Operating transfers to other funds:			
Capital Projects Fund	(3,632,764)	(3,219,830)	412,934
Solid Waste Fund	(225,000)	(335,892)	(110,892)
Water and Sewer Fund	(37,000)	(37,000)	-
Total other financing sources (uses)	(3,894,764)	(3,592,722)	302,042
Proceeds from sale of capital assets	-	97,748	97,748
Installment debt proceeds	1,145,000	1,627,000	482,000
Total other financing sources (uses)	(2,749,764)	(1,867,974)	881,790
Revenues and other financing sources over (under) expenditures and other financing uses	(8,711,072)	(722,515)	7,988,557
Appropriated fund balance	8,711,072	-	(8,711,072)
Net change in fund balance	\$ -	(722,515)	\$ (722,515)
<b>Fund Balance:</b>			
Beginning of year - July 1		18,416,198	
Restatement		35,125	
Beginning of year, restated		18,451,323	
End of year - June 30		\$ 17,728,808	

DAVIE COUNTY, NORTH CAROLINA

MAJOR CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
<b>Revenues:</b>					
Restricted intergovernmental:					
Scattered Site Housing 2010	\$ 400,000	\$ 401,000	\$ -	\$ 401,000	\$ 1,000
Single Family Rehabilitation 2010	526,624	528,666	-	528,666	2,042
JP Green Milling Company CDBG grant	90,000	90,000	-	90,000	-
Ashley Furniture - CDBG	712,595	712,595	-	712,595	-
Ashley Furniture - Rural Center	1,230,100	1,230,100	-	1,230,100	-
Ashley Furniture - Golden Leaf	2,500,000	2,500,000	-	2,500,000	-
Ashley Furniture - One NC Fund	1,662,000	825,000	-	825,000	(837,000)
State Superfund Cleanup Grant - oil mitigation	1,519,159	1,299,871	17,278	1,317,149	(202,010)
2012 Urgent Repair grant	75,000	73,793	-	73,793	(1,207)
NC Commerce - CDBG	27,476	25,159	-	25,159	(2,317)
Gildan Project - Golden Leaf grant	1,000,000	1,000,000	-	1,000,000	-
NC Education Lottery	2,000,000	1,831,772	-	1,831,772	(168,228)
NC DOT - Roadways Adjacent to Schools	547,199	547,199	-	547,199	-
NC State Appropriations	250,000	250,000	-	250,000	-
Emergency Telephone System Fund	100,000	-	-	-	-
NC Department of Information Technology grant	375,000	232,767	-	232,767	(142,233)
NC State Grant Funds	350,000	350,003	(3)	350,000	-
Parks and Recreation Trust Fund grant	365,000	239,075	125,925	365,000	-
Total restricted intergovernmental	13,730,153	12,137,000	143,200	12,280,200	(1,349,953)
Investment earnings:					
Recreation building	-	19,175	-	19,175	19,175
Urgent Repair program	-	131	-	131	131
Oil spill mitigation	-	6,639	-	6,639	6,639
Interest on Investment Bonds	-	26,990	1,691	28,681	28,681
Total investment earnings	-	52,935	1,691	54,626	54,626
Miscellaneous:					
Ashley Furniture lease proceeds	2,500,000	2,500,000	-	2,500,000	-
Gildan lease proceeds	1,000,000	1,001,546	-	1,001,546	1,546
Davie Economic Development (Dunlop)	25,000	25,000	-	25,000	-
Davie Economic Development (Ashley)	24,000	24,000	-	24,000	-
JP Green Milling Company grant	23,500	-	-	-	(23,500)
Sponsorship	50,025	55,025	-	55,025	5,000
Total miscellaneous	3,622,525	3,605,571	-	3,605,571	(16,954)
Total revenues	17,352,678	15,795,506	144,891	15,940,397	(1,312,281)

DAVIE COUNTY, NORTH CAROLINA

MAJOR CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
<b>Expenditures:</b>					
General Government:					
Commerce Fellows	27,476	25,159	-	25,159	2,317
Senior Center Portico	124,179	124,179	-	124,179	-
Admin Building Capital Project	968,412	680,605	108,774	789,379	179,033
Brock Capital Project	968,821	417,319	52,425	469,744	499,077
Davie County Community Park	8,244,162	6,871,174	399,796	7,270,970	973,192
HHS/Sheriff Leasehold Improvements	8,929,150	2,818,325	5,858,927	8,677,252	251,898
Hospital	755,848	644,524	210,125	854,649	(98,801)
Facility Needs Study	305,362	-	-	-	305,362
Election Equipment	607,701	607,701	-	607,701	-
Medical Examiner's Room	265,000	131,525	-	131,525	133,475
Detention Center	600,000	-	-	-	600,000
Total general government	21,796,111	12,320,511	6,630,047	18,950,558	2,245,553
Public safety:					
Viper VHF Comm Project	3,011,426	2,665,653	-	2,665,653	345,773
Computer Aided Dispatch Project	830,000	588,401	203,546	791,947	38,053
Detention Center	15,000	-	-	-	15,000
Courthouse Capital Project	946,273	549,949	91,380	641,329	304,944
EMS Station 2	1,038,528	975,211	-	975,211	63,317
Animal control building	476,626	476,626	-	476,626	-
Total public safety	6,317,853	5,255,840	294,926	5,550,766	767,087
Environmental protection:					
Oil spill mitigation	1,632,401	1,556,153	72,583	1,628,736	3,665
Economic and physical development:					
Ashley Furniture	8,666,200	7,822,988	-	7,822,988	843,212
JP Green Milling Company grant	113,500	113,500	-	113,500	-
Gildan Golden Leaf project	3,374,130	3,374,130	-	3,374,130	-
Dunlop Tyres	525,000	-	-	-	525,000
Total economic and physical development	12,678,830	11,310,618	-	11,310,618	1,368,212
Human services:					
Single Family Rehabilitation 2010	526,624	524,897	-	524,897	1,727
2012 Urgent Repair program	75,000	74,008	-	74,008	992
Scattered Site Housing 2010	400,000	400,000	-	400,000	-
Total human services	1,001,624	998,905	-	998,905	2,719
Cultural and recreational:					
Recreation buildings	150,000	31,413	-	31,413	118,587
Davie Little League	300,000	300,000	-	300,000	-
Davie County Community Park PARTF	847,560	721,093	-	721,093	126,467
Total cultural and recreational	1,297,560	1,052,506	-	1,052,506	245,054

DAVIE COUNTY, NORTH CAROLINA

MAJOR CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Education:					
Early College DCCC - Davie Campus	161,252	161,252	-	161,252	-
Early College 2011	1,200,000	1,085,950	-	1,085,950	114,050
Davidson Community College - Davie Campus	825,000	-	-	-	825,000
Davie County High School	64,122,513	63,969,348	-	63,969,348	153,165
Central Davie renovation	613,800	613,800	-	613,800	-
Total education	66,922,565	65,830,350	-	65,830,350	1,092,215
Total expenditures	111,646,944	98,324,883	6,997,556	105,322,439	5,724,505
Revenues over (under) expenditures	(94,294,266)	(82,529,377)	(6,852,665)	(89,382,042)	4,912,224
<b>Other Financing Sources (Uses):</b>					
Operating transfers in (out):					
From General Fund	24,420,067	17,316,842	3,219,830	20,536,672	(3,883,395)
To General Fund	(9,180,497)	(8,725,362)	-	(8,725,362)	455,135
Proceeds from debt:					
Installment debt proceeds	10,311,789	12,518,789	-	12,518,789	2,207,000
Bond proceeds	59,500,000	59,500,000	-	59,500,000	-
Bond premium	7,242,907	7,270,247	-	7,270,247	27,340
USDA loan proceeds	2,000,000	2,000,000	-	2,000,000	-
Total other financing sources (uses)	94,294,266	89,880,516	3,219,830	93,100,346	(1,193,920)
Net change in fund balance	\$ -	\$ 7,351,139	(3,632,835)	\$ 3,718,304	\$ 3,718,304
<b>Fund Balance:</b>					
Beginning of year - July 1			7,299,178		
End of year - June 30			\$ 3,666,343		

## DAVIE COUNTY, NORTH CAROLINA

**CORONAVIRUS RELIEF FUND - MAJOR SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

		<b>Actual</b>			
	<b>Project Authorization</b>	<b>Prior Years</b>	<b>Current Year</b>	<b>Total to Date</b>	<b>Variance Over/Under</b>
<b>Revenues:</b>					
Restricted intergovernmental	\$ 4,424,043	\$ 1,334,003	\$ 691,407	\$ 2,025,410	\$ (2,398,633)
<b>Expenditures:</b>					
Salaries & benefits	101,494	1,056,539	353,786	1,410,325	1,308,831
Other operating expense	4,312,299	33,800	273,118	306,918	(4,005,381)
Capital outlay	10,250	243,664	64,544	308,208	297,958
Total expenditures	<u>4,424,043</u>	<u>1,334,003</u>	<u>691,448</u>	<u>2,025,451</u>	<u>(2,398,592)</u>
Net change in fund balance	\$ -	\$ -	(41)	\$ (41)	\$ (41)
<b>Fund Balance:</b>					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ (41)</u>		

## DAVIE COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 JUNE 30, 2021

	<u>Special Revenue Funds</u>		
	<u>Emergency Telephone System Fund</u>	<u>Fire District Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 918,474	\$ 5,659	\$ 924,133
Due from other governments	<u>18,229</u>	<u>-</u>	<u>18,229</u>
Total assets	<u>\$ 936,703</u>	<u>\$ 5,659</u>	<u>\$ 942,362</u>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts payable and accrued liabilities	<u>\$ 1,424</u>	<u>\$ 5,660</u>	<u>\$ 7,084</u>
<b>Fund Balances:</b>			
Restricted:			
Stabilization by state statute	18,229	-	18,229
Restricted, all other	917,050	-	917,050
Unassigned	<u>-</u>	<u>(1)</u>	<u>(1)</u>
Total fund balances	<u>935,279</u>	<u>(1)</u>	<u>935,278</u>
Total liabilities and fund balances	<u>\$ 936,703</u>	<u>\$ 5,659</u>	<u>\$ 942,362</u>

## DAVIE COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Special Revenue Funds</b>		
	<b>Emergency Telephone System Fund</b>	<b>Fire District Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues:</b>			
Ad valorem taxes	\$ -	\$ 471,110	\$ 471,110
Restricted intergovernmental revenues	218,748	-	218,748
Interest on investments	203	-	203
Total revenues	<u>218,951</u>	<u>471,110</u>	<u>690,061</u>
<b>Expenditures:</b>			
Current:			
Public safety	<u>211,051</u>	<u>471,111</u>	<u>682,162</u>
Net change in fund balances	7,900	(1)	7,899
<b>Fund Balances:</b>			
Beginning of year - July 1	<u>927,379</u>	<u>-</u>	<u>927,379</u>
End of year - June 30	<u>\$ 935,279</u>	<u>\$ (1)</u>	<u>\$ 935,278</u>

## DAVIE COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Restricted intergovernmental	\$ 218,748	\$ 218,748	\$ -
Interest on investments	500	203	(297)
Total revenues	<u>219,248</u>	<u>218,951</u>	<u>(297)</u>
<b>Expenditures:</b>			
Phone & furniture	83,048	56,425	26,623
Software	163,418	127,702	35,716
Hardware	30,500	25,389	5,111
Training	2,800	1,535	1,265
Total expenditures	<u>279,766</u>	<u>211,051</u>	<u>68,715</u>
Revenues over (under) expenditures	(60,518)	7,900	68,418
<b>Other Financing Sources (Uses):</b>			
Appropriated fund balance	<u>60,518</u>	<u>-</u>	<u>(60,518)</u>
Net change in fund balance	<u>\$ -</u>	<u>7,900</u>	<u>\$ 7,900</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		<u>927,379</u>	
End of year - June 30		<u>\$ 935,279</u>	



**DAVIE COUNTY, NORTH CAROLINA****EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE  
PSAP RECONCILIATION  
FOR THE YEAR ENDED JUNE 30, 2021**

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

Wireless 911 funds

Ending fund balance, reported on budget-to-actual	\$ 935,279
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning Fund Balance - Budget-to-Actual vs. PSAP report)	<u>(445,327)</u>
Ending balance, PSAP Revenue - Expenditure Report	<u><u>\$ 489,952</u></u>

**DAVIE COUNTY, NORTH CAROLINA**

**FIRE DISTRICT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year	\$ 466,570	\$ 471,110	\$ 4,540
Tax interest	671	-	(671)
Total revenues	<u>467,241</u>	<u>471,110</u>	<u>3,869</u>
<b>Expenditures:</b>			
Public safety:			
Advance Rural Fire Protection District	<u>467,241</u>	<u>471,111</u>	<u>(3,870)</u>
Net change in fund balance	<u>\$ -</u>	(1)	<u>\$ (1)</u>
<b>Fund Balance:</b>			
Beginning of year - July 1		-	
End of year - June 30		<u>\$ (1)</u>	

DAVIE COUNTY, NORTH CAROLINA

WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
<b>Operating Revenues:</b>			
Charges for services:			
Water sales	\$ 4,600,000	\$ 4,763,068	\$ 163,068
Sewer charges	400,000	868,643	468,643
East Davie sewer charges	995,000	1,162,510	167,510
Water and sewer taps	125,500	230,575	105,075
East Davie fees	2,500	-	(2,500)
Miscellaneous charges	120,000	101,521	(18,479)
Total	<u>6,243,000</u>	<u>7,126,317</u>	<u>883,317</u>
<b>Non-Operating Revenues:</b>			
State grant revenues	111,385	42,078	(69,307)
Miscellaneous revenues	-	202,885	202,885
Interest earnings	1,000	2,955	1,955
Total	<u>112,385</u>	<u>247,918</u>	<u>135,533</u>
Total revenues	<u>6,355,385</u>	<u>7,374,235</u>	<u>1,018,850</u>
<b>Expenditures:</b>			
<b>Administration:</b>			
Salaries and employee benefits		337,179	
Other operating expenditures		<u>238,915</u>	
Total	<u>702,908</u>	<u>576,094</u>	<u>126,814</u>
<b>Water Operations:</b>			
Salaries and employee benefits		508,238	
Utilities		23,278	
Maintenance		251,950	
Other operating expenditures		<u>100,102</u>	
Total	<u>1,161,885</u>	<u>883,568</u>	<u>278,317</u>
<b>Water Treatment Plant:</b>			
Salaries and employee benefits		667,576	
Utilities		194,029	
Maintenance		292,217	
Chemicals		203,777	
Supplies		13,685	
Other operating expenditures		<u>219,223</u>	
Total	<u>1,907,183</u>	<u>1,590,507</u>	<u>316,676</u>
<b>Waste Treatment Plant:</b>			
Salaries and employee benefits		87,350	
Utilities		73,412	
Maintenance		1,237,663	
Other operating expenditures		<u>76,470</u>	
Total	<u>2,339,018</u>	<u>1,474,895</u>	<u>864,123</u>

DAVIE COUNTY, NORTH CAROLINA

WATER AND SEWER FUND  
SCHEDULE OF REVENUES AND EXPENDITURES  
BUDGET AND ACTUAL (NON-GAAP)  
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Waste Treatment Plant - East Davie:</b>			
Salaries and employee benefits		72,252	
Maintenance		70,191	
Other operating expenditures		900,596	
Total	<u>1,355,621</u>	<u>1,077,727</u>	<u>277,894</u>
<b>Capital Outlay:</b>			
Water lines	7,000	7,000	-
Fire hydrants	37,000	29,355	7,645
Equipment and furniture	145,000	142,961	2,039
Improvements	<u>245,000</u>	<u>229,683</u>	<u>15,317</u>
Total	<u>434,000</u>	<u>408,999</u>	<u>25,001</u>
Total expenditures	<u>7,900,615</u>	<u>6,011,790</u>	<u>1,888,825</u>
Revenues over (under) expenditures	<u>(1,545,230)</u>	<u>1,362,445</u>	<u>2,907,675</u>
<b>Other Financing Sources (Uses):</b>			
Transfers from other funds	37,000	37,000	-
Transfer to Water Capital project	(1,830,000)	(1,830,000)	-
Appropriated fund balance	<u>3,338,230</u>	<u>-</u>	<u>(3,338,230)</u>
Total other financing sources (uses)	<u>1,545,230</u>	<u>(1,793,000)</u>	<u>(3,338,230)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>(430,555)</u>	<u>\$ (430,555)</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Reconciling items:			
Capital outlay expenditures capitalized		226,388	
Construction in Progress written off in the current year		(252,706)	
Capital contribution capital project fund		50,000	
Change in deferred outflow of resources - OPEB		36,713	
Change in deferred outflow of resources - pensions deferrals		41,605	
Change in deferred inflows of resources - OPEB		(14,050)	
Change in net pension liability		(97,518)	
Change in deferred inflows of resources - pensions deferrals		(1,886)	
Change in compensated absences payable		(6,510)	
Change in other post-employment benefits		(87,819)	
Depreciation		(822,247)	
Transfer in (out) - Water and Sewer Capital Projects Fund		<u>1,830,000</u>	
Total reconciling items		<u>901,970</u>	
Change in net position		<u>\$ 471,415</u>	

## DAVIE COUNTY, NORTH CAROLINA

## WATER AND SEWER CAPITAL PROJECTS FUND

## SCHEDULE OF REVENUES AND EXPENDITURES

## BUDGET AND ACTUAL (NON-GAAP)

## FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
<b>Revenues:</b>					
Restricted intergovernmental:					
Rural Center grant - Hospital Sewer project	\$ 1,000,000	\$ 1,000,000	\$ -	\$ 1,000,000	\$ -
NC DEQ Regionalization grant	-	-	50,000	50,000	50,000
EDA Water projects	2,000,000	1,552,483	-	1,552,483	(447,517)
Local contribution	182,000	214,000	-	214,000	32,000
Miscellaneous revenues	103,000	103,000	-	103,000	-
Investment earnings	-	71,870	-	71,870	71,870
Total revenues	<u>3,285,000</u>	<u>2,941,353</u>	<u>50,000</u>	<u>2,991,353</u>	<u>(293,647)</u>
<b>Expenditures:</b>					
Water projects:					
Construction	20,656,150	17,335,755	726,301	18,062,056	2,594,094
Land	851,320	548,394	90,990	639,384	211,936
Administrative costs	4,260,400	2,878,450	1,063,627	3,942,077	318,323
Total	<u>25,767,870</u>	<u>20,762,599</u>	<u>1,880,918</u>	<u>22,643,517</u>	<u>3,124,353</u>
Hospital Sewer Project:					
Construction	2,198,550	2,017,181	-	2,017,181	181,369
Administrative costs	55,000	45,035	-	45,035	9,965
Total	<u>2,253,550</u>	<u>2,062,216</u>	<u>-</u>	<u>2,062,216</u>	<u>191,334</u>
Total expenditures	<u>28,021,420</u>	<u>22,824,815</u>	<u>1,880,918</u>	<u>24,705,733</u>	<u>3,315,687</u>
Revenues over (under) expenditures	<u>(24,736,420)</u>	<u>(19,883,462)</u>	<u>(1,830,918)</u>	<u>(21,714,380)</u>	<u>3,022,040</u>
<b>Other Financing Sources (Uses):</b>					
Long-term debt issued	16,402,098	12,993,944	2,441,640	15,435,584	(966,514)
Operating transfers - in (out):					
From General Fund	-	200,000	-	200,000	200,000
From Water and Sewer Fund	8,334,322	6,738,459	1,830,000	8,568,459	234,137
Total other financing sources (uses)	<u>24,736,420</u>	<u>19,932,403</u>	<u>4,271,640</u>	<u>24,204,043</u>	<u>(532,377)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 48,941</u>	<u>\$ 2,440,722</u>	<u>\$ 2,489,663</u>	<u>\$ 2,489,663</u>

## DAVIE COUNTY, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUND - SOLID WASTE FUND**  
**SCHEDULE OF REVENUES AND EXPENDITURES**  
**BUDGET AND ACTUAL (NON-GAAP)**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Recycling	\$ 159,632	\$ 194,753	\$ (35,121)
<b>Expenditures:</b>			
Landfill operations:			
Purchased services	510,292	491,301	18,991
Other operating expenditures	39,340	24,340	15,000
Total expenditures	<u>549,632</u>	<u>515,641</u>	<u>33,991</u>
Revenues over (under) expenditures	<u>(390,000)</u>	<u>(320,888)</u>	<u>(69,112)</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in:			
From General Fund	225,000	335,892	110,892
Appropriated fund balance	165,000	-	(165,000)
Total other financing sources (uses)	<u>390,000</u>	<u>335,892</u>	<u>(54,108)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>15,004</u>	<u>\$ 15,004</u>
<b>Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:</b>			
Reconciling items:			
Decrease in accrued landfill post-closure liabilities		22,300	
Depreciation		(15,000)	
Total reconciling items		<u>7,300</u>	
Change in net position		<u>\$ 22,304</u>	

**DAVIE COUNTY, NORTH CAROLINA****SELF-INSURANCE INTERNAL SERVICE FUND  
STATEMENT OF NET POSITION  
JUNE 30, 2021****Assets:**

Current assets:

Accounts receivable, net	\$ 948
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**Liabilities:**

Current liabilities:

Due to other funds	1,456,708
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Accounts payable and accrued liabilities	<u>471,510</u>
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Total liabilities	<u>1,928,218</u>
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**Net Position:**

Unrestricted	<u>\$ (1,927,270)</u>
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**DAVIE COUNTY, NORTH CAROLINA**

**SELF-INSURANCE INTERNAL SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND NET POSITION - FINANCIAL PLAN AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<b><u>Financial Plan</u></b>	<b><u>Actual</u></b>	<b><u>Variance Over/Under</u></b>
<b>Revenues:</b>			
Operating revenues:			
Charges for services:			
Insurance premiums	\$ 5,614,989	\$ 3,928,409	\$ (1,686,580)
<b>Expenditures:</b>			
Administration	1,464,989	1,352,689	112,300
Insurance claims paid	4,150,000	3,593,299	556,701
Total expenditures	5,614,989	4,945,988	669,001
Change in net position	\$ -	(1,017,579)	\$ (1,017,579)
<b>Net Position:</b>			
Beginning of year - July 1		(909,691)	
End of year - June 30		\$ (1,927,270)	



**DAVIE COUNTY, NORTH CAROLINA**
**SELF-INSURANCE INTERNAL SERVICE FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**
**Cash Flows from Operating Activities:**

Cash received from interfund services provided	\$ 3,931,050
Cash paid for goods and services	<u>(4,883,261)</u>
Net cash provided (used) by operating activities	<u>(952,211)</u>

**Cash Flows from Non-Capital Financing Activities:**

Payments to/from other funds	<u>952,211</u>
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Net increase (decrease) in cash and cash equivalents -

**Cash and Cash Equivalents:**

Beginning of year - July 1 -

End of year - June 30 \$ -

**Reconciliation of Operating Income (Loss) to****Net Cash Provided (Used) by Operating Activities:**

Operating income (loss)	\$ (1,017,579)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	2,641
Increase (decrease) in accounts payable and accrued liabilities	<u>62,727</u>
Net cash provided (used) by operating activities	<u><u>\$ (952,211)</u></u>

## DAVIE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
JUNE 30, 2021

<b>Fiscal Year</b>	<b>Uncollected Balance July 1, 2020</b>	<b>Additions</b>	<b>Collections and Credits</b>	<b>Uncollected Balance June 30, 2021</b>
2020-2021	\$ -	\$ 38,334,287	\$ 37,858,434	\$ 475,853
2019-2020	538,995	-	314,977	224,018
2018-2019	197,557	-	66,703	130,854
2017-2018	106,991	-	33,709	73,282
2016-2017	75,781	-	20,991	54,790
2015-2016	53,820	-	11,957	41,863
2014-2015	35,799	-	8,702	27,097
2013-2014	37,872	-	4,745	33,127
2012-2013	42,746	-	2,588	40,158
2011-2012	39,993	-	1,567	38,426
2010-2011	38,906	-	38,906	-
Total	<u>\$ 1,168,460</u>	<u>\$ 38,334,287</u>	<u>\$ 38,363,279</u>	<u>1,139,468</u>
Less: Allowance for uncollectible accounts				<u>(549,138)</u>
Ad valorem taxes receivable, net				<u>\$ 590,330</u>
<b>Reconciliation with Revenues:</b>				
Ad valorem taxes - General Fund				<u>\$ 38,238,262</u>
Reconciling items:				
Taxes written off				35,360
Penalties and interest collected				(168,316)
Future years collection				(84,236)
Miscellaneous				<u>342,209</u>
Total reconciling items				<u>125,017</u>
Total collections and credits				<u>\$ 38,363,279</u>

## DAVIE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY  
COUNTY-WIDE LEVY  
FOR THE YEAR ENDED JUNE 30, 2021

	County-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
<b>Original Levy:</b>					
Property taxed at current year's rate	\$ 4,776,788,946	\$ 0.778	\$ 37,166,754	\$ 32,970,198	\$ 4,196,556
Utilities	115,868,709	0.778	901,459	901,459	-
Penalties	-		30,858	30,858	-
Total	<u>4,892,657,655</u>		<u>38,099,071</u>	<u>33,902,515</u>	<u>4,196,556</u>
<b>Discoveries:</b>					
Current year taxes	11,218,348	0.778	82,791	82,791	-
Prior year taxes	20,805,811		165,636	165,636	-
Penalties	-		29,426	29,426	-
Total	<u>32,024,159</u>		<u>277,853</u>	<u>277,853</u>	<u>-</u>
<b>Releases</b>	<u>(4,663,133)</u>		<u>(42,637)</u>	<u>(42,637)</u>	<u>-</u>
Total property valuation	<u>\$ 4,920,018,681</u>				
<b>Net Levy</b>			38,334,287	34,137,731	4,196,556
Uncollected taxes at June 30, 2021			<u>475,853</u>	<u>475,853</u>	<u>-</u>
<b>Current Year's Taxes Collected</b>			<u>\$ 37,858,434</u>	<u>\$ 33,661,878</u>	<u>\$ 4,196,556</u>
<b>Current Levy Collection Percentage</b>			<u>98.76%</u>	<u>98.61%</u>	<u>100.00%</u>
<b>Secondary Market Disclosures:</b>					
Assessed valuation:					100%
Assessment ratio real property				\$ 3,693,546,729	
Personal property				1,110,603,243	
Public service companies				115,868,709	
Total assessed valuation				<u>\$ 4,920,018,681</u>	
Tax rate per \$100				<u>\$ 0.778</u>	
Levy (includes discoveries, releases, and abatements)				\$ 38,334,287	
In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30:					
Special Fire Protection District					<u>163,408</u>
Total					<u>\$ 38,497,695</u>

**DAVIE COUNTY, NORTH CAROLINA****TEN LARGEST TAXPAYERS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2021 Assessed Valuation</b>	<b>Percentage of Total Assessed Valuation</b>
Ashley Furniture	Manufacturing	\$ 112,212,630	2.58%
Gildan Yarns	Manufacturing	106,831,565	2.45%
Avgol	Manufacturing	87,202,191	2.00%
Ingersoll Rand	Manufacturing	65,637,423	1.51%
Duke Energy Corporation	Utility	60,486,497	1.39%
Brakebush Brothers	Manufacturing	59,859,972	1.38%
Energy United	Utility	26,184,016	0.60%
ML Bermuda Village, LLC	Skilled Nursing Facility	19,204,356	0.44%
Funder America Inc	Manufacturing	18,958,543	0.44%
Piedmont Natural Gas	Utility	11,334,491	0.26%
Total		<u>\$ 567,911,684</u>	<u>13.05%</u>