



**Town of Davidson
Board of Commissioners Regular Meeting
Town Hall & Community Center Council Chamber – 251 South Street
Tuesday, January 14, 2025 at 6:00 PM**

I. CALL TO ORDER

II. ANNOUNCEMENTS / PROCLAMATION

a. Martin Luther King Jr. Day

III. CHANGES / ADOPTION OF THE AGENDA

IV. PRESENTATION

a. Mecklenburg County Farmland Preservation and Voluntary Agricultural District

Presenter: Leslie Willis, Parks & Recreation Director

Summary: The Mecklenburg County Farmland Preservation Plan was endorsed by the Board of County Commissioners in March 2023 and includes a recommendation for the establishment of a Voluntary Agricultural District ordinance. Mecklenburg County staff will provide an overview of what a Voluntary Agricultural District (VAD) is, ordinance requirements, and process for VAD establishment. Currently, 90 Counties within North Carolina have a VAD, while Mecklenburg County and nine other counties do not. If the Ordinance passes, bona fide VAD-eligible farms who are within the Mecklenburg County extraterritorial jurisdiction (ETJ) would be automatically eligible for participation in the voluntary program. Farms within town or city corporate boundaries would require a memorandum of understanding (MOU) to be in place between the municipality and the county before farmers can apply for VAD membership. Next steps in the process will also be discussed.

Action/Proposed Motion: This item is for discussion only.

b. FY2024 Financial Statement Audit Report and Financial Review

Presenter: Pieter Swart, Finance Director

Summary: Auditor Ann Craven will present the results of the audit of the FY2024 Financial Statements. The FY2024 Annual Comprehensive Financial Report (ACFR) has been submitted to the Government Finance Officers Association (GFOA) review and consideration for recognition. Additionally, staff will discuss financial topics including unassigned fund balance, the use of American Rescue Plan Act (ARPA) funds, and the Davidson Tax Assistance Program (DTAP)

Action/Proposed Motion: No action is required

V. BUSINESS ITEMS

a. Consider Approval of Sloan House Request for Proposals (RFP)

Presenter: Lindsay Laird, Senior Planner

Summary: In 2023, the Town commissioned a building conditions assessment and use study for the Sloan House, located at 230 South Main Street, partially funded with a federal Historic Preservation Fund grant for Certified Local Governments from the National Park Service. The purpose of the study was to ascertain the current material health of the building, form recommendations for ongoing maintenance, and brainstorm possible adaptive reuse strategies sensitive to the building's historic character.

Based on the Sloan House study, staff partnered with the Charlotte-Mecklenburg Historic Landmarks Commission to draft a Request for Proposals (RFP) for adaptive reuse and/or redevelopment of the Sloan House. The Town seeks a buyer for the property who has a vision for development that aligns with the proposed development programs outlined in the Sloan House study. The ultimate objective is for the completed project to be an aesthetically appealing historic asset for Davidson, an active and vibrant contributor to the local economy, and a visible connection between Davidson's historic downtown core and the South Main Street business district.

This item was discussed at the December 10, 2024, town board meeting and the feedback received has been incorporated into the RFP document and is recommended for board approval to proceed.

Action/Proposed Motion: Motion to Approve the Sloan House Request for Proposals (RFP).

b. Discuss Community Navigator Demonstration Program

Presenter: Alexander Cahill, Affordable Housing & Equity Director

Summary: The Community Navigator Demonstration Program coordinates efforts of outreach, resource coordination, problem solving, intervention, advocacy, community building, and increasing the visibility of Town, County, State, Federal, and Non-profit services within the broader community.

In this role, the non-profit administering the program will be at the forefront of direct support and intervention, working to empower community members on their journey towards safety, stability, and independence. By conducting comprehensive assessments, listening to community members, building relationships, and identifying issues preemptively, the program navigator(s) will identify the unique strengths and needs of each household and make appropriate referrals to address social, environmental, medical, housing, and health challenges. This role seeks to address Social Determinants and Drivers of Health through community advocacy and resource alignment.

What are the social determinants/drivers of health (SDOH)?

SDOH are the conditions in the environment where people are born, live, work, play, worship, and age that affect a wide range of social, physical, and mental health, functioning, and quality of life outcomes and risks. The categories of SDOH this role can touch, but are not limited, is:

Economic Stability

Education Access and Quality

Healthcare Access and Quality

Neighborhood and Built Environment

Social and Community Context

Food Security and Access

What is the evolution of this?

In the budget process, the Town Board approved \$20,000 for a potential program or position, with the request that any proposal come back before the Board. The \$20,000 was previously encumbered by the Town Board for this program through the budget process. Town staff have met with stakeholders to iterate, scope out, and edit the final program requirements. This includes the implementation of a compliance process to monitor the effectiveness of this demonstration program through qualitative data and impacts.

Who are the partners in this work?

Legacy on the Westside will demonstrate the Community Navigator Program. They will utilize their expertise, lived experience, relationships, and informal networks to aide community members and households in navigating resources and removing barriers to programmatic participation.

Trane has agreed to match the Town's contribution of \$20,000 with a match of \$20,000. Trane's contribution will be paid directly to Legacy on the Westside. This brings the initial funding for this demonstration program to \$40,000 to help support infrastructure development, resource allocation, and non-profit staff time.

What role will Town staff play?

Town staff will administer a contract for services with a non-profit organization to provide this service starting as a demonstration program. Town staff will meet monthly to provide direct support to the navigators, help build formal relationships, expand knowledge of existing and upcoming resources, and work through pinchpoints created from local government and institutional barriers. Town staff will leverage existing relationships and bring into contact with the navigator program.

How does this align with the Town's goals?

This program aligns with Town goals around equity, engagement, sustainability, and operational excellence.

Action/Proposed Motion: This item is for discussion only.

c. Consider Approval of Resolution 2025-01 - Resolution in Opposition to North Carolina Senate Bill 382 Re: Zoning Authority of Local Governments

Presenter: Jason Burdette, Planning Director

Summary: The General Assembly recently ratified Senate Bill 382 as Session Law 2024-57. Presented as a Hurricane Helene disaster recovery bill, SB 382 included many unrelated changes, specifically a section that modifies G.S. 160D-601. This change removes local authority to initiate down-zoning amendments without the written consent of all property owners whose property is subject of the down-zoning. Zoning is considered one of the most basic tools communities have to maintain land use compatibility, manage growth and development, and achieve the public's vision as captured in the Comprehensive Plan. The newly adopted provisions related to down-zoning in SB 382 inadvertently lock the current zoning frameworks of most communities in place now and into the future, making it nearly impossible for local governments to modify and change ordinances as each community sees fit. Local governments were not given the opportunity to provide input prior to the bill's passage. This resolution encourages the General Assembly to revisit the down-zoning provisions included in SB 382 at their earliest opportunity possible.

Action/Proposed Motion: Motion to approve Resolution 2025-01 - Resolution in Opposition to North Carolina Senate Bill 382 Re: Zoning Authority of Local Governments.

d. Consider Approval of Resolution 2025-02 Streets Acceptance for Kenmare

Presenter: Douglas Wright, Project Manager

Summary: At the end of the neighborhood development process, the Town formally accepts the neighborhood streets into our maintenance system. At the onset, we have adopted standards for construction of all public infrastructure.

Developers provide bonds to insure work is completed according to our standards and the development Master Plan. During construction, the Town and Mecklenburg County conduct a series of inspections, and collect testing data from third-party consultants. Once the development has passed the final inspection, the development bonds are released, and the Board of Commissioners adopt the streets into our town maintenance system. We are then responsible for all public infrastructure maintenance, and receive additional gas tax revenue restricted to maintenance of public streets.

Action/Proposed Motion: Motion to Approve Resolution 2025-02 Accepting Street Maintenance for Kenmare.

VI. SUMMARIZE MEETING ACTION ITEMS

Town Manager will summarize items where the board has requested action items for the staff.

VII. CLOSED SESSION

a. NCGS §143-318.11. (a) (3) – Consult with Attorney

Summary:

VIII. ADJOURN



A PROCLAMATION
Martin Luther King, Jr. Day
January 20, 2025

WHEREAS, Each year America sets aside a day to remember a giant of our Nation’s history and pioneer of the Civil Rights Movement; and

WHEREAS, Reverend Dr. Martin Luther King, Jr. gave a mighty voice to the quiet hopes of millions, offered a redemptive path for the oppressed and oppressors alike, and led a Nation to the mountaintop; and

WHEREAS, Behind the bars of a Birmingham jail cell, he reminded us that “injustice anywhere is a threat to justice everywhere”; and

WHEREAS, On a hot summer day, under the shadow of the Great Emancipator, he challenged America to make good on its founding promise, and he called on every lover of freedom to walk alongside their brothers and sisters; and

WHEREAS, We are reminded that our journey is not complete – it is our task to build on the gains of past generations, from challenging new barriers to the vote ensuring the scales of justice work equally for all people; and

WHEREAS, Dr. King taught us that “an individual has not started living until he can rise above the narrow confines of his individualistic concerns to the broader concerns of all humanity”; and

WHEREAS, In honor of this spirit, Americans across the country will come together for a day of service by volunteering our time and energy, together we can build stronger, healthier, more resilient communities; and

WHEREAS, The Town of Davidson invites residents and community members to join the Dr. Martin Luther King, Jr. Day Celebration being held on Monday, January 20, 2025 at 10:00 a.m., in the Davidson Town Hall & Community Center with this year’s event theme, ***Mission Possible: Protecting Freedom, Justice, and Democracy in the Spirit of Nonviolence³⁶⁵***.

NOW, THEREFORE, I, Mayor Rusty Knox of the Town of Davidson, do hereby proclaim **January 20, 2025** as Martin Luther King, Jr. Day in the Town of Davidson and encourage all citizens to observe this day with appropriate civic, community and service projects in honor of Dr. King.

Proclaimed this 14th day of January 2025.

Rusty Knox
Mayor



AGENDA MEMO

To: Davidson Board of Commissioners

From: Leslie Willis, Parks & Recreation Director

Date: January 14, 2025

Re: Mecklenburg County Farmland Preservation and Voluntary Agricultural District

ITEM SUMMARY/OVERVIEW

The Mecklenburg County Farmland Preservation Plan was endorsed by the Board of County Commissioners in March 2023 and includes a recommendation for the establishment of a Voluntary Agricultural District ordinance. Mecklenburg County staff will provide an overview of what a Voluntary Agricultural District (VAD) is, ordinance requirements, and process for VAD establishment. Currently, 90 Counties within North Carolina have a VAD, while Mecklenburg County and nine other counties do not. If the Ordinance passes, bona fide VAD-eligible farms who are within the Mecklenburg County extraterritorial jurisdiction (ETJ) would be automatically eligible for participation in the voluntary program. Farms within town or city corporate boundaries would require a memorandum of understanding (MOU) to be in place between the municipality and the county before farmers can apply for VAD membership. Next steps in the process will also be discussed.

ACTION/PROPOSED MOTION

This item is for discussion only.

RELATED TOWN GOALS

Strategic Plan Alignment

Sustainability and Natural Assets - Preserve Davidson's natural assets and develop, implement, and actively encourage innovative solutions to environmental, energy, and climate-based challenges.

Healthy, Livable, & Vibrant Community - Promote collaborative efforts to create livable spaces and healthy places to enhance quality of life for all residents.

Affordable Living, Equity & Inclusion - Work together to foster a culture of equity, belonging, inclusion, and advance the Town's Affordable Housing program. Provide, create, and support opportunities for all. Treat everyone with respect, dignity, and recognize every voice.

Core Values

Citizens must live in a healthy environment, so town government will protect watersheds, trees, air quality, and other elements of the town's ecology.

The physical, social, and intellectual well-being of Davidson citizens is fundamental to our community, so town government will provide and encourage enjoyable, safe, and affordable recreational and cultural lifelong learning opportunities.

NEXT STEPS

Mecklenburg County staff will present to Mecklenburg County Board of County Commissioners for their consideration of an ordinance to establish a VAD in Mecklenburg County in early 2025.

VOLUNTARY AGRICULTURAL DISTRICT ORDINANCE

**PRESENTED TO THE TOWN OF DAVIDSON
JANUARY 14, 2025**



AGENDA

- Farmland Preservation Plan Connection
- Ordinance Overview
- Benefits of Agricultural Districts
- Program Measurement and Next Steps

MECKLENBURG COUNTY FARMLAND PRESERVATION PLAN

Farmland Preservation Plan Strategies:

1. Protect farmland through voluntary programs that incentivize land preservation, conservation, and succession planning.
2. Promote agricultural workforce development of next generation farmers.
3. Promote agricultural economic development.
4. Promote farmland preservation, conservation, and equity through innovative public-private partnership programs.

The Farmland Preservation Plan was endorsed in March 2023.



MECKLENBURG COUNTY FARMLAND PRESERVATION PLAN



Establishment of a **Voluntary Agricultural District ordinance** in Mecklenburg County is a direct recommendation of the Farmland Preservation Plan.

This falls under Strategy One of the plan:
“Protect farmland through voluntary programs to incentivize land preservation.”



VOLUNTARY AGRICULTURAL DISTRICT ORDINANCE OVERVIEW

INTRODUCTION TO VOLUNTARY AGRICULTURAL DISTRICTS



- A Voluntary Agricultural District ordinance is adopted by the Board of County Commissioners to establish a County's Voluntary Agricultural District program.
- This ordinance, and subsequent program, is a way that local government can recognize and support local producers.
- Bona fide farms voluntarily apply to take part in the program and receive benefits from their participation.
- An 'agricultural district' is each parcel that is approved as part of the program.

VOLUNTARY AGRICULTURAL DISTRICTS ORDINANCE PURPOSE



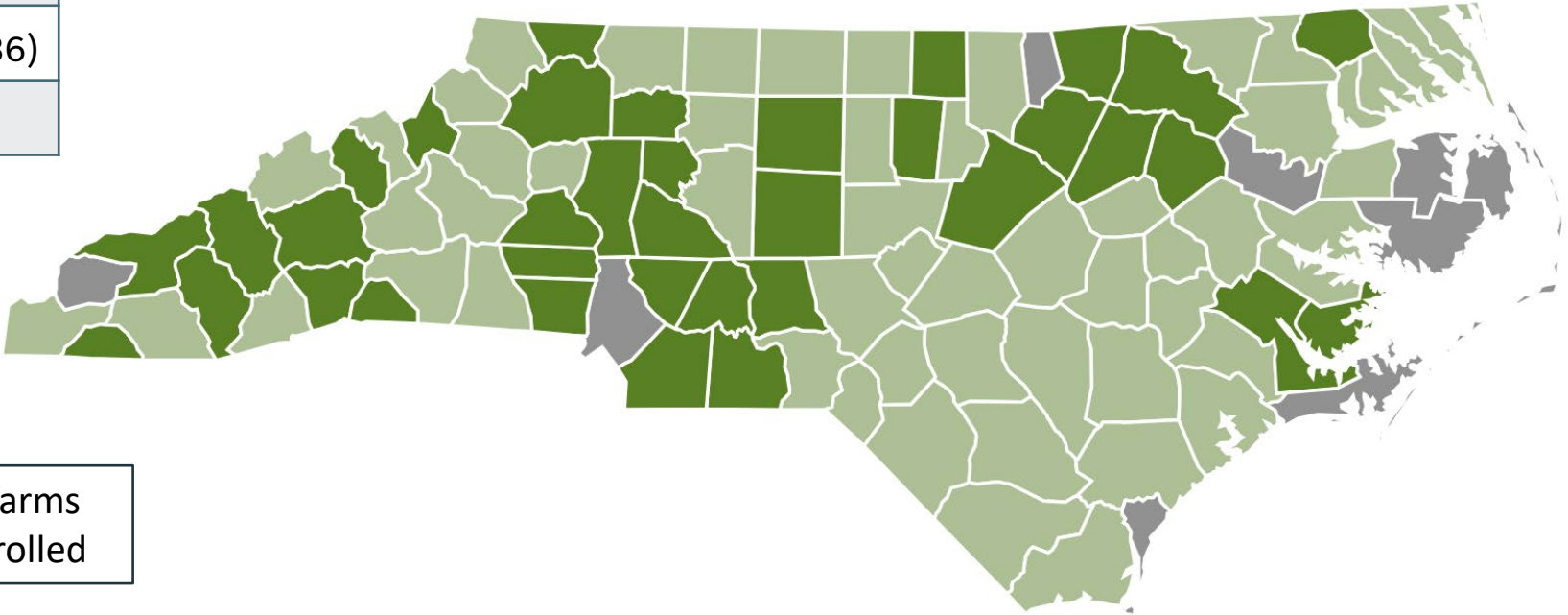
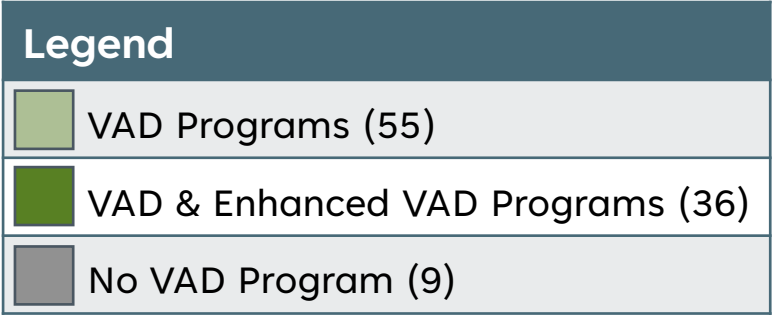
Purpose of the Voluntary Agricultural District (VAD) Ordinance:

- To promote the values and general welfare of Mecklenburg County agriculture by increasing the identity of, and pride in, the agricultural community and its way of life.
- To decrease likelihood of legal disputes, such as nuisance actions, between farm owners and their neighbors.
- To increase protection from non-farm development.

(NC GS Article 61, 106-738)

VOLUNTARY AGRICULTURAL DISTRICTS THROUGHOUT NORTH CAROLINA

North Carolina Voluntary Agricultural
Districts (VAD) by County



Total farms enrolled statewide: 10,895 farms
Total acres statewide: 899,931 acres enrolled

WHO QUALIFIES FOR VAD?

Bona fide farms are eligible for participation.

Any of the following are sufficient evidence of bona fide farm status:

- A farm sales tax exemption certificate issued by the Department of Revenue.
- A copy of the property tax listing showing that the property is eligible for participation in the present use value program.
- A copy of the farm owner or operator's Schedule F from their most recent federal income tax return.
- A forest management plan.

VAD-eligible farms must have production and activities relating or incidental to the production of:

- Crops, Grains, Fruits, Vegetables, Plants, Dairy, Livestock, Poultry, Forestry, Horses, Bees, Aquaculture, Agritourism, and all other forms of agriculture.



ADDITIONAL FARM QUALIFICATIONS



Highly-Erodible Land

- If the applying farm is designated by the US Department of Agriculture Natural Resource Conservation Service (NRCS) as highly-erodible land (HEL), the land must be managed in accordance with NRCS best practices for highly-erodible land.

Farm Size

- Within Mecklenburg County, farms of one acre or larger will be eligible to apply for inclusion in the VAD.

VOLUNTARY AGRICULTURAL DISTRICT ORDINANCE REQUIREMENTS

Required in the local VAD ordinance:

- Agricultural Advisory Board
- Conservation agreement
- Notice of proximity to farmland



Austin-Kidd Farm

AGRICULTURAL ADVISORY BOARD



- An Agricultural Advisory Board (AAB) must be established as part of the Voluntary Agricultural District ordinance.
- A majority of the AAB must be comprised of residents who are actively engaged in agriculture. Members will, to the extent possible, represent all geographical areas of the County as well as all sectors of agriculture.
- Confirmed ex officio members of the AAB will include NC Cooperative Extension – Mecklenburg County Center and Mecklenburg Soil & Water Conservation District.

AGRICULTURAL ADVISORY BOARD

Responsibilities of the Agricultural Advisory Board may include:

- Review and make recommendations concerning the establishment and modification of Voluntary Agricultural Districts,
- Review and make recommendations concerning any amendments to the VAD ordinance,
- Hold public hearings on public projects involving condemnation of all or part of a VAD-enrolled farm,
- Advise the BOCC on issues affecting the agricultural economy or way of life, and
- Perform other related tasks or duties, as assigned by the Board of County Commissioners.

CONSERVATION AGREEMENT

- The overall goal of the conservation agreement is to prohibit nonfarm use or development.
- Conservation agreement details:
 - Agreement between the landowner and County government.
 - 10-year agreement, automatically renewed until landowner ends participation.
 - May include restrictions on nonfarm construction; removal or destruction of vegetation; activities detrimental to water or soil conservation.
 - For VAD, the agreement is not required to be recorded with Register of Deeds. Enhanced VAD agreements are recorded.
 - VAD agreements are revokable with written notice, EVAD agreements are irrevocable for 10 years.
- Formation of a 'district' is triggered by the execution of a conservation agreement between the landowner and County.



NOTICE OF PROXIMITY TO AN AGRICULTURAL DISTRICT

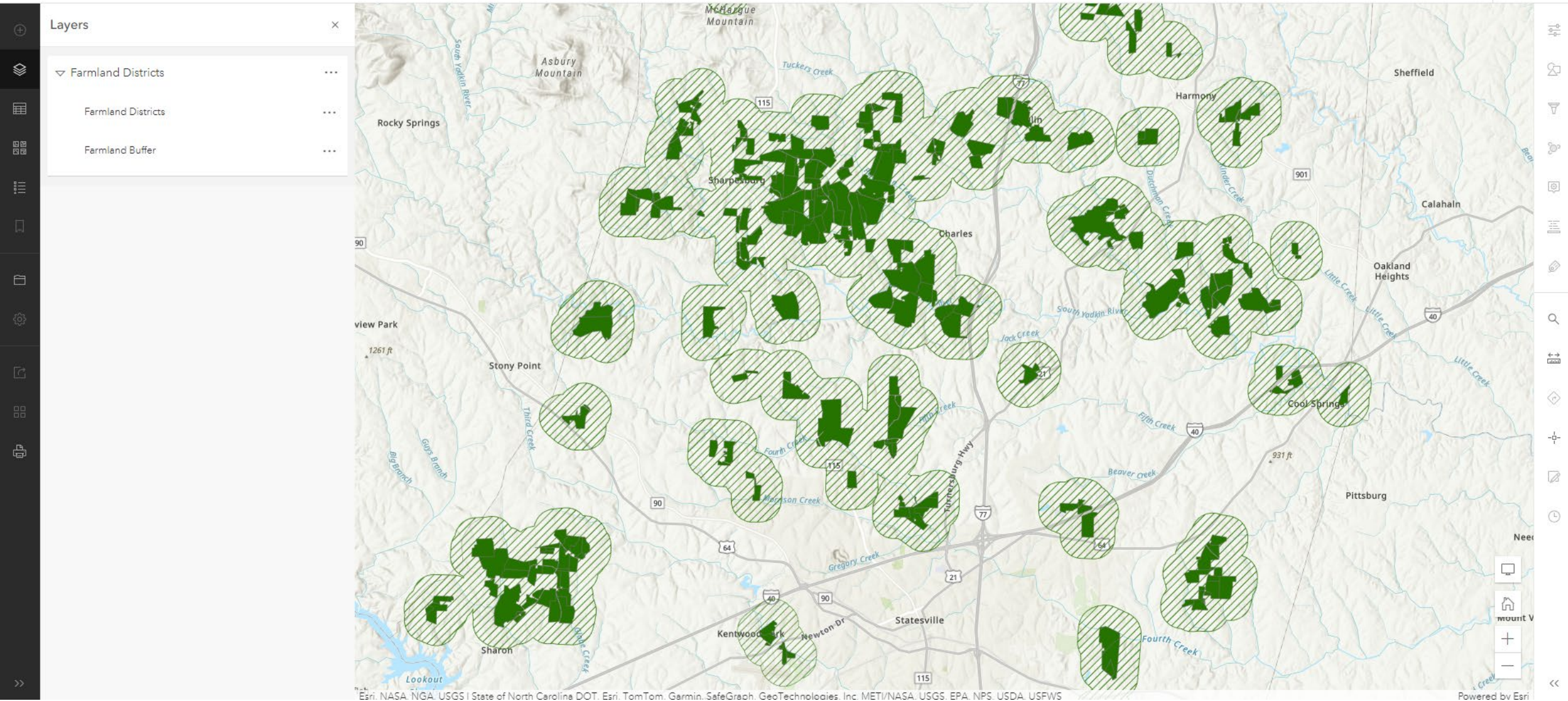


Public Record Notice of Proximity

- Land records must include some form of notice to alert a person researching the title of a particular tract that the tract is within one-half mile of a property line of a VAD-enrolled farm.
- This may be through:
 - Geographic Informational System (GIS)
 - Signage
 - Deed notation (Enhanced VAD)

Iredell County GIS

Voluntary Agricultural Districts Layers



ADDITIONAL REQUIREMENTS OF A COUNTY VAD ORDINANCE



- Memoranda of Understanding
 - A Memorandum of Understanding (MOU) must be established with each town and the City of Charlotte to allow farms within their corporate boundaries to take part in Mecklenburg County's VAD.
 - Without MOUs established, only farms situated in ETJ are eligible.
- NC Department of Agriculture & Consumer Services (NCDA)
 - The County will record the passed ordinance with NCDA.
 - The County must report to NCDA once a year on our farmland preservation program progress, including the number of enrolled farms and total acreage within the VAD program.

TOWN AND CITY COLLABORATION

- In November 2024, County Sustainability staff had meetings with each of the seven municipalities for an initial conversation around the VAD.
- Each municipality will have the opportunity to nominate an individual actively engaged in agriculture to the AAB.
- Once VAD is established and MOUs in place, there are no additional requirements for municipalities in the running of this program.
- There are no costs or financial benefits to municipalities associated with the VAD.



BENEFITS OF AGRICULTURAL DISTRICTS



BENEFITS OF THE VOLUNTARY AGRICULTURAL DISTRICT ORDINANCE



VAD Benefits for Mecklenburg County include:

- Voluntary and low-cost way to support land conservation,
- Promotes agriculture within the County,
- Maintains agricultural areas for the benefit of all Mecklenburg County residents, and
- Supports environmental sustainability and resiliency by preserving clean air and water.

OPTIONAL BENEFITS FOR INCLUSION IN THE VAD ORDINANCE



Benefits to VAD-enrolled farmers that may be included:

- Public hearings required for condemnation of farmland
- Enhanced Voluntary Agricultural Districts

OPTIONAL BENEFITS FOR INCLUSION IN THE ORDINANCE

Public Hearings for Condemnation: Option to include in the ordinance that no State or local public agency or governmental unit may formally initiate an action to condemn any qualifying farmland within a VAD until a public hearing request has gone through the Agricultural Advisory Board (AAB).

Additional details:

- An appeal must be made to hold a public hearing.
- AAB has 30 days after receiving a request to hold the public hearing and submit findings and recommendations to the agency.
- Agency may not formally initiate a condemnation action while the proposed condemnation is moving through this process.
- AAB would take all factors into account, including timeline, whether proposed condemnation directly affects agricultural production, whether alternate options had been considered by the agency, etc.

(NC GS Article 61, 106-740)

OPTIONAL BENEFITS FOR INCLUSION IN THE ORDINANCE



Enhanced Voluntary Agricultural District (EVAD):

- Requires a 10-year **irrevocable** Conservation Agreement.
 - This agreement automatically renews for three years after the initial period unless notice is given by the landowner and will continue to automatically renew in three-year increments until the landowner submits written notice.
- All benefits of the VAD, plus additional benefits:
 - May receive up to 25% of its gross sales from nonfarm products without losing zoning exemption,
 - Higher percentage of cost-share funds under the NC Agricultural Cost Share Program (GS 106-850), and
 - May receive priority consideration for grants from State departments, institutions, or agencies.

(NC GS Article 61, 106-743.1-5)

PROCESS FOR VOLUNTARY AGRICULTURAL DISTRICT ESTABLISHMENT

1
VAD Application
by Landowner

2
Verification of
bona fide farm
and HEL status

3
Application
Approval by
Agricultural
Advisory Board

4
Execution of
Conservation
Agreement

5
VAD is
Established

6
Compliance with
Record Notice

7
Other Benefits of
VAD

8
Ongoing
Verification of
Conservation
Agreement

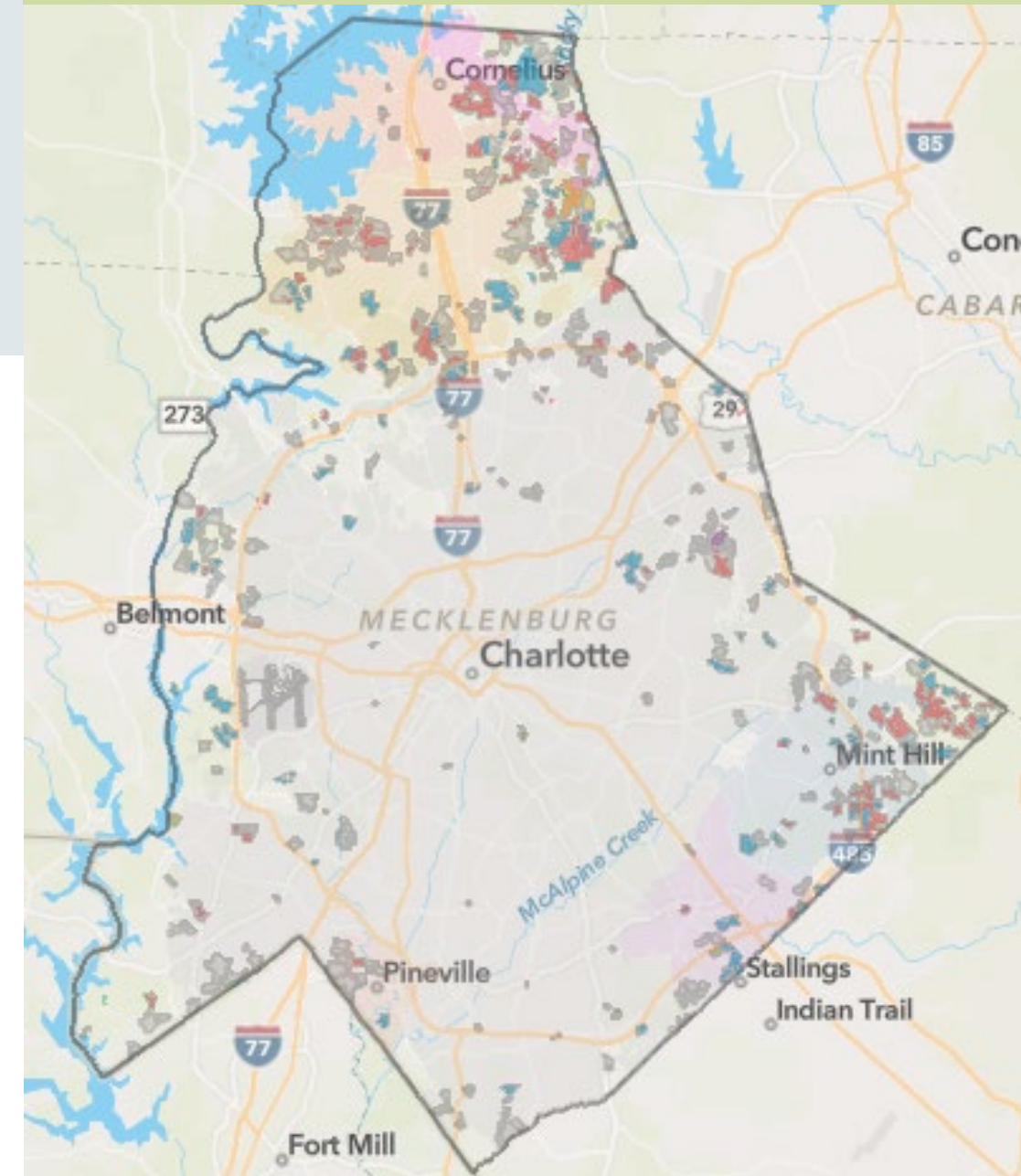


PROGRAM MEASUREMENT AND NEXT STEPS

TRACKING VOLUNTARY AGRICULTURAL DISTRICT PROGRAM PROGRESS

- Online application and tracking system established
- Regular reports from the Agricultural Advisory Board on the number of:
 - VAD/EVAD Applicants
 - Approved farms
 - Approved acreage
- GIS layer for VAD enrolled parcels
- Outreach events for VAD promotion

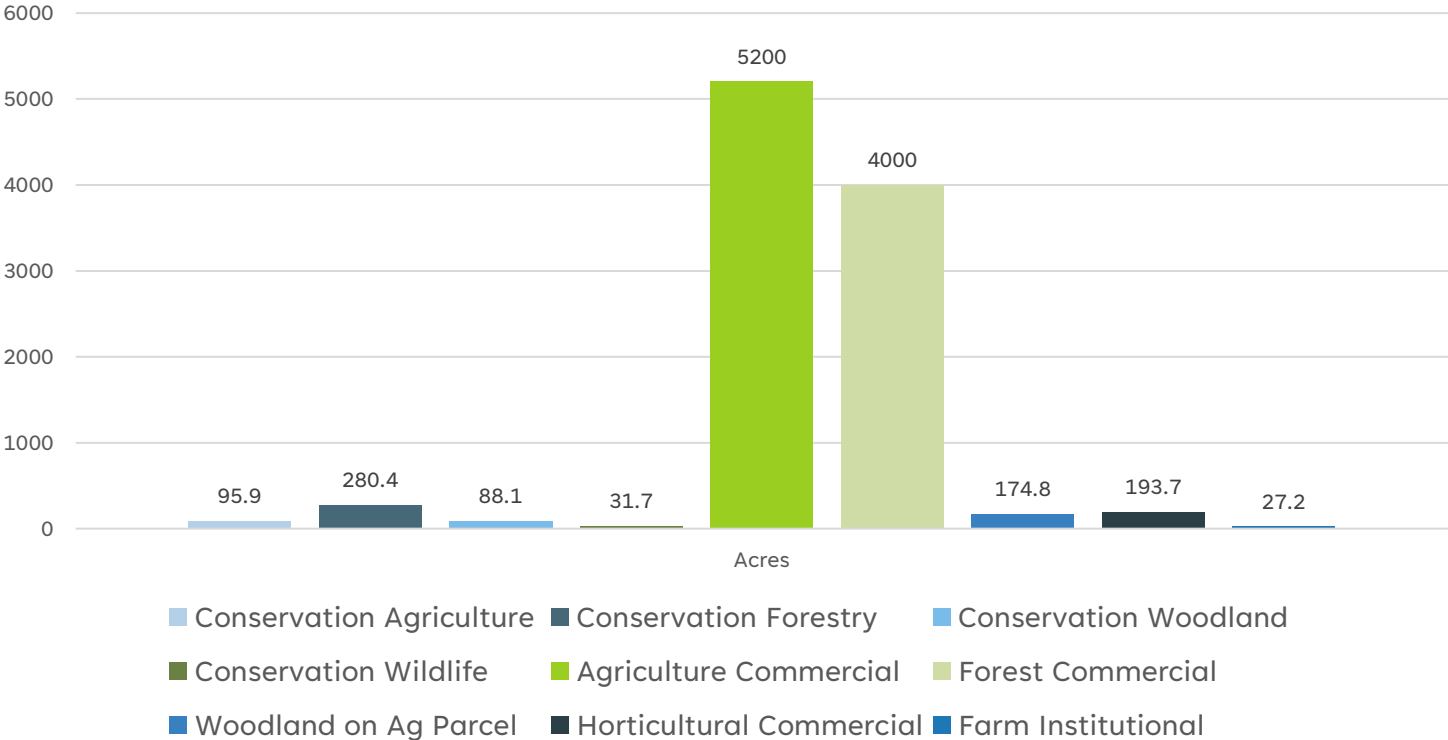
Agricultural Land in Mecklenburg County



Gray areas on the map are parcels that were previously coded as agricultural lands but are no longer coded as such. Parcels with color are current agricultural acreage.

VAD PROGRAM GOALS

Agricultural Land Acreage in
Mecklenburg County by Land Use Type



10,096.8 acres

Current Denoted Agricultural Land Acreage
in Mecklenburg County

VAD Program Goal:
500 acres enrolled in
VAD/EVAD by June 2026

TIMELINE AND NEXT STEPS



- Municipality collaboration
 - **November 2024:** Presentations to staff of all seven municipalities within Mecklenburg County
 - **January / February 2025:** Additional presentations to Huntersville, Davidson, Mint Hill and Cornelius
 - **Spring 2025:** MOUs in place with municipalities opting to take part in the VAD
- Board of County Commissioners Endorsement
 - **December 10, 2024:** Presentation to Environmental Stewardship Committee
 - **February / March 2025:** Presentation at BOCC general meeting
 - **Spring 2025:** Ordinance passed via consent item at BOCC general meeting to establish the VAD
- Formation of Agricultural Advisory Board
 - **Spring 2025:** Applications for AAB open once VAD Ordinance passed by BOCC
 - **Spring 2025:** AAB Bylaws passed by BOCC
 - **Spring 2025:** AAB members appointed by BOCC
- **Summer 2025:** Open Voluntary Agricultural District program for applications



QUESTIONS?



FY2024 Audit Report and Financial Review

**Piet Swart
Finance Director
January 14, 2025**

www.townofdavidson.org

Agenda

- Outside Audit Report – Ann Craven
- Fund Balance
- ARPA Funds
- Davidson Tax Assistance Program
- Questions/Discussion

Presentation of Financial Audit Results

Ann Craven, Lead Auditor

Fund Balance

- Unassigned fund balance is often referred to as a Town's "Savings Account"
- Budgeting philosophy:
 - Conservatively budget revenues to allow for economic fluctuations
 - Expenditures are budgeted based on full projected need
- Fund Balance increases when fiscal year revenues exceed actual expenditures and carry forward purchase orders
- Fund balance is a strong indicator of financial health of the town and is a metric used by bond rating agencies
- Allocation of fund balance to Community Investment Fund allows the board to allocate funds to projects identified in the 5-year Capital Improvement Plan

Fund Balance

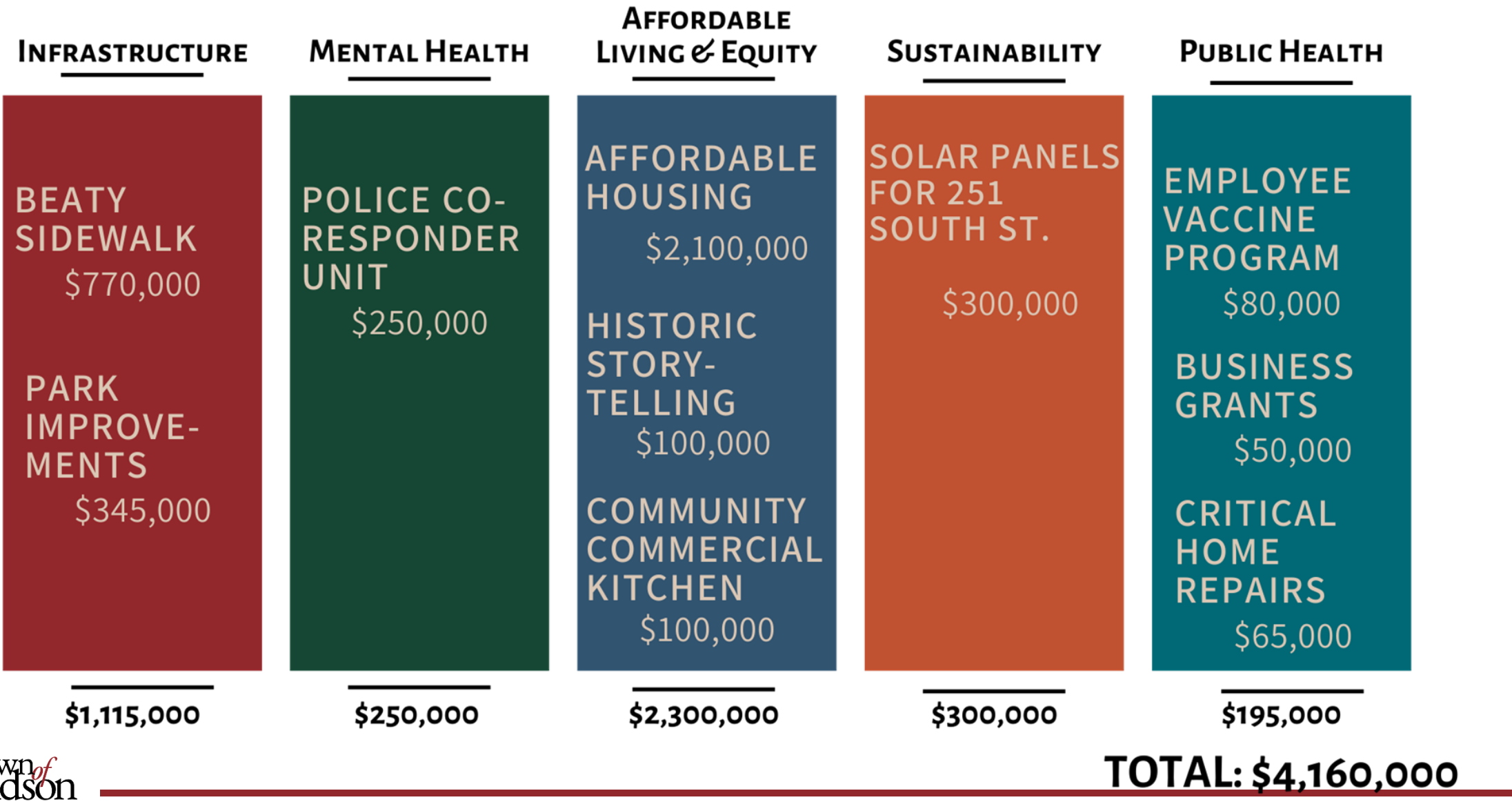
- Total fund balance as of June 30, 2024 is \$17,448,621
- \$1,797,170 of total fund balance is “Restricted” meaning it cannot be spent due to restrictions placed on the funds by the State of North Carolina
- \$983,550 of total fund balance is “Committed” meaning it cannot be spent due to restrictions placed on the funds by the board
- \$4,573,263 of total fund balance is Unspendable and Assigned Items. Includes \$2,148,484 in the Community Investment Fund and \$2,421,779 for future G.O. Bond debt service.
- \$10,094,638 of Unassigned Fund Balance at June 30, 2024

Unassigned Fund Balance

Unassigned Fund Balance Summary				
Unassigned Fund balance at June 30, 2024:		\$ 10,094,638	53%	FY24 Actual
			50%	FY25 Budget
Stabilization Threshold for FY2024 at July 1, 2024:		\$ 6,767,146		
Unassigned FB over Stabilization Threshold:		\$ 3,327,492		
Unassigned FB allocated in FY 2025:		\$ (489,500)		
Unassigned Fund Balance available for Capital Projects		\$ 2,837,992		
Transfer to Community Investment Fund (July, 2024)		\$ (600,000)		
Reserved Future Debt Service on Fire Station#1		\$ (400,000)		
Unallocated Unassigned FB over Stabilization		\$ 1,837,992		

Note: Manager's FY2026 recommended budget will include allocation of 50% of the UFB, as of March 31, 2025, to the Community Investment Fund (CIF) to make strategic capital investments per the CIP.

ARPA Funds



ARPA Projects Status

- Detail of projects is attached to the agenda item
- Summary of focus areas:
 - Infrastructure - Projects will all be complete during calendar 2025
 - Mental Health – Co-responder ARPA funding will conclude in FY2026, and be fully funded from the General Fund
 - Affordable Living and Equity – Projects are ongoing
 - Sustainability – Solar Panel project will be under contract by Spring, 2025
 - Public Health – Funds will be expended in 2025
- \$1.43 million has been spent or encumbered
- \$2.73 million of the \$4.16 total funds have not been spend or encumbered

Davidson Tax Assistance Program

- Made possible by grant from the Davidson Community Foundation
- Merged Program with Mecklenburg County HOMES program to streamline program and provide seamless access to both grants
- In FY2025, 49 Applications Received (69% increase over FY24) and 32 Grants Awarded (52% increase) for a total of \$9,738 in grants awarded (102% increase)
- The average award was \$304
- About \$6,600 remaining of \$22,000 grant

Questions & Discussion





The Town of
Davidson

Annual Comprehensive Financial Report

Fiscal Year 2024



TOWN OF DAVIDSON



TOWN OF DAVIDSON

Town of Davidson
North Carolina

Annual Comprehensive Financial Report

For the Fiscal Year Ended
June 30, 2024

Prepared By the Finance Team

Chris Crump
Katherine Faust
Brian Lee
Pieter C. Swart, III

Finance Director

Pieter C. Swart, III, CPA

TOWN OF DAVIDSON

Table of Contents

INTRODUCTORY SECTION.....	6
Letter of Transmittal	7
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	13
List of Principal Officers.....	14
Organizational Chart	15
FINANCIAL SECTION	16
Independent Auditor’s Report.....	17
Management’s Discussion and Analysis	21
BASIC FINANCIAL STATEMENTS	32
Government-Wide Financial Statements:	33
<i>Statement of Net Position (Exhibit 1)</i>	33
<i>Statement of Activities (Exhibit 2)</i>	34
Fund Financial Statements.....	35
<i>Balance Sheet- Governmental Funds (Exhibit 3)</i>	35
<i>Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds (Exhibit 4)</i>	37
<i>Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the statement of Activities of Governmental Funds (Exhibit 4)</i>	38
<i>General Fund Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual (Exhibit 5)</i>	39
<i>Statement of Net Position - Proprietary Funds (Exhibit 6)</i>	40
<i>Statement of Revenue, Expenses and Changes in Fund Net Position – Proprietary Funds (Exhibit 7)</i>	41
<i>Statement of Cash Flows – Proprietary Funds (Exhibit 8)</i>	42
Notes to the Financial Statements.....	43
REQUIRED SUPPLEMENTAL FINANCIAL DATA.....	73
<i>Town of Davidson’s Proportionate Share of Total Pension Liability</i>	74
<i>Town of Davidson’s Contributions</i>	75
<i>Schedule of Changes in Total Pension Liability</i>	76
<i>Schedule of Total Pension Liability as a Percentage of Covered Employee Payroll</i>	77
SUPPLEMENTAL STATEMENTS.....	78
Individual Fund Schedules.....	79

TOWN OF DAVIDSON

<i>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund (Statement 1).....</i>	<i>79</i>
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Revenue Fund- Affordable Housing Program (Statement 2)</i>	<i>84</i>
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 2021 GO Bonds Issuance Fund (Statement 3).....</i>	<i>85</i>
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - 2023 GO Bond Fund - Capital Project (Statement 4)</i>	<i>86</i>
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Project Fund – Former ARPA (Statement 5).....</i>	<i>87</i>
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Mecklenburg ARPA Fund (Statement 6).....</i>	<i>88</i>
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - NC Direct Grant Fund (Statement 7)</i>	<i>89</i>
<i>Combining Balance Sheet - Non-Major Governmental Funds (Statement 8).....</i>	<i>90</i>
<i>Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds (Statement 9)</i>	<i>91</i>
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Special Revenue Fund – Public Art Project (Statement 10)</i>	<i>92</i>
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Project Fund – Potts-Sloan-Beaty Corridor (Statement 11)).....</i>	<i>93</i>
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Project Fund – Parks/Greenway (Statement 12)</i>	<i>94</i>
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Project Fund – Public Facilities (Statement 13).....</i>	<i>95</i>
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Project Fund – Veterans Monument Fund (Statement 14).....</i>	<i>96</i>
<i>Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Storm-water Fund (Statement 15).....</i>	<i>97</i>
ADDITIONAL FINANCIAL DATA.....	98
<i>Schedule of Ad Valorem Taxes (Schedule 1).....</i>	<i>99</i>
<i>Analysis of Current Tax Levy (Schedule 2)</i>	<i>100</i>
STATISTICAL SECTION.....	101
<i>Net Position by Component.....</i>	<i>103</i>
<i>Change in Net Position</i>	<i>104</i>
<i>Changes in Net Position.....</i>	<i>107</i>
<i>Balances of Government Funds</i>	<i>108</i>
<i>Changes in Fund Balances of Governmental Funds.....</i>	<i>111</i>

TOWN OF DAVIDSON

<i>Governmental Activities Tax Revenues by Source.....</i>	<i>112</i>
<i>Assessed Value and Estimated Actual Value of Taxable Property.....</i>	<i>113</i>
<i>Property Tax Rates</i>	<i>114</i>
<i>Principal Property Taxpayers</i>	<i>115</i>
<i>Property Tax Levies and Collections.....</i>	<i>116</i>
<i>Ratios of General Bonded Debt Outstanding.....</i>	<i>117</i>
<i>Ratios of Outstanding Debt by Type.....</i>	<i>118</i>
<i>Direct and Overlapping Governmental Activities Debt</i>	<i>119</i>
<i>Legal Debt Margin Information.....</i>	<i>120</i>
<i>Demographics and Economic Statistics.....</i>	<i>121</i>
<i>Principal Employers</i>	<i>122</i>
<i>Full-Time Equivalent Town Government Employees by Function.....</i>	<i>123</i>
<i>Operating Indicators by Function.....</i>	<i>124</i>
<i>Capital Assets Statistics by Function</i>	<i>125</i>
COMPLIANCE SECTION.....	126
Report on Internal Control over Financial Reporting	127
Report on Compliance for Each Major State Program	129
Summary Schedule of Prior Audit Findings	134
Schedule of Expenditures of Federal and State Awards.....	135

TOWN OF DAVIDSON

INTRODUCTORY SECTION

TOWN OF DAVIDSON



Letter of Transmittal

December 13, 2024

To the Citizens, Mayor, and Board of Commissioners of the Town of Davidson, North Carolina:

We are honored to present the Annual Comprehensive Financial Report (ACFR) for your review and use. This report was prepared by the Davidson Finance Department and is an enhancement to the basic Financial Report. North Carolina General Statutes - Section 159 requires that each local government produce financial reports annually which are in accordance with Generally Accepted Accounting Principles (GAAP) and that these statements are audited, using Generally Accepted Auditing Standards (GAAS) by an independent firm of Certified Public Accountants. This report fulfills this requirement for the fiscal year ending June 30, 2024.

Town management is responsible for both the accuracy of the data and the completeness and fairness of the report. We believe the data is accurate in all material respects and is presented in a manner which fairly reflects the town's financial position. To ensure reliability of the information, town management has established a comprehensive framework of internal controls. Internal controls protect the town's assets from loss, theft and misuse, and provide reliable information for the preparation of this report. Because the cost of internal controls should not outweigh their benefits, the town's controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, to the best of our knowledge and belief, this financial report is complete, accurate and reliable in all material respects.

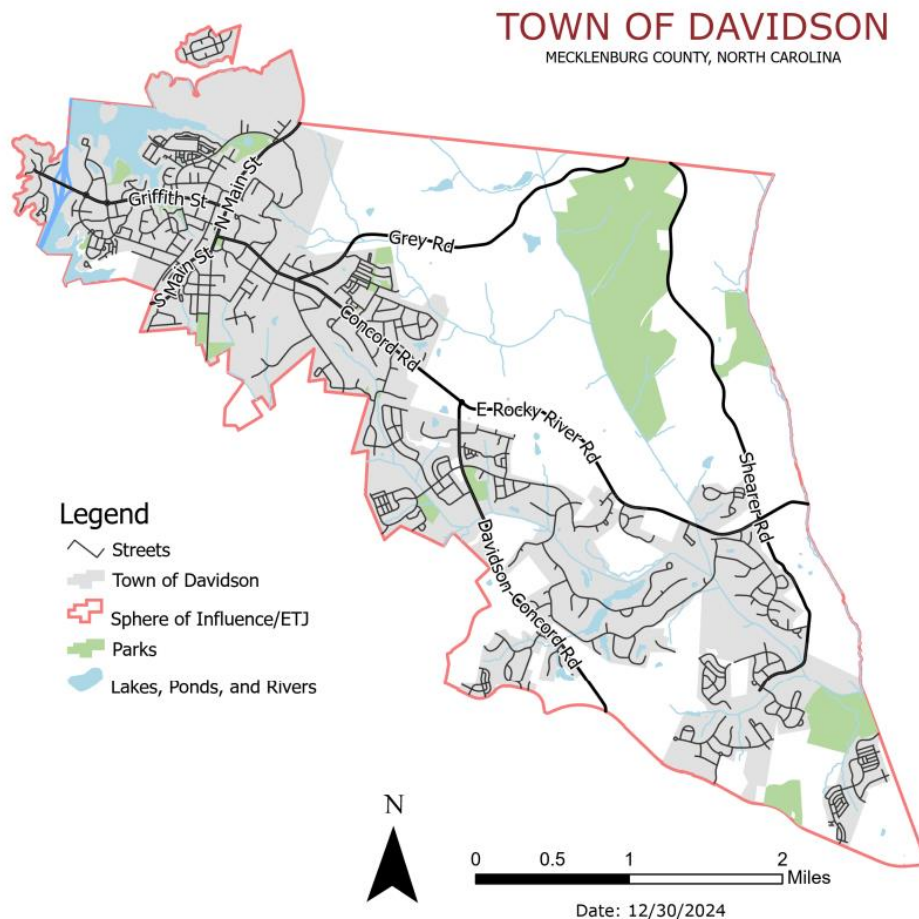
As noted earlier, the Town of Davidson is required by state law to have an annual independent financial audit. Ann R. Craven, CPA, PLLC, conducted the audit and concluded in an unmodified ("clean") opinion that the financial statements present fairly in conformity with GAAP, in all material respects, the financial position and changes in financial position for the Town of Davidson, North Carolina, as of June 30, 2024. The independent auditors' report on the basic financial statements is located at the beginning of the financial section of this report.

Management's discussion and analysis of the basic financial statements (MD&A) immediately follows the independent auditors' report and provides a prescribed narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to complement, and therefore should be read in conjunction with, this letter of transmittal.

TOWN OF DAVIDSON

Profile of the Government

The Town of Davidson's history began in 1837 when Davidson College opened its doors to students. The town was incorporated as "Davidson College" in 1879 but became "Davidson" in 1891. Davidson is the northernmost municipality in Mecklenburg County and extends into Iredell County. To the west, the town touches Lake Norman, the largest manmade lake in North Carolina. The town's land area is 6.3 square miles and the Extra Territorial Jurisdiction (ETJ), which is available for future town expansion, covers 7.5 square miles. The town's population at June 30, 2024 is 15,816.



The voting citizens of Davidson elect a mayor and five at-large Board of Commissioners every two years. In 2023, voters approved term length changes for the Board of Commissioners, establishing staggered four-year terms effective from FY2026. The mayor acts as the chairperson of all Board meetings. The Board of Commissioners is responsible for, among other things, passing ordinances/resolutions, adopting the budget, and hiring both the Town's manager and attorney. The Town manager is responsible for carrying out the policies and ordinances of the Board, for overseeing the day-to-day operations of the Town, and for appointing the heads of the various departments.

TOWN OF DAVIDSON

The town provides a broad range of services to residents; these include police and fire protection, solid waste collection, street and sidewalk maintenance, storm water maintenance, planning and zoning, community and economic development, parks and recreation, and general administrative services.

The board of commissioners is required to adopt a budget before July 1st of each year. The town's budget ordinance creates a legal limit on spending authorizations and serves as the foundation for Davidson's financial planning and control. The budget is prepared by fund and department. The town manager is authorized by the budget ordinance to make certain limited transfers within funds to facilitate budget execution.

Factors Affecting Financial Condition

A. Local Economy

The Town has experienced steady economic growth in the last 10 years. The FY2024 ad valorem tax base increased 41% over the prior year due to the property revaluation which was effective January 1, 2023. Population has grown about 45% since 2010 and 18% since the last census in 2020. Although the residential/commercial property split is significantly weighted to residential at 89%/11%, the major commercial nodes have seen significant growth. Office space and retail capacity in Davidson consistently remains above 95% occupancy. The Mecklenburg County unemployment rate for June 2024 was 3.9% according to the US Bureau of Labor and Statistics; over 8,000 people work in the Town of Davidson and many more adapted to work at home policies caused by the pandemic. There are five new commercial projects in the works that will add over 170,000 square feet of retail and office space in Town. This will help to meet the growing demand of businesses wishing to locate here and will significantly add to the tax base.

Davidson's corporate businesses are adjusting to a hybrid model of employees working from home and the office. Davidson is ideally suited for this work style as many people live in Town and find informal co-working opportunities in many public places around Town. Davidson's tax base is fairly diversified with over 200 independent businesses. Many of these business owners live in town which increases their investment in Davidson and promotes community support.

Davidson has become a regional food destination with a diversity of culinary offerings. It is also a place where individual business models start and then franchise to other areas. Famous Toastery, Summit Coffee, and Kindred Studio collectively have over 40 locations in addition to their Davidson base. Davidson is not entirely immune to the employment crisis that has affected many businesses in the hospitality industry. Davidson locations are reporting difficulty in attracting and retaining employees, causing reduced opening hours with truncated shifts.

Davidson College has been the anchor of the Town of Davidson since the incorporation of the Town in 1879. The college brings thousands of visitors to the Town for numerous academic and athletic events annually. Recently, there has been considerable discussion of the desirability of small college Towns for retirees due to the overall quality of life which surrounds a college campus. The Pines, a continuing care

TOWN OF DAVIDSON

retirement community located on 140 acres off Pine Road, continues to expand and thrive. Additionally, Williams Place, a senior independent living facility on Lake Davidson also serves retirees. Davidson looks to continue as a highly desirable location for residents, businesses, retirees, and students.

B. Long-Term Financial Planning and Financial Policy

Citizens entrust town government with the stewardship of public funds, so government will provide high quality services at a reasonable cost.

To meet the obligations of the above core value, the town is dedicated to maintaining a strong financial condition. The three Ps of the town's financial policy are:

- Promotes long-term financial stability by establishing clear and consistent guidelines and linking long-range financial planning with day-to-day operations,
- Preserves the town's ability to meet future needs while giving town leaders a framework for balancing increasing service demands and financial position,
- Provides the board of commissioners, citizens, and management a framework for measuring the fiscal impact of government services against established fiscal parameters and guidelines.

The town's financial policy targets a fund balance at June 30 of each fiscal year which is at least 35% of the following year's operating budgeted expenditures plus debt service due in the first quarter. Our Unassigned Fund Balance at June 30, 2024 is \$10,094,638 which is 50% of the FY 2025 budget. State law requires the amount of the town's net bonded debt may not exceed 8% of assessed value of property subject to taxation; the town's finance policy limits this amount to 4%. For fiscal year 2024, the assessed value of property subject to ad valorem taxes was \$4,257,140,817; which allows for \$170.2 million in debt (at the town's policy of 4%; the State's 8% threshold would allow for \$340.5 million in debt). At June 30, 2024, the town's total debt principal was \$24,129,392.

In FY2017, the finance department developed a long-term financial model which has, and will continue to, assist the board of commissioners in making sound financial decisions. The model incorporates budget projections for revenues and expenditures, the capital improvement plan (CIP), and fund balance information to allow the town to evaluate major operating and capital expenditures. The board of commissioners can see the impact of financing on fund balance and required tax rate, as well as peer municipality comparisons and potential bond rating impact.

The Town incorporates long-term financial planning into its budget development process. Projections are made for all funds over a minimum of five years to estimate future revenue and expenditures. These projections help ensure that financial decisions made today support the Town's future fiscal sustainability.

TOWN OF DAVIDSON

In addition to predicting revenue and expenditures, Davidson's long-term financial planning significantly influences major future decisions. The Town's planning model integrates historical data, current year operations, budgets, and future projections to evaluate the financial feasibility of future operations. This model helps the Town quantify the impacts of funding future operational needs, capital projects, and debt on benchmarks such as fund balance and credit ratings.

The Town of Davidson collaborates with First Tryon Advisors in Charlotte, NC, a partnership that has been vital in supporting the Town's financial planning. This collaboration allows the Town to utilize a sophisticated planning model that aids town staff and the Board of Commissioners in making data-driven decisions aligned with the Capital Improvement Plan (CIP), Strategic Plan, and Comprehensive Plan (Comp Plan). The model is instrumental for the Board of Commissioners and Town staff in developing strategies to fund capital needs. It ensures these strategies consider the potential tax impact on citizens and adhere to policies, guidelines, and metrics necessary to maintain a triple-A bond rating.

The model is updated throughout the year to reflect changes in major economic assumptions, borrowing rates, CIP projects and programs, completed debt issuances, and relevant Board actions. This ongoing update process ensures that the Town's financial planning remains accurate and responsive to changing circumstances, thereby supporting the long-term fiscal sustainability of Davidson.

C. Major Initiatives

In January 2024, the Davidson Board of Commissioners endeavored to develop a two-year strategy and action plan for improvements to the Town of Davidson. This process resulted in the Davidson Strategic Plan 2024-2025 which established goals for seven major areas of focus:

1. Healthy, Livable, & Vibrant Community
2. Historic Preservation
3. Connecting People and Places
4. Sustainability and Natural Assets
5. Affordable Living, Equity, and Inclusion
6. Economic Development
7. Operational Excellence
- 8.

Detailed information on the Davidson Strategic Plan is available at:

www.townofdavidson.org/strategicplan

TOWN OF DAVIDSON

Awards and Acknowledgements

The town submitted the June 30, 2023 ACFR for review by the Government Finance Officers Association (GFOA) and was awarded the Certificate of Achievement for Excellence in Financial Reporting. The town will seek this award again for the current ACFR.

This report would not have been possible without the diligence and dedication of our finance department professionals. We appreciate our Management Team for their dedication to providing “high quality services at a reasonable cost,” as without their work, this report would not be necessary. We thank the Mayor and Davidson Board of Commissioners, whose dedication to public service and the Town of Davidson have resulted in the exceptional financial position we are in, and the financial path upon which we are headed. To the citizens of Davidson who have entrusted us with the stewardship of their public funds, we say “Thank You.”

Respectfully submitted,



James E. Justice
Town Manager



Pieter C. Swart, III
Finance Director

TOWN OF DAVIDSON
GFOA Certificate of Achievement for Excellence in Financial Reporting
Fiscal Year Ended June 30, 2023



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Davidson
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

TOWN OF DAVIDSON

Town of Davidson, North Carolina

List of Principal Officers

Mayor

Rusty Knox

Board of Commissioners

Autumn Rierson Michael, Mayor Pro Tempore

Tracy Mattison Brandon

Ryan Fay

Steve Justus

Ted Stauffer

Administrative and Financial Staff

James E. Justice, Town Manager

Austin F. Nantz, Assistant Town Manager

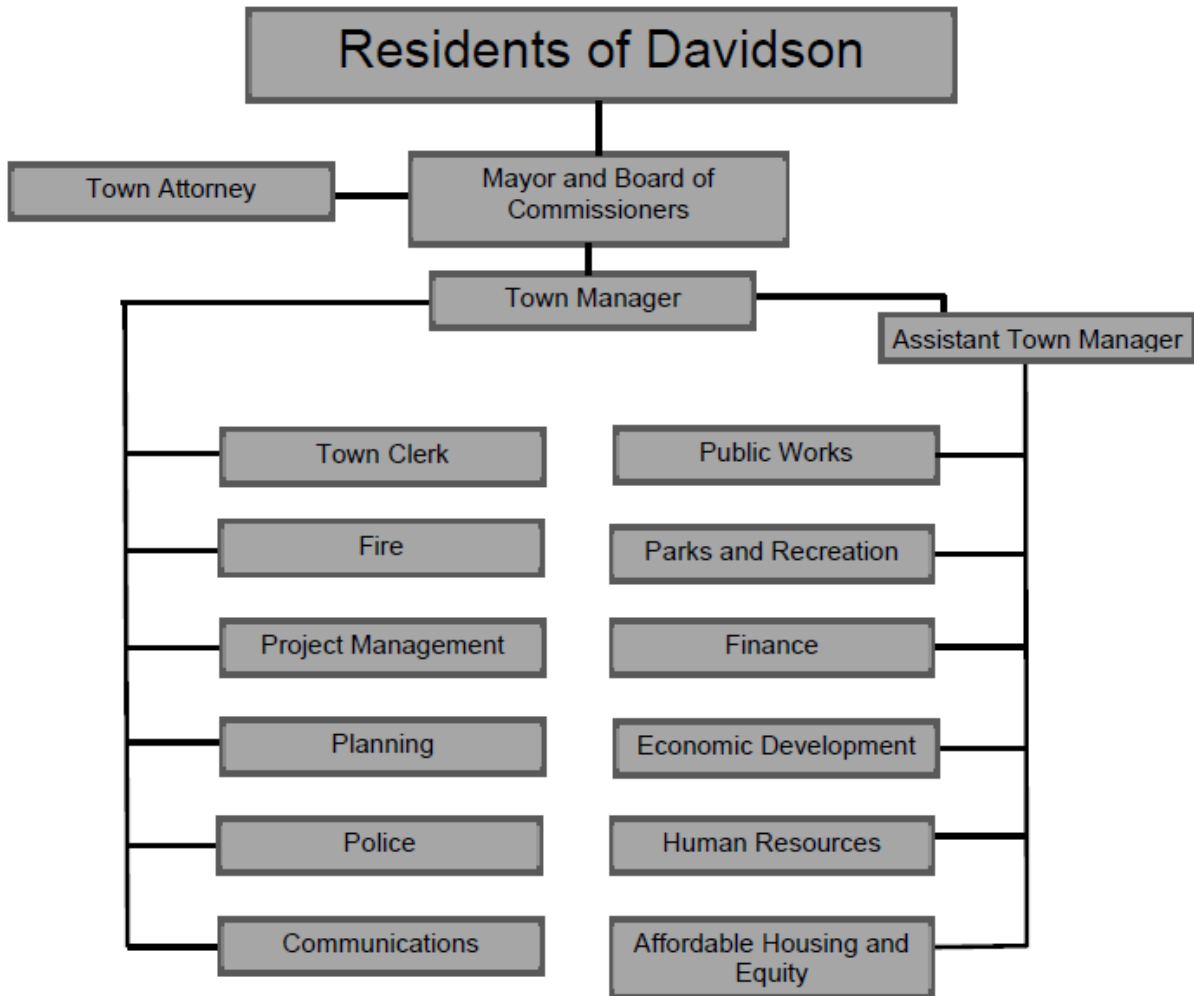
Karen Wolter, Town Attorney

Elizabeth K. Shores, Town Clerk

Pieter C. Swart, III, CPA, Finance Director

TOWN OF DAVIDSON

Organizational Chart



TOWN OF DAVIDSON

FINANCIAL SECTION

TOWN OF DAVIDSON

ANN R. CRAVEN, CPA, PLLC
1100 REVOLUTION MILL DRIVE, STUDIO 2
GREENSBORO, NORTH CAROLINA 27405
(336) 632-0060

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
And Board of Commissioners
Town of Davidson, North Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Davidson, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Davidson, North Carolina, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the ***Auditor's Responsibilities for the Audit of the Financial Statements*** section of our report. We are required to be independent of the Town of Davidson, North Carolina, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Davidson, North Carolina's

TOWN OF DAVIDSON

ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Davidson, North Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Davidson, North Carolina's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 14, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Total Pension Liability and Contributions on pages 63 through 64 and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and the Total Pension Liability as a Percentage of Covered Payroll on pages 65 through 66, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

TOWN OF DAVIDSON

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Davidson, North Carolina's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual nonmajor fund statements, budgetary schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued the following reports:

- Our report dated December 6, 2024 on our consideration of Town of Davidson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Davidson's internal control over financial reporting and compliance.

TOWN OF DAVIDSON

- Our report dated December 6, 2024 on our consideration of Town of Davidson, North Carolina's compliance for each major state program and on internal control over compliance required by the Uniform Guidance and the State Single Audit Implementation Act. The purpose of the report is to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance.

Ann R Craven, CPA, PLLC

Ann R. Craven
Greensboro, North Carolina
December 6, 2024

TOWN OF DAVIDSON

Management's Discussion and Analysis

As management of the Town of Davidson, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Davidson for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

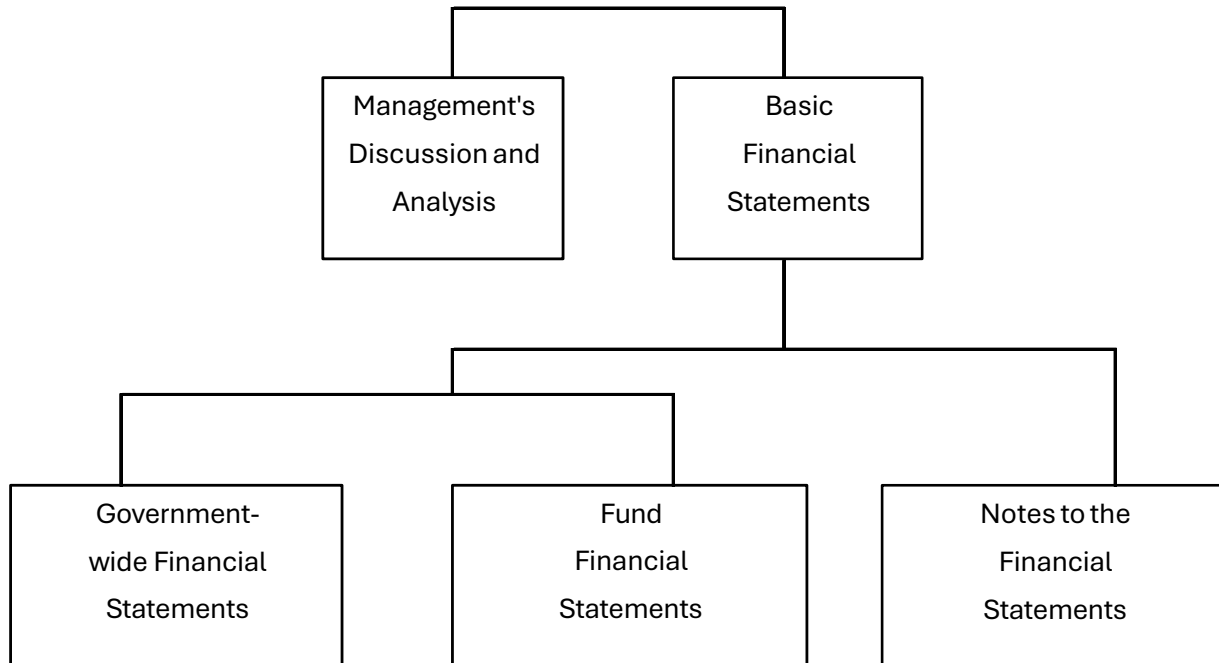
Financial Highlights

- The assets and deferred outflows of resources of the Town of Davidson exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$47,614,855 (*net position*).
- The government's total net position increased by \$3,945,999, primarily due to increases in the governmental-type activities net position.
- As of the close of the current fiscal year, the Town of Davidson's governmental funds reported combined ending fund balances of \$28,064,570, with a net increase of \$2,516,762 in fund balance. Approximately 64.03 percent of this total amount or \$17,969,932 is non-spendable, restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,094,638 or 48.30 percent of total general fund expenditures for the fiscal year.
- The Town of Davidson's total long-term liabilities increased by \$3,462.063 (16.751%) during the current fiscal year. The key factors relative to this increase were the issuance of General Obligation bonds.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Town of Davidson's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town 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 the Town of Davidson.

TOWN OF DAVIDSON



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town 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; and 3) the proprietary fund statements; and 4) the fiduciary fund 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 Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town'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 Town's financial status as a whole.

TOWN OF DAVIDSON

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town'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 Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include solid waste and storm-water services offered by the Town of Davidson. The Town has no component units.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending 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 Town's programs. The relationship between government 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.

The Town of Davidson 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 Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town 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 – Town of Davidson has one kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Davidson uses enterprise funds to account for its solid waste and storm-water services activities. These funds are the same as those functions shown in the Statement of Net Position and the Statement of Activities.

TOWN OF DAVIDSON

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 begin on page 25 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Davidson’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 63 of this report.

Interdependence with Other Entities – Town of Davidson depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

**Town of Davidson’s Net Position
Figure 2**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 29,598,193	\$ 27,517,539	\$ 506,534	\$ 394,197	\$ 30,104,727	\$ 27,911,736
Capital assets	48,410,231	42,903,695	-	-	48,410,231	42,903,695
Total assets	78,008,424	70,421,234	506,534	394,197	78,514,958	70,815,431
Deferred outflows of resources	2,965,667	2,679,078	-	-	2,965,667	2,679,078
Total assets and deferred outflows of resources	80,974,091	73,100,312	506,534	394,197	81,480,625	73,494,509
Long-term liabilities outstanding	22,801,386	19,041,349	-	-	22,801,386	19,041,349
Other liabilities	10,915,276	10,609,094	-	-	10,915,276	10,609,094
Total liabilities	29,650,443	29,650,443	-	-	29,650,443	29,650,443
Deferred inflows of resources	149,108	175,210	-	-	149,108	175,210
Total liabilities and deferred inflows of resources	29,799,551	29,825,653	-	-	29,799,551	29,825,653
Net position:						
Net investment in capital assets	43,545,839	37,471,366	-	-	43,545,839	37,471,366
Restricted	2,140,482	2,173,968	-	-	2,140,482	2,173,968
Unrestricted	1,422,000	3,629,325	506,534	394,197	1,928,534	4,023,522
Total net position	\$ 47,108,321	\$ 43,274,659	\$ 506,534	\$ 394,197	\$ 47,614,855	\$ 43,668,856

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 the Town of Davidson exceeded liabilities and

TOWN OF DAVIDSON

deferred inflows of resources by \$47,614,855 as of June 30, 2024. The Town's net position increased \$3,945,999 for the fiscal year ended June 30, 2024. However, the largest portion (91.03%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Davidson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the Town of Davidson'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 the Town of Davidson's net position, \$2,140,842, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,422,000 is unrestricted.

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

- Overall, Revenues of Governmental Activities exceeded expenses by over \$3.8 million. (See Figure 3)
- Actual revenues were over budgeted revenues by over \$1.4 million. (*See Exhibit 5*)
- Actual expenditures were under budget by over \$3.7 million. (*See Exhibit 5*)

TOWN OF DAVIDSON

Town of Davidson's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 322,140	\$ 274,544	\$ 315,891	\$ 292,372	\$ 638,031	\$ 566,916
Operating grants and contributions	979,940	5,652,725	-	-	979,940	5,652,725
Capital grants and contributions	1,757,188	-	-	-	1,757,188	-
General revenues:						
Property taxes	11,816,223	9,861,663	-	-	11,816,223	9,861,663
Other taxes	6,427,230	5,481,179	-	-	6,427,230	5,481,179
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Other	2,177,940	2,493,531	-	-	2,177,940	2,493,531
Total revenues	23,480,661	23,763,642	315,891	292,372	23,796,552	24,056,014
Expenses:						
General government	3,786,927	3,032,310	-	-	3,786,927	3,032,310
Public safety	7,385,571	6,164,571	-	-	7,385,571	6,164,571
Transportation	2,048,574	2,485,720	-	-	2,048,574	2,485,720
Economic development	2,155,058	1,709,549	-	-	2,155,058	1,709,549
Culture and recreation	3,159,550	2,000,720	-	-	3,159,550	2,000,720
Environmental protection	1,241,217	1,181,952	-	-	1,241,217	1,181,952
Interest on long-term debt	-	-	-	-	-	-
Amortization on bond premium	(129,898)	(124,800)	-	-	(129,898)	(124,800)
Amortization on bond issuance cost	-	-	-	-	-	-
Solid Waste	-	-	-	4,080	-	4,080
Stormwater	-	-	203,553	270,322	203,553	270,322
Total expenses	19,646,999	16,450,022	203,553	274,402	19,850,552	16,724,424
Increase(decrease) in net position before transfers	3,833,662	7,313,620	112,337	17,970	3,945,999	7,331,590
Transfers	-	(27,681)	-	27,681	-	-
Increase(decrease) in net position	3,833,662	7,285,939	112,337	45,651	3,945,999	7,331,590
Net position, beginning, previously reported	43,274,659	36,189,383	394,197	348,546	43,668,856	36,537,929
Prior period adjustment	-	(200,663)	-	-	-	(200,663)
Net position, beginning, restated	43,274,659	35,988,720	394,197	348,546	43,668,856	36,337,266
Net position, June 30	\$ 47,108,321	\$ 43,274,659	\$ 506,534	\$ 394,197	\$ 47,614,855	\$ 43,668,856

TOWN OF DAVIDSON

Governmental Activities. Governmental activities increased the Town's net position by \$3,945,999, thereby contributing for the major portion of the growth in the net position of the Town of Davidson. Key elements of this increase are as follows:

- Ad Valorem Tax revenues increased 19.82% over the prior fiscal year due to a reevaluation of all parcels by the assessor's office.
- Sales tax revenue increased 15.72% due to inflationary growth and an increase in allocated percentage of total collections.
- Investment earnings increased 33.6% due to significant growth in the interest earnings rate.
- Total revenues exceeded total expenses by \$3,833,662 due to carry-forward purchase orders, cost saving measures, funding from the North Carolina Legislature, and continued attention to finding reductions in expenses.

Business-type Activities. Business-type activities increased the Town's net position by \$112,337. Key elements of this decrease are as follows:

- Increase in net position was due to the Town's discontinuance of the maintenance of the solid waste activities.

Financial Analysis of the Town Funds

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

Governmental Funds. The focus of the Town of Davidson's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Davidson's financing requirements.

The general fund is the chief operating fund of the Town of Davidson. At the end of the current fiscal year, the Town of Davidson's fund balance available in the General Fund was \$10,094,638 while total fund balance reached \$17,448,621. The governing body of the Town of Davidson has adopted a minimum fund balance policy that instructs management to conduct business in such a manner that the unassigned fund balance be no less than 35 percent of budgeted general fund expenditures in the next fiscal year. The purpose of a minimum fund balance policy is to have an adequate balance of general funds in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 49.53% of general fund expenditures, while total fund balance represents 85.61% of the same amount.

At June 30, 2024, the governmental funds of Town of Davidson reported a combined fund balance of \$28,064,570 with a net increase in fund balance of \$2,516,762. Included in this change in fund balance is a decrease in the 2021 General Obligation Bond Issuance Fund of \$1,286,654, an increase in the 2023 General Obligation Bond Fund balance of \$4,252,788 due to the issuance of additional general obligation bonds of \$5,135,000, a decrease in the General Fund, of \$285,932, an increase of \$817,859 in the special revenue fund and decreases of \$1,598,815 in the capital project funds and an increase of \$495,328 in the North Carolina Directed Grant Fund.

General Fund Budgetary Highlights: During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments

TOWN OF DAVIDSON

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.

Revenues were adjusted to reflect:

- Appropriations of Fund Balance
- NCDEQ Grant for a pilot Food Waste Program (\$6,500)
- A NCDOT Grant for the engineering of the River Run to Summers Walk greenway (\$121,000)
- A Firehouse Subs Grant for the purchase of electric bicycles (\$11,664)
- A Grant from the NC Parks and Recreation Trust Fund (PARTF) for improvements at Roosevelt Wilson Park (\$171,313)

Expenditures were adjusted to reflect:

New projects funded from fund balance:

- Purchase of land for future Fire Station #1.
- Safety enhancements at 251 South Street.
- 2023 General Obligation Bond Debt Service.
- Davidson Tax Assistance Program

Projects funded by grants:

- Engineering for East Rocky River Rd greenway bridge
- Roosevelt Wilson Park improvements
- 2 electric bicycles
- River Run to Summers Walk greenway engineering
- Food waste pilot program

Significant variances of actual expenses were as follows:

- Streets and Parks projects that were not completed and will be carried forward to Fiscal Year 2025.

Major capital asset transactions during the year, include the following additions:

- Purchase of 6 Police Department vehicles and associated equipment

Proprietary Funds. The Town of Davidson's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position for the Storm Water Fund amounted to \$506,534. The change in net position for the Storm Water Fund was \$112,337. The storm water fee structure was evaluated in fiscal year 2014 and an increase to rates was approved for fiscal year 2015.

Capital Asset and Debt Administration

Capital Assets. The Town of Davidson's investment in capital assets for its governmental and business-type activities as of June 30, 2024, totals \$48,410,231 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

TOWN OF DAVIDSON

Capital assets consist of:

- Land and other non-depreciable assets of \$11,512,906.
- Other capital assets (net of depreciation of \$13,300,822) total \$36,897,325.

Town of Davidson's Capital Assets Net of Depreciation

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 8,017,762	\$ 5,870,832	\$ -	\$ -	\$ 8,017,762	\$ 5,870,832
Buildings and systems	6,014,329	6,216,800	-	-	6,014,329	6,216,800
Improvements other than buildings	26,711,272	8,374,807			26,711,272	8,374,807
Machinery and equipment	1,337,602	938,860	-	-	1,337,602	938,860
Computers and Computer software	-	-	-	-	-	-
Vehicles and motorized equipment	2,834,122	2,571,555	-	-	2,834,122	2,571,555
Construction in progress	3,495,144	18,930,841	-	-	3,495,144	18,930,841
Total	\$ 48,410,231	\$ 42,903,695	\$ -	\$ -	\$ 48,410,231	\$ 42,903,695

Additional information on the Town's capital assets can be found in Note III.A.5 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2024, the Town of Davidson had total debt outstanding of \$24,129,392. The Town of Davidson's outstanding debt decreased by \$3,462,063 (16.751%) due, primarily to the issuance of additional general obligation bonds.

Long-term Liabilities. In addition to its long-term debt, the Town of Davidson is liable for long-term liabilities of \$5,847,840. Of this total amount, \$664,981 is due Town employees for compensated absences. The remaining amount of \$5,183,259 relates to the obligation for the LGERS pension plan and Law Enforcement Officers Special Separation Allowance described in detail in Note III.B.1 beginning on page 37 of this report. The Town of Davidson's other long-term liabilities increased by \$1,013,649 due, primarily, to an increase in the LGERS pension liability.

TOWN OF DAVIDSON

Town of Davidson's Outstanding Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Installment financing	\$ 4,864,392	\$ 5,432,329	\$ -	\$ -	\$ 4,864,392	\$ 5,432,329
General Obligation Bonds	19,265,000	15,235,000	-	-	19,265,000	15,235,000
Total	\$ 24,129,392	\$ 20,667,329	\$ -	\$ -	\$ 24,129,392	\$ 20,667,329

Town of Davidson's Outstanding Debt

During the fiscal year ended June 30, 2018, voters approved the issuance of \$15,000,000 of general obligation bonds.

During the fiscal year ended June 30, 2020, voters approved the issuance of \$14,000,000 of general obligation bonds.

During the fiscal year ended June 30, 2023, the Town issued \$16,925,000 of the approved general obligation bonds.

During the fiscal year ended June 30, 2024, the Town issued \$5,135,000 of the approved general obligation bonds. At June 30, 2024, the Town of Davidson had general obligation bonds authorized but unissued of \$6,940,000.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Davidson is \$242,493,643.

Additional information regarding Town of Davidson's long-term debt and liabilities can be found in Note III.B.4 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town of Davidson:

- The Town of Davidson's unemployment rate is unavailable due to its small population; however, it does fall in Mecklenburg County which had an unemployment rate of 3.9% in June 2024. This is an increase of .5% from 3.4% in June 2023. The State of North Carolina's unemployment rate in June 2024 was 3.60%.
- The Town continues to partner in a joint industrial park with the neighboring towns of Huntersville and Cornelius to help bring a better balance to our 89% residential/11% commercial tax base.

TOWN OF DAVIDSON

Budget Highlights for the Fiscal Year Ending June 30, 2025 Governmental Activities:

General Fund increase of \$1.25 million or 6.4% in budgeted revenues and expenditures due significantly to:

- Projected 4.1% increase over budgeted fiscal year 2024 in ad valorem property tax revenue of \$472,000.
- Projected 8.3% increase in Sales and Use Tax Budget over Fiscal Year 2024 of \$286,000.
- Increase in projected interest earnings of \$50,000.

Business – type Activities:

- User fees were put in place for collection of storm water management in fiscal year 2010 and these funds were established as proprietary funds for the 2011 – 2012 fiscal year. The Town will carefully monitor the collection of fees to support the operations of the enterprise funds.

An approved budget booklet is available at:

<https://www.townofdavidson.org/DocumentCenter/View/146>

[62/FY25-Approved-Budget-Book](#)

Requests for Information

This report is designed to provide an overview of the Town'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, Town of Davidson, PO Box 579, Davidson NC 28036. You may also visit our website at www.townofdavidson.org or send an e-mail to pswart@townofdavidson.org for more information.

TOWN OF DAVIDSON

BASIC FINANCIAL STATEMENTS

TOWN OF DAVIDSON

Statement of Net Position For the Fiscal Year Ended June 30, 2024 Exhibit 1

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Unrestricted cash and cash equivalents	22,645,250	\$ -	\$ 22,645,250
Taxes receivable	83,835	-	83,835
Due from other governments	1,171,858	-	1,171,858
Prepaid items	3,000	-	3,000
Internal balances	(506,534)	506,534	-
Restricted cash and cash equivalents	6,200,784	-	6,200,784
Total current assets	29,598,193	506,534	30,104,727
Non-current assets:			
Capital assets			
Land, non-depreciable improvements, and construction in progress	11,512,905	-	11,512,905
Other capital assets, net of depreciation	36,897,326	-	36,897,326
Total capital assets	48,410,231	-	48,410,231
Total assets	78,008,424	506,534	78,514,958
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	1,957,277		1,957,277
Deferred outflows related to pensions - LEOSSA	180,066		180,066
Contributions to pension plan in current fiscal year	828,324	-	828,324
Total deferred outflows of resources	2,965,667	-	2,965,667
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,106,475	-	1,106,475
Current portion of long-term liabilities	1,992,989	-	1,992,989
Unearned revenues	343,312		343,312
Total current liabilities	3,442,776	-	3,442,776
Long-term liabilities:			
Net pension liability (LGRS)	4,455,352		4,455,352
Total pension liability (LEOSSA)	727,507		727,507
GO Bond Premium, net of amortization	2,289,641		2,289,641
Due in more than one year	22,801,386	-	22,801,386
Total long-term liabilities	30,273,886		30,273,886
Total liabilities	33,716,662	-	33,716,662
Deferred inflows related to pensions	38,864	-	38,864
Deferred inflows related to pensions - LEOSSA	110,244		110,244
Total deferred inflows of resources	149,108	-	149,108
NET POSITION			
Net investment in capital assets	43,545,839	-	43,545,839
Restricted for:			
Stabilization by state statute	1,427,597	-	1,427,597
Streets - Powell Bill	369,573	-	369,573
ARPA expenditures	343,312		343,312
Unrestricted	1,422,000	506,534	1,928,534
Total net position	\$ 47,108,321	\$ 506,534	\$ 47,448,022

The notes to the financial statements are an integral part of this statement.

TOWN OF DAVIDSON

Statement of Activities For the Fiscal Year Ended June 30, 2024 Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	Business Type Activities	
Primary government:							
<i>Governmental Activities:</i>							
Public safety	7,385,571	47,402	391,166	-	\$ (6,947,003)	\$ -	\$ (6,947,003)
Economic and physical development	2,155,058	82,982	-	-	(2,072,076)	-	(2,072,076)
General government	3,786,927	15,500	43,500	1,472,188	(2,255,739)	-	(2,255,739)
Cultural and recreational	3,159,550	176,256	70,115	285,000	(2,628,179)	-	(2,628,179)
Transportation	2,048,574	-	475,159	-	(1,573,415)	-	(1,573,415)
Environmental protection	1,241,217				(1,241,217)		(1,241,217)
Amortization on bond premium	(129,898)				129,898		129,898
Total governmental activities	19,646,999	322,140	979,940	1,757,188	(16,587,731)	-	(16,587,731)
<i>Business-type activities:</i>							
Stormwater Fund	203,553	315,891	-	-	-	112,337	112,337
Total business-type activities	203,553	315,891	-	-	-	112,337	112,337
Total primary government	\$ 19,850,552	\$ 638,031	\$ 979,940	\$ 1,757,188	\$ (16,587,731)	\$ 112,337	\$ (16,475,394)
General revenues:							
Taxes							
Property taxes levied for general purposes					11,816,223	-	11,816,223
Other taxes					6,427,230	-	6,427,230
Unrestricted investment earnings					1,476,416	-	1,476,416
Miscellaneous					427,654	-	427,654
Insurance recoveries					20,538		20,538
Sale of fixed assets					253,332	-	253,332
Total general revenues, not including transfers:					20,421,393	-	20,421,393
Total general revenues and transfers					20,421,393	-	20,421,393
Change in net position					3,833,662	112,337	3,945,999
Net position, beginning					43,274,659	394,197	43,502,023
Net position, ending					\$ 47,108,321	\$ 506,534	\$ 47,614,855

The notes to the financial statements are an integral part of this statement.

TOWN OF DAVIDSON

Balance Sheet- Governmental Funds

June 30, 2024

Exhibit 3

	Major Funds								
	General Fund	Affordable Housing Special Revenue Fund	2021 GO Bond Issuance Fund	Capital Project 2023 GO Bond Fund	Capital Project Fund (Former ARPA)	Mecklenburg ARPA Fund	NC Directed Grant Fund	Total Non-Major Funds	Total Governmental Funds
ASSETS									
Cash and cash equivalents	\$17,517,200	\$ 1,496,352	\$ -	\$ -	3,018,927	\$ -	\$ -	\$ 612,771	22,645,250
Restricted cash	369,573	-	739,783	4,252,788		343,312	495,328	-	6,200,784
Taxes receivable	83,835	-	-	-			-	-	83,835
Due from other governments	1,171,858	-	-	-			-	-	1,171,858
Prepaid items	3,000	-	-	-			-	-	3,000
Total assets	<u>\$19,145,466</u>	<u>\$ 1,496,352</u>	<u>\$ 739,783</u>	<u>\$ 4,252,788</u>	<u>\$ 3,018,927</u>	<u>\$ 343,312</u>	<u>\$ 495,328</u>	<u>\$ 612,771</u>	<u>\$ 30,104,727</u>
LIABILITIES									
Accounts payable and accrued liabilities	1,106,476		-				-		1,106,476
Due to other funds	506,534	-	-	-			-	-	506,534
Unearned revenues				-		343,312			343,312
Total liabilities	<u>1,613,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>343,312</u>	<u>-</u>	<u>-</u>	<u>1,956,322</u>
DEFERRED INFLOWS OF RESOURCES									
Property taxes receivable	83,835		-	-			-	-	83,835
Total deferred inflows of resources	<u>83,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,835</u>
FUND BALANCES									
Restricted									
Stabilization by state statute	1,427,597	-					-	-	1,427,597
Streets - Powell Bill	369,573						-	-	369,573
Future GO Bond Projects			739,783	4,252,788			-	-	4,992,571
Mecklenburg ARPA Fund						-	-	-	-
Committed									
Specified purposes (Note V)	955,942			-			-	-	955,942
Special projects	-	1,496,352			3,018,927		495,328	612,771	5,623,378
Subsequent year's expenditures	27,608	-					-	-	27,608
Unspendable									
Prepaid items	3,000						-	-	3,000
Assigned									
Community investment fund (CIF)	2,148,484								2,148,484
General Obligation Bond Debt Service	2,421,779								2,421,779
Unassigned	10,094,638	-	-	-	-	-	-	-	10,094,638
Total fund balances	<u>17,448,621</u>	<u>1,496,352</u>	<u>739,783</u>	<u>4,252,788</u>	<u>3,018,927</u>	<u>-</u>	<u>495,328</u>	<u>612,771</u>	<u>28,064,570</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$19,145,466</u>	<u>\$ 1,496,352</u>	<u>\$ 739,783</u>	<u>\$ 4,252,788</u>	<u>\$ 3,018,927</u>	<u>\$ 343,312</u>	<u>\$ 495,328</u>	<u>\$ 612,771</u>	<u>\$ 30,104,727</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF DAVIDSON

Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position For the Fiscal Year Ended June 30, 2024 Exhibit 3 Continued

Total fund balances		\$	28,064,570
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds statement.			
Gross capital assets at historical cost	\$ 61,711,053		
Accumulated depreciation	<u>(13,300,822)</u>	48,410,231	
Unamortized bond premium		(2,289,642)	
Deferred outflows of resources related to pensions are not reported in the funds			2,965,667
Unamortized bond premium			
Long-term liabilities used in governmental activities are not financial uses and, therefore, are not reported in the funds statement. Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year).			(29,977,233)
Deferred inflows of resources are not reported in the funds:			(149,107)
Net position of governmental activities		<u>\$</u>	<u>47,108,321</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF DAVIDSON

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds For the Fiscal Year Ended June 30, 2024 Exhibit 4

	Major Funds							
	General Fund	Affordable Housing Special Revenue Fund	2021 GO Bond Issuance Fund	Capital Project 2023 GO Bond Fund	Capital Project Fund (Former ARPA)	Mecklenburg ARPA Fund	NC Directed Grant Fund	Total Non-Major Funds
REVENUES								
Ad valorem taxes	\$ 11,803,493	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,803,493
Other taxes	186,382							186,382
Unrestricted intergovernmental	5,651,461							5,651,461
Restricted intergovernmental	921,874			-		322,188	1,150,000	2,394,062
Permits and fees	328,879							328,879
Sales and services	211,099							211,099
Investment earnings	1,241,369	49,949	40,258	144,838				1,476,414
Miscellaneous	442,653	344,500	285,000					1,142,268
Total revenues	20,787,210	394,449	325,258	144,838		322,188	1,150,000	23,194,058
EXPENDITURES								
Current:								
Public safety	7,319,403				100,569		140,766	7,560,738
Transportation	2,225,139		92,374	494,750	533,429		377,181	3,722,873
General government	5,248,666			125,593			136,725	5,510,984
Culture and recreation	2,215,685		662,111	96,993	297,325	322,188	-	3,630,070
Economic and physical development	2,649,418	295,573	857,427	-			-	4,387,069
Environmental protection	1,241,217							1,241,217
Bond Issuance Costs	-			206,353				206,353
Total expenditures	20,899,528	295,573	1,611,912	923,689	931,323	322,188	654,672	26,259,304
Excess (deficiency) of revenues over expenditures	(112,318)	98,876	(1,286,654)	(778,851)	(931,323)	-	495,328	(3,065,246)
OTHER FINANCING SOURCES (USES)								
Issuance of debt	-						-	-
Proceeds from insurance claims	20,538							20,538
Proceeds from disposal of assets	31,600	221,733					-	253,333
Proceeds from issuance of GO Bonds			-	5,135,000				5,135,000
Premium on GO Bonds			-	173,137				173,137
Transfers (to)/from other funds	(225,752)	497,250	-	(276,498)	-		-	-
Total other financing sources	(173,614)	718,983	-	5,031,639	-	-	-	5,582,008
Net change in fund balance	(285,932)	817,859	(1,286,654)	4,252,788	(931,323)	-	495,328	2,516,762
Fund balance, beginning	17,734,553	678,493	2,026,437	-	3,950,250	-	-	25,547,808
Fund balance, end of year	\$ 17,448,621	\$ 1,496,352	\$ 739,783	\$ 4,252,788	\$ 3,018,927	\$ -	\$ 495,328	\$ 28,064,570

The notes to the financial statements are an integral part of this statement.

TOWN OF DAVIDSON

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the statement of Activities of Governmental Funds For the Year Ended June 30, 2024 Exhibit 4 Continued

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

Net changes in fund balances - total governmental funds		\$ 2,516,762
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those 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.		
Capital outlay expenditures which were capitalized	7,359,106	
Depreciation expense for governmental assets	<u>(1,849,778)</u>	5,509,328
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		828,324
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		-
Change in unavailable revenue for tax revenues		-
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 governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		13,882
General Obligation Bonds premium	(173,137)	
New General Obligation Bonds Issued	(5,135,000)	
Amortization on GO bond premium	129,898	
New long-term debt issued	-	
Principal payments on long-term debt	1,672,937	(3,505,302)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures.		
Compensated absences	(164,633)	
Pension Expense	(1,296,369)	
Separation allowance	(68,330)	\$ (1,529,332)
Total changes in net position of governmental activities		<u>\$ 3,833,662</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF DAVIDSON

General Fund Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual For the Fiscal Year Ended June 30, 2024 Exhibit 5

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget- Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 11,520,455	\$ 11,520,455	\$ 11,803,493	\$ 283,038
Other taxes	435,810	241,000	186,382	(54,618)
Unrestricted intergovernmental	5,130,626	5,130,626	5,651,461	520,835
Restricted intergovernmental	840,913	1,173,370	921,874	(251,496)
Permits and fees	80,800	275,610	328,879	53,269
Sales and services	259,300	244,300	211,099	(33,201)
Investment earnings	550,000	550,000	1,241,369	691,369
Miscellaneous	142,000	157,000	442,653	285,653
Total revenues	18,959,904	19,292,361	20,787,210	1,494,849
Expenditures:				
Current:				
Public safety	7,068,879	7,631,652	7,319,403	312,249
Transportation	3,915,246	4,378,055	2,225,139	2,152,916
General government	3,363,084	5,619,439	5,248,666	370,773
Culture and recreation	2,316,061	2,580,948	2,215,685	365,263
Economic and physical development	2,189,040	2,746,748	2,649,418	97,330
Environmental protection	1,257,596	1,264,096	1,241,217	22,879
Contingency	826,000	396,000	0	396,000
Total expenditures	20,935,906	24,616,938	20,899,528	3,717,410
Revenues over (under) expenditures	(1,976,002)	(5,324,577)	(112,318)	5,212,259
Other financing sources (uses):				
Proceeds from debt	-	-	-	-
Proceeds from insurance claims	-	-	20,538	-
Proceeds from disposal of assets	10,000	10,000	31,600	21,600
Transfers from other funds	515,000	515,000	896,498	381,498
Transfers to other funds	(517,250)	(987,250)	(1,122,250)	(135,000)
Total other financing sources (uses)	7,750	(462,250)	(173,614)	288,636
Fund balance appropriated	1,968,252	5,786,827	-	(5,786,827)
Net change in fund balance	\$ -	\$ -	(285,932)	\$ (285,932)
Fund balance, beginning			17,734,553	
Fund balance, end of year			<u>\$ 17,448,621</u>	

The notes to the financial statements are an integral part of this statement.

TOWN OF DAVIDSON

Statement of Net Position Proprietary Funds June 30, 2024 Exhibit 6

	Major Fund	
	Stormwater	
ASSETS		
Current assets:		
Cash and cash equivalents	\$	-
Accounts receivable, net		-
Due from other funds		506,534
Total current assets		<u>506,534</u>
Total assets	\$	<u>506,534</u>
LIABILITIES		
Current liabilities:		
Accounts payable		-
Due to other funds		-
Total current liabilities	\$	<u>-</u>
NET POSITION		
Unrestricted		<u>506,534</u>
Total net position	\$	<u>506,534</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF DAVIDSON

Statement of Revenue, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2024

Exhibit 7

	Major Fund
	Stormwater
OPERATING REVENUES	
Solid waste management fee	\$ -
Stormwater management fee	293,317
Miscellaneous	22,574
Total operating revenues	<u>315,891</u>
OPERATING EXPENSES	
Operations	<u>203,554</u>
Total operating expenses	203,554
Income (loss) before contributions and transfers	<u>112,337</u>
Grant proceeds	-
Transfers to other funds	<u>-</u>
Change in net position	112,337
Total net position, beginning	<u>394,197</u>
Total net position, ending	<u>\$ 506,534</u>

The notes to the financial statements are an integral part of this statement.

TOWN OF DAVIDSON

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2024

Exhibit 8

	Major Fund
	Stormwater
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 293,317
Miscellaneous revenue	\$ 22,574
Cash paid for goods and services	(203,554)
Net cash provided (used) by operating activities	112,337
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Grant revenue	-
Net due to (from) General Fund	112,537
Net increase (decrease) in cash and cash equivalents	-
Balances, beginning	-
Balances, ending	\$ -

	Major Fund
	Stormwater
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$ 112,337
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Change in assets and liabilities	
(Increase) decrease in accounts receivable	-
Increase (decrease) in accounts payable	-
Total adjustments	-

The notes to the financial statements are an integral part of this statement.

TOWN OF DAVIDSON

Notes to the Financial Statements

For the Fiscal Year Ended June 30, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Davidson 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 Town of Davidson is a municipal corporation that is governed by an elected mayor and five commissioners. As required by generally accepted accounting principles, these financial statements present the Town which has no component units.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between governmental and business-type activities of the Town. 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 Town and for each function of the Town'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 Town's funds. Separate statements for each fund category – governmental, and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major 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 revenues are ancillary activities such as investment earnings.

TOWN OF DAVIDSON

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, various other taxes and licenses and State grants. The primary expenditures are for public safety and street maintenance and construction. In addition, the Town has adopted a Community Investment Fund. Under GASB 54 guidance, the Community Investment Fund is consolidated in the General Fund.

Special Revenue Fund – Affordable Housing Program. This fund is used to account for the operations of the Town’s affordable housing program.

2021 General Obligations Bond Issuance Fund. This fund is used to account for revenues and expenditures related to the issuance of General Obligation Bonds issued on June 29, 2021.

Capital Project 2023 General Obligation Bond Fund. This fund is used to account for revenues and expenditures related to the issuance of General Obligation Bonds issued on November 23, 2023.

Mecklenburg ARPA Fund. This fund is used to account for revenues and expenditures related to the pass-through funds from Mecklenburg County American Rescue Plan Act funds (ARPA).

NC Directed Grant Fund. This fund is used to account for revenues and expenditures related to the Office of State Management and Budget grant.

The Town reports the following non-major governmental funds:

Special Revenue Funds. These funds are used to account for funds that are restricted for use for a particular purpose. The Town has one Special Revenue Funds: Public Art Project.

Capital Project Funds. These funds are used to account for the construction, improvements and repairs for various projects within Town limits. The Town has four Capital Project Funds: Potts-Sloan-Beatty Corridor Project, Parks/Greenway Project, Public Facilities Project and the Veterans Monument Fund.

The Town reports the following non-major enterprise fund:

Storm-water Fund. The fund is used to account for the Town’s storm-water operations.

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus.

TOWN OF DAVIDSON

The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants 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 Town's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise fund 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 general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of 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 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 Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Davidson because the tax is levied by Mecklenburg County and then remitted to and distributed by the State.

Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues, which are unearned at year-end, are

TOWN OF DAVIDSON

recorded as unearned revenues.

Under the terms of grant agreements, the Town 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 Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Special Revenue Funds and Capital Projects Funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations within a fund by more than 10 percent of the function that is being reduced. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred inflows of Resources, and Fund Equity

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town 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 mutual fund shares when the mutual fund is certified by the Local Government Commission. The Town's investments are generally reported at fair value.

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC-registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30'(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAM by S&P and AAA-mf by Moody's Investor Services and reported at fair value.

2. Cash and Cash Equivalents

The Town pools money 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.

TOWN OF DAVIDSON

3. Restricted Assets

Powell Bill funds are classified as restricted cash because it can be expended only for purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136.41.4. The unexpended General Obligation bond proceeds of 2021 and 2023 issued by the Town are classified as restricted assets for capital projects of the Town because their use is completely restricted to the purpose for which the bonds were originally issued. The Mecklenburg ARPA Fund is classified as restricted because its use is completely restricted to the renovation of the gym located at the Town Hall and for specific purposes of the Affordable Housing program. The NC Directed Grant fund is classified as restricted because its use is completely restricted for approved Davidson projects.

Town of Davidson Restricted Cash

Governmental Activities

General Fund

	Streets	\$ 369,573
Mecklenburg ARPA Fund	Unexpended ARPA pass-through funds	\$343,312
GO Bond Fund	Unexpended bond proceeds	\$4,992,571
NC Directed Grant Fund	Unexpended grant funds from OSMB grant	495,328
Total Restricted Cash		\$ 6,200,784

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town 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, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2023.

4. 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. No allowance for doubtful accounts was required at June 30, 2024.

5. Prepaid Items

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

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000 for the following: land, buildings, and improvements, infrastructure, furniture and equipment, computers and computer software, and vehicles. Purchased or constructed capital assets are reported at cost or estimated historical cost.

TOWN OF DAVIDSON

The Town has elected not to adopt retroactive capitalization of general infrastructure assets acquired prior to July 1, 2003, pursuant to GASB 34. 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.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated Useful Lives
Buildings	40-75
Other improvements	15-75
Vehicles and motorized equipment	5-15
Equipment	3-10
Computers	3-5
Computer software	3-5

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represent a consumption of net assets that applies to future periods and so will not be recognized as an expense or expenditure until then. The Town of Davidson has one item that meets this criterion – pension deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represent an acquisition of net assets that applies to future periods and so will not be recognized as revenue until then. The Town of Davidson has two items that meet the criterion for this category – property taxes receivable and pension deferrals.

8. Right of use assets

The Town has no leased assets and, consequently, has not implemented GASB 87.

9. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bond issuance costs are expensed in the reporting period in which they are incurred.

In fund financial statements, governmental fund types recognize bond premiums and discounts,, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether withheld from the actual debt proceeds received or not, are reported as debt service expenditures.

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide financial

TOWN OF DAVIDSON

statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town'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. The Town has analyzed the accumulated sick leave and has determined the amount likely to be paid out and has accrued this sick leave appropriately as a current or long term liability. This determination was done using historical usage patterns.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

In the governmental 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.

Prepaid Items – portion of fund balance that is not an available resource because it represents prepaid expenditures that are not in spendable form.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors 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

TOWN OF DAVIDSON

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 in “imposed by law through constitutional provisions or enabling legislation.” RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for Streets - Powell Bill - portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Davidson’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed pursuant to specified purposes – portion of fund balance that has been committed for specified purposes. See Note V. (See page 70).

Committed to Non-major funds – portion of fund balance that has been committed to special projects in non-major funds.

Committed to major funds - portion of fund balance that has been committed to MI Connection and the Affordable Housing Program.

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.

Assigned fund balance – portion of fund balance that Town of Davidson intends to use for specific purposes.

The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within departments, not to exceed 10% of the appropriated monies in the departments.

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

The Finance Officer uses resources in the following hierarchy; bond proceeds, federal funds, state funds, local non-town funds, town 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 Town of Davidson adopted a minimum fund balance policy for the general fund which instructs management to conduct business in such a manner that the unassigned fund balance should not be less than 35 percent of budgeted general fund expenditures in the following fiscal year.

TOWN OF DAVIDSON

12. Pensions

For purposes of measuring the total pension asset, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Davidson's employer contributions are recognized when due and the Town of Davidson has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

13. Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

14. Total Governmental Fund Columns

In the accompanying financial statements, the "Total Governmental Funds" columns are not the equivalent of consolidated totals and do not represent consolidated financial information. These columns are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with accounting principles generally accepted in the United States of America. Inter-fund eliminations have not been made in the aggregation of this data. However, the reconciliations to net position are reflective of inter-fund eliminations and reflect financial position.

II. Stewardship, Compliance, and Accountability

A. Significant Violations of Finance-Related Legal and Contractual Provisions

2. Non-Compliance with North Carolina General Statutes

None

B. Deficit Fund Balance or Net Position of Individual Funds

None

C. Excess of Expenditures over Appropriations

None

III. Detail Notes on All Funds

A. Assets

2. Deposits

All the deposits of the Town of Davidson are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit's name. Under

TOWN OF DAVIDSON

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 Town, these deposits are considered to be held by the Town's agent in their name. 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 Town or the escrow agent.

Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization 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 Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2024, the Town's deposits had a carrying amount of \$213,463 and a bank balance of \$492,187. Of the bank balance, all of it was covered by federal depository insurance and the remainder was covered under the pooling method. At June 30, 2024, the Town's petty cash fund totaled \$1,000.

2. Investments

At June 30, 2024, the Town of Davidson had \$28,631,571 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's and AAAM-mf by Moody's Investors Service as of June 30, 2024. The Town has no policy regarding credit risk.

3. Lease Income

In 1995, the Town entered into a 50-year lease agreement to lease a building to Mecklenburg County Public Library System for a base rent of an amount sufficient to amortize improvement costs, to be reduced to \$1 when fully amortized. Costs are fully amortized and base rent is \$1 per year. In addition, the agreement calls for annual rental payments of \$1,500 for the duration of the contract.

In February 2008, the Town entered a lease agreement to lease a building to a local theatre group for a base rent of \$25,600 for the first year and scheduled increases to \$26,184 per year for the following four years and \$27,504 until the end of the lease in February 2018. The lease contains two options to extend for an additional five years each, with an increase of 5%. The tenant exercised the option to extend the lease for 5 years until the end of the lease in February 2023 with an increase in rent to \$28,879. Lease income received for the year ended June 30, 2024 was \$28,879.

In June 2015, the Town entered into a lease agreement to lease land to a local restaurant for a base rent of \$2,400 annually and adjusted annually for changes in the Consumer Price Index for all urban consumers, food and beverage average. The lease expires in June 2025. Lease income received during the fiscal year ended June 30, 2024 was \$2,400.

TOWN OF DAVIDSON

III. Detail Notes on All Funds

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2024 was as follows:

	Beginning Balance	Increases	(Decreases) Transfers	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 5,870,832	\$ 2,146,930	\$ -	\$ 8,017,762
Construction in Progress	18,890,353	1,962,960	17,358,170	3,495,143
Total capital assets not being depreciated	24,761,185	4,109,890	17,358,170	11,512,905
Capital assets being depreciated:				
Buildings	8,641,088	-	-	8,641,088
Other improvements	12,403,601	19,356,489	-	31,760,090
Equipment	2,397,516	551,092	-	2,948,608
Computers and software	99,008	-	-	99,008
Vehicles and motorized equipment	6,359,724	699,805	310,175	6,749,354
Total capital assets being depreciated	29,900,937	20,607,386	310,175	50,198,148
Less accumulated depreciation for:				
Buildings	2,424,288	202,471	-	2,626,759
Other improvements	3,991,100	1,057,718	-	5,048,818
Equipment	1,458,655	152,351	-	1,611,006
Computers and software	99,007	-	-	99,007
Vehicles and motorized equipment	3,788,169	437,238	310,175	3,915,232
Total accumulated depreciation	11,761,219	1,849,778	310,175	13,300,822
Total capital assets being depreciated, net	18,139,718			36,897,326
Governmental activity capital assets, net	\$ 42,900,903			\$ 48,410,231
General government		\$ 331,002		
Public safety		472,213		
Transportation		738,032		
Economic and physical development		10,813		
Culture and recreation		297,718		
Total depreciation expense		<u>\$ 1,849,778</u>		

TOWN OF DAVIDSON

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Davidson is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Government 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 or by calling (919) 981-5454, or at www.osc.nc.gov.

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

Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days 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 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. Town of Davidson employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set

TOWN OF DAVIDSON

annually by the LGERS Board of Trustees. The Town of Davidson's contractually required contribution rate for the year ended June 30, 2024, was 14.04% of compensation for law enforcement officers and 12.92% 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 Town of Davidson were \$828,324 for the year ended June 30, 2024.

Refunds of Contributions – Town 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, 2024, the Town reported a liability of \$4,455,352 for its proportionate share of the total pension liability. The total pension liability was measured as of December 31, 2022. The total pension liability was measured as of June 30, 2023.

The total pension liability used to calculate the total pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the total pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the Town's proportion was .06727%, which was an increase of 0.00147% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Town recognized pension expense of \$1,296,329. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 496,458	\$ 10,698
Changes of assumptions	189,327	-
Net difference between projected and actual earnings on pension plan investments	1,192,447	-
Changes in proportion and differences between Town of Davidson contributions and proportionate share of contributions	79,047	28,176
Town of Davidson contributions subsequent to the measurement date	828,324	-
Total	<u>\$ 2,785,603</u>	<u>\$ 38,874</u>

\$828,324 reported as deferred outflows of resources related to pensions resulting from Town of Davidson contributions subsequent to the measurement date of the net pension liability/collective net pension liability but before the end of the employer's or governmental non-employer contributing entity's reporting period will be recognized as a reduction of the net pension liability or collective

TOWN OF DAVIDSON

net pension liability in the current fiscal period ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	716,091
2026	349,928
2027	801,973
2028	50,423
2029	-
Thereafter	-
	<u>\$ 1,918,415</u>

Actuarial Assumptions. The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	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

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, 2022 valuations were based on the results of an actuarial experience review for LGERS for the period January 1, 2011 through December 31, 2015.

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:

TOWN OF DAVIDSON

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Rate of Return</u>
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation Protection	6.0%	4.3%
Total	100%	

The information above is based on 30-year expectations developed with an investment consulting firm's 2024 long-term capital market assumptions. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. All rates of return and inflation are annualized figures. Source data provided in the 2023 Annual Comprehensive Financial Report published on website of the NC Office of State Controller.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. 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 Town of Davidson share of the total pension asset to changes in the discount rate. The following presents the Town of Davidson's proportionate share of the total pension asset calculated using the discount rate of 6.50 percent, as well as what the Town of Davidson's proportionate share of the total pension asset or total pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 7,718,720	\$ 4,455,351	\$ 1,768,639

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.

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description

The Town of Davidson administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town'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 years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of

TOWN OF DAVIDSON

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 increase in salary or retirement allowances that may be authorized by the General Assembly. Article 12 D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Retirees receiving benefits.	-
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	26
Total	<u>26</u>

2. Summary of Significant Accounting Policies

Basis of Accounting. The Town 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.

3. Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following key actuarial assumptions and other inputs:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.00%

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 by the December 31, 2022 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

All mortality rates use Pub-2010 amount-weighted tables.

4. Contributions.

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town'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

TOWN OF DAVIDSON

earnings. The Town had no benefits due for the reporting period.

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

At June 30, 2024, the Town reported a total pension liability of \$727,507. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$82,855.

	<u>Deferred Outflows of</u>	<u>Deferred Inflows of</u>
Differences between expected and actual experience	\$ 101,372	\$ 11,006
Changes of assumptions	75,787	99,238
Town benefit payments and plan administrative expense made subsequent to the measurement date	2,907	-
Total	<u>\$ 180,066</u>	<u>\$ 110,244</u>

Sensitivity of the Town's total pension liability to changes in the discount rate.

The following presents the Town's total pension liability calculated using the discount rate of 4.00%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate.

	<u>1% Decrease (3.00%)</u>	<u>Discount Rate (4.00%)</u>	<u>1% Increase (5.00%)</u>
Total pension liability	\$ 795,188	\$ 727,507	\$ 666,253

<u>Schedule of Changes in Total Pension Liability</u>	
<u>Law Enforcement Officers' Special Separation Allowance</u>	
Beginning Balance as of December 31, 2022	\$ 621,732
Service Cost	41,741
Interest on the total pension liability	26,546
Changes of benefit terms	-
Differences between expected and actual experience	30,975
Changes of assumptions or other inputs	18,131
Benefit payments	(11,618)
Other changes	-
Ending Balance as of December 31, 2023	<u>\$ 727,507</u>

The plan currently uses Pub-2010 amount-weighted mortality tables that vary by age and health status (i.e. disabled and healthy) and are projected from 2010 using generational improvement with Scale MP- 2019. **For healthy retirees**, the current mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by one year. **For**

TOWN OF DAVIDSON

disabled retirees, the current mortality rates are based on the Non-Safety Mortality Table and rates are set back three years for all ages.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees Retirement System for the five-year period ending December 31, 2019.

c. Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	\$ 1,296,369	\$ 82,855	\$ 1,379,224
Pension Liability	4,455,352	727,507	5,182,859
Proportionate share of the net pension liability	0.06727%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	2,785,653	101,372	2,887,025
Changes of Assumptions	189,377	75,787	265,164
Net difference between projected and actual earnings on plan investments	1,192,447		-
Changes in proportion and differences between contributions and proportionate share of contributions	79,047	-	79,047
Benefit payments and administrative costs paid subsequent to the measurement date	828,324	2,907	831,231
Deferred Inflows of Resources			
Differences between expected and actual experience	10,698	11,006	21,704
Changes of Assumptions	-	99,238	99,238
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	28,176	-	28,176

d. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code 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.

TOWN OF DAVIDSON

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. The Town made contributions of \$115,817 for the year ended June 30, 2024.

The Town has elected to contribute to the Supplemental Retirement Insurance Plan for non-law enforcement employees. The Town made contributions of \$195,907 for the year ended June 30, 2024.

e. Firefighter's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Davidson, to the Firefighter's and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 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 Firefighter's and Rescue Squad Workers' 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 Firefighter's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the plan unless the firefighter is not covered by another agency. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2024, the State contributed \$19,352,000 to the plan. The Town of Davidson contributed \$600 to the plan.

Refunds of Contributions – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

TOWN OF DAVIDSON

f. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State—administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, based upon rates established by the State. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

TOWN OF DAVIDSON

3. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
<i>Local Government Employees Retirement Plan:</i>	
Contributions to pension plan in current fiscal year	\$ 828,324
Differences between expected and actual experience	2,785,653
Changes of assumptions	189,377
Net difference between projected and actual	1,192,447
Changes in proportion and differences between employer contributions and proportionate share of contributions	79,047
<i>Law Enforcement Officers' Special Separation Allowance:</i>	
Benefit payments made and administrative expenses for LEOSSA	2,907
Differences between expected and actual experience	101,372
Changes of assumptions	75,787
	\$ 5,254,914

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

Source	Statement of Net Position	General Fund Balance Sheet
Prepaid taxes (General Fund)	\$ -	\$ -
Property taxes receivable (General Fund)		-
<i>Local Government Employees Retirement Plan:</i>		
Differences between expected and actual experience	10,698	
Changes of assumptions	-	
Net difference between projected and actual earnings on plan investments	-	
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,176	
<i>Law Enforcement Officers' Special Separation Allowance:</i>		
Differences between expected and actual experience	11,006	
Changes of assumptions	89,238	
	\$ 139,118	\$ -

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per

TOWN OF DAVIDSON

occurrence, property coverage up to the total insurance values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The fire apparatus and equipment is insured by VFIS. All other liability and property exposures are reinsured through commercial companies for claims in excess of retentions as selected by the Board of Trustees each year. Stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the board of Trustees can be obtained by contacting the Risk Management Services Department of NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town of Davidson does not carry flood insurance, as they are not in a designated flood zone.

In accordance with G.S. 159-29, the Town's employees that have access to one hundred dollars (\$100) or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$1,000,000 in accordance with G.S. 159-29. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

5. Claims, Judgments and Contingent Liabilities

At June 30, 2024, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town attorney, the ultimate effect of these legal matters will not have a material adverse affect on the Town's financial position.

6. Long-Term Obligations

a. Operating Lease

1. In January 2006, the Town entered into a lease agreement with Mecklenburg County for 34.34 acres of land to be used as a "joint venture" park with the County. The cost of the lease to the Town was \$1. The lease remains in effect until February 1, 2105.
2. Also in 2006, the Town entered into a lease agreement with Mecklenburg County for several parcels for land which will be purchased by the County to be used in the Davidson greenway system. The cost of the lease to the Town was \$1. The lease remains in effect until 2046.

b. Installment Notes

1. In November 2012, the Town entered into a loan modification agreement to the original January 2008 loan with a bank. The original loan totaling \$625,000 was for the purchase of the Armour Street Theater building. The loan modification agreement amended the original agreement, including the payments and the interest rate. The modification agreement requires 31 semi-annual payments of \$15,625 plus interest through January 2028. The annual interest rate is 3.21%.

TOWN OF DAVIDSON

Annual debt service payments of the installment financing as of June 30, 2024, including \$9,028 of interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	31,250	3,762
2026	31,250	2,759
2027	31,250	1,755
2028	31,250	752
Total	<u>\$ 125,000</u>	<u>\$ 9,028</u>

2. In October 2016, the Town obtained a construction loan for \$2,000,000 through a local bank for the construction of a fire station. The loan agreement required 2 payments of interest only beginning May 1, 2017 and 13 annual payments thereafter, including interest of 2.290%.

Annual debt service payments of the installment financing as of June 30, 2024, including \$98,745 of interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	154,000	24,686
2026	154,000	21,160
2027	154,000	17,633
2028	154,000	14,106
2029	154,000	10,580
Thereafter	308,000	10,580
Total	<u>\$ 1,078,000</u>	<u>\$ 98,745</u>

3. In October 2017, the Town obtained a \$194,750 loan from a bank to purchase police and fire radios. The loan agreement requires 7 annual payments of \$30,328, including interest through October 2025. The annual interest rate is 2.23%.

Annual debt service payments of the installment financing as of June 30, 2024, including \$662 of interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	29,667	662
Total	<u>\$ 29,667</u>	<u>\$ 662</u>

4. In March 2018, the Town obtained a \$284,488 loan from a bank to purchase a tanker apparatus for the fire department. The loan agreement requires 10 annual payments of \$33,066, including interest through January 2028. The annual interest rate is 3.16%.

Annual debt service payments of the installment financing as of June 30, 2024,

TOWN OF DAVIDSON

including \$9,824 of interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	29,197	3,869
2026	30,119	2,947
2027	31,071	1,995
2028	32,053	1,013
	<u>\$ 122,440</u>	<u>\$ 9,824</u>

5. In September 2018, the Town obtained a \$104,090 loan from a bank to purchase a backhoe for the Public Works department. The loan agreement requires 8 annual payments of \$15,080, including interest through September 2026. The annual interest rate is 3.42%.

Annual debt service payments of the installment financing as of June 30, 2024, including \$2,927 of interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	13,631	1,447
2026	14,097	981
2027	14,580	499
	<u>\$ 42,308</u>	<u>\$ 2,927</u>

6. In December 2018, the Town obtained a \$2,550,000 loan from a bank to purchase property located at 251 South Street for a new administration building. The loan agreement requires 4 annual payments of \$135,000 and 15 annual payments of \$134,000, plus interest through December 2038. The annual interest rate was 3.86% and was restructured in May 2021 with an interest rate of 2.76%.

Annual debt service payments of the installment financing as of June 30, 2024, including \$443,810 of interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	134,000	55,476
2026	134,000	51,778
2027	134,000	48,079
2028	134,000	44,381
2029	134,000	40,682
Thereafter	1,340,000	203,414
	<u>\$ 2,010,000</u>	<u>\$ 443,810</u>

7. In January 2019, the Town obtained a \$618,275 loan from a bank to purchase a pumper truck for the fire department. The loan agreement requires 8 annual payments of \$98,714, including interest through January 2027. The annual interest rate is 2.86%.

Annual debt service payments of the installment financing as of June 30, 2024,

TOWN OF DAVIDSON

including \$16,165 of interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	90,707	8,007
2026	93,301	5,413
2027	95,969	2,745
	<u>\$ 279,977</u>	<u>\$ 16,165</u>

8. In March 2021, the Town obtained a \$1,353,000 loan from a bank to purchase a 2022 Ladder Apparatus for the fire department. The loan agreement requires 15 increasing payments of principal plus interest through March 2036. The annual interest rate is 1.50%.

Annual debt service payments of the installment financing as of June 30, 2024, including \$113,468 of interest are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	90,000	17,318
2026	92,000	15,960
2027	93,000	14,572
2028	94,000	13,178
2029	96,000	11,760
Thereafter	712,000	40,680
	<u>\$ 1,177,000</u>	<u>\$ 113,468</u>

c. General Obligation Bonds

Voters approved 3 bond orders in 2017 totaling \$15 million: \$6 million for mobility, \$5 million for Greenways and \$4 million for Parks. The voters approved a bond order in 2019 for \$14 million for Public Facilities for a total of \$29,000,000.

On June 29, 2021, \$16,925,000 General Obligation Public Improvement Bonds, Series 2021 to be serviced by the governmental funds were issued. All general obligation bonds are collateralized by the full faith, credit and taxing power of the Town of Davidson. Principal and interest requirements are appropriated when due.

TOWN OF DAVIDSON

Annual debt service requirements to maturity for long-term obligations are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	845,000	533,150
2025	850,000	490,900
2026	845,000	448,400
2027	845,000	406,150
2028	850,000	363,900
2029 - 2033	4,225,000	1,192,950
2034 - 2038	4,240,000	507,600
2039 - 2041	2,535,000	101,400
Total	<u>\$ 15,235,000</u>	<u>\$ 4,044,450</u>

On November 7, 2023, \$5,135,000 General Obligation Public Improvement Bonds, Series 2023 to be serviced by the governmental funds were issued.

Annual debt service requirements to maturity for these long-term obligations are as follows:

Year Ending June 30	Principal	Interest
2025	260,000	221,438
2026	260,000	208,437
2027	260,000	195,438
2028	260,000	182,437
2029	260,000	169,438
2030 - 2034	1,280,000	653,688
2035 - 2039	1,275,000	372,937
2040 - 2043	1,020,000	109,650
Total	<u>\$ 4,875,000</u>	<u>\$ 2,113,463</u>

d. Changes in Long-Term Liabilities

	Balance July 01, 2023	Increases	Decreases	Balance June 30, 2024	Current Portion of Balance
Governmental Activities:					
Installment notes	\$ 5,432,329	\$ -	\$ 567,937	\$ 4,864,392	\$ 418,452
Compensated absences	500,350	178,778	14,145	664,983	336,080
Net pension liability (LGERS)	3,712,061	743,291	-	4,455,352	-
Total pension liability (LEO)	621,732	105,775	-	727,507	-
General Obligation Bonds - 2021	15,235,000	-	845,000	14,390,000	845,000
GO bond premium	2,246,403	-	124,800	2,121,603	124,800
General Obligation Bonds - 2023	-	5,135,000	260,000	4,875,000	260,000
GO bond premium	-	173,137	5,098	168,039	8,657
Governmental Activity:					
Long-term liabilities	<u>\$ 27,747,875</u>	<u>\$ 6,335,981</u>	<u>\$ 1,816,980</u>	<u>\$ 32,266,876</u>	<u>\$ 1,992,989</u>

TOWN OF DAVIDSON

Compensated absences and pension liabilities typically have been liquidated in the General Fund.

C. Inter-fund Balances and Activity

1. Balances due to/from other funds at June 30, 2024, consist of the following:

Due from the General Fund for its activity allocation to:

	<u>Receivable</u>	<u>Payable</u>
Stormwater Fund	\$ -	\$ 506,534
Total	<u>\$ -</u>	<u>\$ 506,534</u>

The inter-fund balances resulted from a time lag between the dates that (1) inter-fund goods and services are provided, or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

2. Transfer (to)/from other funds at June 30, 2024, consist of the following:

From the General Fund to the non-major funds	(5,000)	5,000
From the 2023 GO Bond Fund to the General Fund	276,498	(276,498)
From the General Fund to the Affordable Housing Special Revenue Fund	(497,250)	497,250
	<u>\$ (225,752)</u>	<u>\$ 225,752</u>

The Town makes transfers between funds in order to facilitate operations of the various funds.

D. Net Investment in Capital Assets

Capital Assets	\$ 48,410,231
Less: Installment notes	4,864,392
Net Investment in capital assets	<u>\$ 43,545,839</u>

E. Fund Balance

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

TOWN OF DAVIDSON

<i>Total fund balance-General Fund</i>	<i>\$ 17,448,621</i>
Less:	
<i>Restricted:</i>	
Stabilization by state statute	1,427,597
Streets - Powell Bill	369,573
<i>Non-spendable:</i>	
Prepaid items	3,000
<i>Assigned:</i>	
Community Investment Fund	2,148,484
General Obligation Bond Debt	2,421,779
<i>Committed:</i>	
Committed for Specified Projects (See Note V.B)	955,942
Appropriated Fund Balance in 2024 Budget	27,608
Unassigned	\$ 10,094,638

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

	General Fund	Proprietary Fund	Special Revenue Fund
Encumbrances	\$ 762,273	\$ 11,481	\$ 66,420

IV. Related Party Transactions

The Town leased two houses located in a Town park to employees. The employees were obligated to pay rent of \$460 per month and \$520 per month. The lease agreements were renewed for one year terms.

V. Commitments

For the fiscal year ended June 30, 2024, the Town decided to set aside amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. These amounts are reported as Committed, in addition to the Special Projects, on the Balance Sheet (Exhibit 3). A summary of the specific purposes and amounts are as follows:

TOWN OF DAVIDSON

Purpose	Fiscal Year Ended 6/30/2023	Allocated Fiscal Year Ended 6/30/2024	Total Committed 6/30/2024
Tree Fund	\$ 258,990	\$ -	\$ 258,990
Payment-in-Lieu - Traffic Calming	40,123	-	40,123
Payment-in-Lieu - Multi-use Path	141,210	12,285	153,495
Payment-in-Lieu - Sidewalks	3,750	-	3,750
Payment-in-Lieu - RPA Open Space	73,876	-	73,876
Stormwater Mitigation Fees	13,768	9,250	23,018
Parham Park from Developer	7,500	-	7,500
Nature Preserve Grant	132,600	-	132,600
Substance Abuse Tax	18,334	32	18,366
Duke Energy Parham Park Kayak Launch	-	200,000	200,000
DTAP	-	17,200	17,200
Cemetery Care	-	20,635	20,635
Parks and Recreation - Scholarships	-	6,389	6,389
	<u>\$ 690,151</u>	<u>\$ 265,791</u>	<u>\$ 955,942</u>

VI. Inter-local Agreements

- A. The Town has entered an inter-local agreement with two neighboring towns for industrial and business park development. The Town has agreed to reimburse the lead town for certain debt service payments. The Town has no ownership of the land nor are they a named party with respect to the financing associated with the land. Pursuant to this agreement, the Town was obligated for \$40,000 plus interest each year through 2019. For the year ended June 30, 2017, the Town paid \$170,536, which paid this obligation in full. The Town was also obligated for debt of \$600,000 plus interest of \$244,130 for infrastructure improvements to the park. For the year ended June 30, 2024, the Town paid \$-0- with respect to this section of the agreement. In exchange for the Town's participation in the agreement, the Town will receive a percentage of the park tax revenues and proceeds from the sale of any property in the development. This inter-local agreement is in effect until 2045. Should the Town elect out of the agreement, they will be liable for their remaining share of the debt service. In addition, they will be liable for any unpaid operating expenses incurred or contracted for through the date of the withdrawal.
- B. The Town entered an inter-local agreement with two neighboring towns to fund a local non-profit, Visit Lake Norman, for the purpose of promoting the Lake Norman area. The agreement calls for funding in the amount equal to 28% of the occupancy tax collected from the preceding fiscal year and 25% of prepared food tax collected in the preceding fiscal year. This inter-local agreement is in effect until June 30, 2020, with automatic renewals of five years. For the year ended June 30, 2024, the Town paid \$126,217 with respect to this agreement.
- C. The Town entered another inter-local agreement with three neighboring towns to create a regional transportation commission. The towns agreed to share the cost of funding this

TOWN OF DAVIDSON

commission. The commission terminated on June 30, 2016, but was re-formed in 2017 with the participants being Iredell County, Mooresville, Statesville and Davidson. For the year ended June 30, 2024, the Town paid \$9,910 with respect to this agreement.

- D. The Town has entered another inter-local agreement with neighboring towns to share cost with respect to a local park. The agreement can be terminated at the end of any fiscal year upon one month written notice. For the year ended June 30, 2024, the Town paid \$43,672 with respect to this agreement.
- E. In July 2011, the Town entered an inter-local agreement with the City of Charlotte for animal control services. This agreement is in effect for one year and shall automatically renew for four additional one-year periods. For the year ended June 30, 2024, the Town paid \$5,284 with respect to this agreement.
- F. The Town has entered into another inter-local agreement with Mecklenburg County to provide fire service and protection in the North Star fire district, which is the Town's extra territorial jurisdiction (ETJ). For the year ended June 30, 2024, Mecklenburg County paid the Town \$324,972 with respect to this agreement.

VII. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from several 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 would be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Other

The Town is subject to the authority of various federal and state regulatory agencies. No provision has been made in these financial statements for any sanctions which could be imposed if the Town were found to be in noncompliance or violation of regulations promulgated by the agencies.

Lawsuits

The Town may be subject to various lawsuits. In the opinion of the Town's management and the Town's attorney, the ultimate effect of any of these legal matters will not have a material effect on the Town's financial position.

VIII. Date of Management's Review

The Town of Davidson has evaluated all subsequent events through December 6, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.
--

- Town of Davidson's Proportionate Share of Total Pension Liability (Asset)
- Town of Davidson's Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

TOWN OF DAVIDSON

Town of Davidson's Proportionate Share of Total Pension Liability Required Supplementary Information Last Ten Fiscal Years

Local Governmental Employees' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town of Davidson's proportion of the net pension liability (asset) (%)	0.06727%	0.06580%	0.06256%	0.05596%	0.05419%	0.05492%	0.05090%	0.04782%	0.04382%	0.04000%
Town of Davidson's proportion of the net pension liability (asset) (\$)	\$ 4,455,352	\$ 3,712,061	\$ 959,418	\$ 1,999,690	\$ 1,479,888	\$ 1,302,891	\$ 777,612	\$ 1,014,902	\$ 196,662	\$ (258,191)
Town of Davidson's covered payroll	\$ 6,256,101	\$ 4,509,650	\$ 4,034,406	\$ 3,666,178	\$ 3,396,706	\$ 3,132,503	\$ 2,616,841	\$ 2,540,221	\$ 2,313,254	\$ 2,287,848
Town of Davidson's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	71.22%	82.31%	23.78%	54.54%	43.57%	41.59%	29.72%	39.95%	8.50%	(11.29%)
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

Note: Amounts for additional fiscal years up to ten years will be displayed as they become available.

TOWN OF DAVIDSON

Town of Davidson's Contributions Required Supplementary Information Last Ten Fiscal Years

Local Governmental Employees' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 828,324	\$ 663,546	\$ 525,299	\$ 421,440	\$ 339,895	\$ 274,001	\$ 244,850	\$ 215,592	\$ 176,144	\$ 171,010
Contributions in relation to the contractually required contribution	\$ 828,324	\$ 663,546	\$ 525,299	\$ 421,440	\$ 339,895	\$ 274,001	\$ 244,850	\$ 215,592	\$ 176,144	\$ 171,010
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Davidson's covered payroll	\$ 6,256,101	\$ 5,333,940	\$ 4,509,650	\$ 4,034,406	\$ 3,666,178	\$ 3,396,706	\$ 3,132,503	\$ 2,616,841	\$ 2,540,221	\$ 2,313,254
Contributions as a percentage of covered payroll	13.24%	12.44%	11.65%	10.45%	9.27%	8.07%	7.82%	8.24%	6.93%	7.39%

TOWN OF DAVIDSON

Schedule of Changes in Total Pension Liability *Law Enforcement Officers' Special Separation Allowance* *June 30, 2024*

	2024	2023	2022	2021	2020
Beginning Balance	\$ 621,732	\$ 652,962	\$ 529,063	\$ 347,774	\$ 388,342
Service Cost	41,741	55,443	50,747	29,979	23,934
Interest on the total pension liability	26,546	14,692	10,065	10,786	13,542
Changes of benefit terms			-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	30,975	25,941	97,605	14,311	(56,118)
Changes of assumptions or other inputs	18,131	(127,306)	(19,382)	160,071	10,678
Benefit payments	(11,618)	-	(15,136)	(33,858)	(32,604)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	\$ 727,507	\$ 621,732	\$ 652,962	\$ 529,063	\$ 347,774

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

TOWN OF DAVIDSON

*Schedule of Total Pension Liability as a Percentage of Covered Employee Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2024*

	2024	2023	2022	2021	2020
Total pension liability	\$ 727,507	\$ 621,732	\$ 652,962	\$ 529,063	\$ 347,774
Covered employee payroll	1,736,949	1,620,990	1,432,490	1,300,979	1,136,669
Total pension liability as a percentage of covered employee payroll	41.88%	38.36%	45.58%	40.67%	30.60%

Notes to the schedules:

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

TOWN OF DAVIDSON

SUPPLEMENTAL STATEMENTS

TOWN OF DAVIDSON

STATEMENT 1
PAGE 1 OF 5

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual For the Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Ad valorem taxes	\$ 10,891,416	\$ 11,046,698	\$ 155,282
Ad valorem taxes - Motor vehicles	609,039	731,759	122,720
Penalties and interest	20,000	25,036	5,036
Total	<u>11,520,455</u>	<u>11,803,493</u>	<u>283,038</u>
Other taxes:			
Occupancy taxes	240,000	185,351	(54,649)
Vehicle rental tax	-	509	509
Unauthorized substance abuse tax	-	32	32
Animal tags	1,000	490	(510)
Total	<u>241,000</u>	<u>186,382</u>	<u>(54,618)</u>
Unrestricted intergovernmental:			
Local option sales taxes	3,453,126	3,665,108	211,982
Payments in lieu of taxes	195,000	265,285	70,285
Telecommunications sales taxes	50,000	47,171	(2,829)
Utility and cable TV franchise taxes	885,000	1,009,217	124,217
Food and beverage tax	330,000	379,733	49,733
Beer and wine tax	57,500	75,231	17,731
ABC profit distribution	160,000	209,716	49,716
Total	<u>5,130,626</u>	<u>5,651,461</u>	<u>520,835</u>
Restricted intergovernmental:			
Solid waste disposal tax	12,000	12,049	49
Powell Bill allocation	425,000	475,159	50,159
Contributions from Mecklenburg County Fire	324,972	324,972	-
Other grants	411,398	109,694	(301,704)
Total	<u>1,173,370</u>	<u>921,874</u>	<u>(251,496)</u>
Permits and fees:			
Motor vehicle fees	194,810	232,837	38,027
Zoning fees	50,000	66,422	16,422
Business registration fee	800	560	(240)
Micromobility permit fee	-	1,000	1,000
First responder income	30,000	28,060	(1,940)
Total	<u>275,610</u>	<u>328,879</u>	<u>53,269</u>

TOWN OF DAVIDSON

STATEMENT 1

PAGE 2 OF 5

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual For the Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Sales and service:			
Rental income	7,200	7,200	-
Tree ordinance and parking violations	7,500	12,142	4,642
Other facility revenue	50,000	67,657	17,657
Recreation program revenue	178,600	121,380	(57,220)
Recreation facility revenue	1,000	2,720	1,720
Total	244,300	211,099	(33,201)
Investment earnings	550,000	1,241,369	691,369
Miscellaneous			
Transit planning	15,000	15,000	-
Other	142,000	427,653	285,653
Total	157,000	442,653	285,653
Total revenues	19,292,361	20,787,210	1,494,849
Expenditures:			
General government:			
Governing board:			
Salaries and employee benefits		36,566	
Contracted services		43,876	
Other operating expenditures		67,780	
Total	152,836	148,222	4,614
Administration:			
Salaries and employee benefits		1,383,602	
Contracted services		329,715	
Other operating expenditures		402,393	
Total	2,141,014	2,115,710	25,304
Legal:			
Salaries and employee benefits		107	
Contracted services		143,299	
Other operating expenditures		0	
Total	229,631	143,406	86,225

TOWN OF DAVIDSON

STATEMENT 1
PAGE 3 OF 5

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual
For the Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
<i>Equity and inclusion:</i>			
Salaries and employee benefits		22,233	
Contracted services		8,925	
Other operating expenditures		2,272	
Total	126,186	33,430	92,756
<i>Public buildings:</i>			
Contracted services		104,960	
Capital outlay		2,161,615	
Other operating expenditures		347,121	
Debt service		194,202	
Total	2,969,772	2,807,898	161,874
Total general government	5,619,439	5,248,666	278,017
<i>Public safety:</i>			
<i>Police:</i>			
Salaries and employee benefits		3,246,408	
Contracted services		183,900	
Vehicle maintenance		34,123	
Other operating expenditures		458,842	
Capital outlay		519,571	
Debt service		13,949	
Total	4,691,893	4,456,793	235,100
<i>Fire:</i>			
Salaries and employee benefits		2,126,261	
Contracted services		60,978	
Vehicle maintenance		40,602	
Other operating expenditures		199,279	
Debt service		435,490	
Total	2,939,759	2,862,610	77,149
Total public safety	7,631,652	7,319,403	312,249

TOWN OF DAVIDSON

STATEMENT 1
PAGE 4 OF 5

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual
For the Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance (Negative) Positive
Transportation:			
<i>Streets and highways:</i>			
Salaries and employee benefits		457,768	
Vehicle maintenance		13,721	
Street lights		217,277	
Contracted services		194,846	
Other operating expenditures		486,240	
Capital Outlay		415,209	
Debt service		15,078	
Total	3,953,055	1,800,139	2,152,916
<i>Powell Bill - streets:</i>			
Street and sidewalk maintenance		400,000	
Contracted services		25,000	
Total	425,000	425,000	-
Total transportation	4,378,055	2,225,139	2,152,916
Economic and physical development:			
<i>Planning:</i>			
Salaries and employee benefits		559,559	
Contracted services		85,507	
Capital outlay		14,610	
Other operating expenditures		15,346	
Total	750,590	675,022	75,568
<i>Economic and community development:</i>			
Salaries and employee benefits		77,771	
Contracted services		5,038	
Other operating expenditures		65,788	
Contributions to other service agencies		54,801	
Debt service		1,770,998	
Total	1,996,158	1,974,396	21,762
Total economic and physical development	2,746,748	2,649,418	97,330
Environmental protection:			
<i>Administration:</i>			
Contracted services		1,241,217	
Total environmental protection	1,264,096	1,241,217	22,879

TOWN OF DAVIDSON

STATEMENT 1
PAGE 5 OF 5

General Fund Statement of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual For the Fiscal Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Cultural and recreation:			
Travel and tourism:			
Salaries and employee benefits		111,146	
Contracted services		154,469	
Other operating expenditures		380,503	
Total	653,967	646,118	7,849
Recreation:			
Salaries and employee benefits		492,127	
Contracted services		67,649	
Other operating expenditures		81,560	
Total	747,377	641,336	106,041
Parks:			
Salaries and employee benefits		554,108	
Contracted services		78,601	
Other operating expenditures		175,354	
Capital outlay		84,153	
Debt service		36,015	
Total	1,179,604	928,231	251,373
Total cultural and recreation	2,580,948	2,215,685	365,263
Contingency	396,000	0	396,000
Total expenditures	24,616,938	20,899,528	3,601,775
Revenues over (under) expenditures	(5,324,577)	(112,318)	(2,106,926)
Other Financing Sources (Uses)			
Proceeds from debt	-	-	-
Proceeds from insurance claims	-	20,538	(20,538)
Proceeds from disposal of assets	10,000	31,600	21,600
Transfers from other funds	515,000	896,498	381,498
Transfers to other funds	(987,250)	(1,122,250)	135,000
Total other financing sources (uses)	(462,250)	(173,614)	517,560
Fund balance appropriated	5,786,827	-	(5,786,827)
Net change in fund balance	\$ -	(285,932)	\$ (285,932)
Fund balance, beginning		17,734,553	
Fund balance, end of year		\$ 17,448,621	

TOWN OF DAVIDSON

STATEMENT 2

Special Revenue Fund- Affordable Housing Program
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Contributions - restricted	3,077,721	\$ 3,077,721	\$ -	\$3,077,721	\$ -
Interest earnings	132,767	82,818	49,949	132,767	-
Payments in lieu	344,500	-	344,500	344,500	-
Total revenues	3,554,988	3,160,539	394,449	3,554,988	-
Expenditures					
Economic and physical development	3,385,114	3,089,541	295,573	3,385,114	-
Total expenditures	3,385,114	3,089,541	295,573	3,385,114	-
Revenues over (under) expenditures	169,874	70,998	98,876	169,874	-
Other financing sources and uses					
Proceeds from sale of other asset	549,728	327,995	221,733	549,728	-
Transfers from (to) General Fund	776,750	279,500	497,250	776,750	-
Total other financing sources	1,326,478	607,495	718,983	1,326,478	-
Net change in fund balance	\$ 1,496,352	\$ 678,493	817,859	\$1,496,352	-
Fund balance, beginning of year			678,493		
Fund balance, end of year			\$ 1,496,352		

TOWN OF DAVIDSON

STATEMENT 3

2021 GO Bonds Issuance Fund **Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual** **From Inception and For the Fiscal Year Ended June 30, 2024**

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Grant Received	\$ 285,000	\$ -	\$ 285,000	\$ 285,000	\$ -
Interest earnings	-	221,859	40,258	262,117	262,117
Total revenues	285,000	221,859	325,258	547,117	262,117
Expenditures					
Economic and physical development	17,229,810	15,617,898		17,229,810	-
Public Building - Capital Outlay			857,427		
Parks - Capital Outlay			662,111		
Pedestrian HAWK Signals - Capital Outlay			92,374		
Bond issuance costs	211,224	211,224		211,224	
Total expenditures	17,441,034	15,829,122	1,611,912	17,441,034	-
Revenues over (under) expenditures	(17,441,034)	(15,829,122)	(1,286,654)	(16,893,917)	262,117
Other financing sources and uses					
Bonds issued	16,925,000	16,925,000	-	16,925,000	-
Premium on bonds issued	2,496,002	2,496,002		2,496,002	-
Transfers from/(to) General Fund	(1,787,302)	(1,787,302)	-	(1,787,302)	-
Total other financing sources (uses)	17,633,700	17,633,700	-	17,633,700	-
Net change in fund balance	-	\$ 1,804,578	(1,286,654)	\$ 739,783	\$ 262,117
Fund balances:					
Fund balance, beginning of year			2,026,437		
Fund balance, end of year			<u>\$ 739,783</u>		

TOWN OF DAVIDSON

STATEMENT 4

2023 GO Bond Fund - Capital Project
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
From Inception and For the Fiscal Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	144,838	-	144,838	144,838	-
Total revenues	144,838	-	144,838	144,838	-
Expenditures					
Economic and physical development	5,102,211	-		717,336	4,384,875
Public Building - Capital Outlay			125,593		
Parks - Capital Outlay			96,993		
DavCon Roundabout -Capital Outlay			494,750		
Bond issuance costs	206,353	-	206,353	206,353	
Total expenditures	5,308,564	-	923,689	923,689	4,384,875
Revenues over (under) expenditures	(5,308,564)	-	(778,851)	(778,851)	(4,384,875)
Other financing sources and uses					
Bonds issued	5,135,000	-	5,135,000	5,135,000	-
Premium on bonds issued	173,137	-	173,137	173,137	-
Transfers from/(to) General Fund	-	-	(276,498)	(276,498)	-
Total other financing sources (uses)	5,308,137	-	5,031,639	5,031,639	-
Net change in fund balance	-	\$ -	4,252,788	\$ 4,252,788	\$ (4,384,875)
Fund balances:					
Fund balance, beginning of year			-		
Fund balance, end of year			\$ 4,252,788		

TOWN OF DAVIDSON

STATEMENT 5

Capital Project Fund – Former ARPA Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual From Inception and For the Fiscal Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Grant - ARPA Funding	\$ 3,950,250	\$ 3,950,250	-	\$ 3,950,250	\$ -
Total revenues	<u>3,950,250</u>	<u>3,950,250</u>	<u>-</u>	<u>3,950,250</u>	<u>-</u>
Expenditures					
Sidewalks - Capital Outlay	735,042	-	533,430	533,430	(201,612)
Police Department Corresponder	204,316	-	94,727	94,727	(109,589)
Police Department - Capital Outlay	5,842	-	5,842	5,842	-
Parks - Capital Outlay	340,050	-	197,325	197,325	(142,725)
ALE Community Kitchen	100,000	-	100,000	100,000	-
Affordable Housing	2,165,000	-	-	-	(2,165,000)
Historic Storytelling	100,000	-	-	-	(100,000)
Solar Panels THCC	300,000	-	-	-	(300,000)
Total expenditures	<u>3,950,250</u>	<u>-</u>	<u>931,324</u>	<u>931,324</u>	<u>(3,018,926)</u>
Revenues over (under) expenditures	<u>-</u>	<u>3,950,250</u>	<u>(931,324)</u>	<u>3,018,926</u>	<u>(3,018,926)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 3,950,250</u>	<u>(931,324)</u>	<u>\$ 3,018,926</u>	<u>\$ (3,018,926)</u>
Fund balances:					
Fund balance, beginning of year			3,950,250		
Fund balance, end of year			<u>\$ 3,018,926</u>		

TOWN OF DAVIDSON

STATEMENT 6

Mecklenburg ARPA Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual From Inception and For the Fiscal Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Grant - ARPA Funding	\$ 2,550,820	\$ -	\$ 322,188	\$ 322,188	\$ 2,228,632
Total revenues	2,550,820	-	322,188	322,188	2,228,632
Expenditures					
Gym - Capital Outlay	2,000,000	-	26,070	26,070	(1,973,930)
CHAP Program	550,820	-	296,118	296,118	(254,702)
Total expenditures	2,550,820	-	322,188	322,188	(2,228,632)
Revenues over (under) expenditures	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balances:					
Fund balance, beginning of year			-		
Fund balance, end of year			\$ -		

TOWN OF DAVIDSON

STATEMENT 7

NC Direct Grant Fund *Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual* *From Inception and For the Fiscal Year Ended June 30, 2024*

	Project	Actual		Variance
	Authorization	Prior	Current	Positive
		Years	Year	(Negative)
			Total	
			To Date	
Revenues				
NC Directed Grant	\$ 1,150,000		\$ 1,150,000	\$ 1,150,000
				\$ -
Expenditures				
Economic and physical development		-	-	-
Public safety projects - Capital Outlay	171,000	-	140,766	140,766
Public facilities projects - Capital Outlay	216,000	-	72,216	72,216
Public facilities projects	-		64,508	64,508
Vehicles and equipment - Capital Outlay	363,000	-	304,965	304,965
Vehicles and equipment	-		1,239	1,239
ED-Wayfinding signage	150,000	-	45,690	45,690
Pedestrian safety-Griffith/Main-Capital Outlay	250,000	-	25,287	25,287
Total expenditures	1,150,000	-	654,671	654,671
				561,076
Revenues over (under) expenditures	-	-	495,329	(654,671)
				561,076
Net change in fund balance	\$ -	\$ -	\$ 495,329	\$ 495,329
				\$ (561,076)
Fund balances:				
Fund balance, beginning of year			-	-
Fund balance, end of year			\$ 495,329	\$ 495,329

TOWN OF DAVIDSON

STATEMENT 8

Combining Balance Sheet Non-Major Governmental Funds June 30, 2024

	Public Art Project	Potts-Sloan- Beaty Corridor Project	Parks/ Greenway Project	Public Facility Project	Veterans Memorial Fund	Total Non-Major Governmental Funds
Assets						
Cash	\$ -	\$ -	\$ -	\$ -		\$ -
Due from General Fund	203,019	271,084	87,286	-	51,382	612,771
Total assets	\$ 203,019	\$ 271,084	\$ 87,286	\$ -	\$ 51,382	\$ 612,771
Liabilities and Fund Balances						
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to General Fund		\$ -	\$ -	\$ -		\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:						
Committed for special projects	\$ 203,019	\$ 271,084	\$ 87,286	\$ -	\$ 51,382	\$ 612,771
Total fund balances	\$ 203,019	\$ 271,084	\$ 87,286	\$ -	\$ 51,382	\$ 612,771
Total liabilities and fund balances	\$ 203,019	\$ 271,084	\$ 87,286	\$ -	\$ 51,382	\$ 612,771

TOWN OF DAVIDSON

STATEMENT 9

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the Fiscal Year Ended June 30, 2024

	Public Art Project	Potts-Sloan- Beaty Corridor Project	Parks/ Greenway Project	Public Facility Project	Veterans Monument Fund	Total Non-Major Governmental Funds
Revenues						
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Payments in lieu						
Interest	-	-	-		70,115	70,115
Total revenues	-	-	-	-	70,115	70,115
Expenditures						
Public safety	-	-	-	-		-
Transportation	-	-	-	-		-
Economic and physical development	-	-	-	540,918	43,733	584,651
Cultural and recreational	35,768	-	-	-		35,768
Total expenditures	35,768	-	-	540,918	43,733	620,419
Revenues over (under) expenditures	(35,768)	-	-	(540,918)	26,382	(576,686)
Other Financing Sources (Uses)						
Transfers from (to) General Fund	5,000	-	-	-	25,000	30,000
Transfers to other funds	(25,000)					(25,000)
Total Other Financing Sources(Uses)	(20,000)				25,000	5,000
Net change in fund balance	(55,768)	-	-	(540,918)	51,382	(545,304)
Fund balances:						
Beginning of year	258,787	271,084	87,286	540,918	-	1,158,075
End of year	\$ 203,019	\$ 271,084	\$ 87,286	\$ -	\$ 51,382	\$ 612,771

TOWN OF DAVIDSON

STATEMENT 10

Special Revenue Fund – Public Art Project
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Contributions - restricted	\$ 233,167	\$ 238,168	\$ -	\$ 238,168	\$ 5,001
Expenditures					
Cultural and recreational	392,230	308,844	35,768	344,612	47,618
Total expenditures	392,230	308,844	35,768	344,612	47,618
Revenues over (under) expenditures	(159,063)	(70,676)	(35,768)	(106,444)	52,619
Other financing sources and uses					
Transfers from General Fund	184,063	329,463	5,000	334,463	150,400
Transfers to Other Funds	(25,000)		(25,000)	(25,000)	-
Total other financing sources	159,063	329,463	(20,000)	309,463	150,400
Net change in fund balance	\$ -	\$ 258,787	(55,768)	\$ 203,019	\$ 203,019
Fund balances:					
Fund balance, beginning of year			258,787		
Fund balance, end of year			\$ 203,019		

TOWN OF DAVIDSON

STATEMENT 11

Capital Project Fund – Potts-Sloan-Beaty Corridor
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures					
Streets and highways	233,000	232,341	-	232,341	659
Total expenditures	233,000	232,341	-	232,341	659
Revenues over (under) expenditures	(233,000)	(232,341)	-	(232,341)	659
Other financing sources and uses					
Transfers from General Fund	233,000	503,425	-	503,425	270,425
Total other financing sources	233,000	503,425	-	503,425	270,425
Net change in fund balance	\$ -	\$ 271,084	-	\$ 271,084	\$ 271,084
Fund balances:					
Fund balance, beginning of year			271,084		
Fund balance, end of year			<u>\$ 271,084</u>		

TOWN OF DAVIDSON

STATEMENT 12

Capital Project Fund – Parks/Greenway
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures					
Cultural and recreation	550,000	311,714	-	311,714	238,286
Total expenditures	550,000	311,714	-	311,714	238,286
Revenues over (under) expenditures	(550,000)	(311,714)	-	(311,714)	238,286
Other financing sources and uses					
Transfers from General Fund	550,000	399,000	-	399,000	(151,000)
Total other financing sources	550,000	399,000	-	399,000	(151,000)
Net change in fund balance	\$ -	\$ 87,286	-	\$ 87,286	\$ 87,286
Fund balances:					
Fund balance, beginning of year			87,286		
Fund balance, end of year			<u>\$ 87,286</u>		

TOWN OF DAVIDSON

STATEMENT 13

Capital Project Fund – Public Facilities
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures					
Economic and physical development	2,075,000	1,534,082	540,918	2,075,000	-
Total expenditures	2,075,000	1,534,082	540,918	2,075,000	-
Revenues over (under) expenditures	(2,075,000)	(1,534,082)	(540,918)	(2,075,000)	-
Other financing sources and uses					
Transfers from General Fund	2,075,000	2,075,000	-	2,075,000	-
Total other financing sources	2,075,000	2,075,000	-	2,075,000	-
Net change in fund balance	\$ -	\$ 540,918	(540,918)	\$ -	\$ -
Fund balances:					
Fund balance, beginning of year			540,918		
Fund balance, end of year			\$ -		

TOWN OF DAVIDSON

STATEMENT 14

Capital Project Fund – Veterans Monument Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual
From Inception and for the Fiscal Year Ended June 30, 2024

	Project Authorization	Prior Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues					
Contributions - restricted	\$ 250,000	\$ -	\$ 70,115	\$ 70,115	\$ (179,885)
Expenditures					
Cultural and recreational	275,000	-	43,733	43,733	231,267
Total expenditures	275,000	-	43,733	43,733	231,267
Revenues over (under) expenditures	(25,000)	-	26,382	26,382	51,382
Other financing sources and uses					
Transfers from General Fund	25,000	-	25,000	25,000	-
Total other financing sources	25,000	-	25,000	25,000	-
Net change in fund balance	\$ -	\$ -	51,382	\$ 51,382	\$ 51,382
Fund balances:					
Fund balance, beginning of year			-		
Fund balance, end of year			\$ 51,382		

TOWN OF DAVIDSON

STATEMENT 15

Storm-water Fund *Schedule of Revenues and Expenditures – Budget and Actual (Non-GAAP)* *For the Fiscal Year Ended June 30, 2024*

	Budget	Actual	Variance Positive (Negative)
Operating Revenues			
Stormwater management fee	\$ -	\$ 293,318	\$ -
Miscellaneous revenue		22,574	
Total revenue	<u>285,000</u>	<u>315,892</u>	<u>30,892</u>
Expenditures			
Administration:			
Administrative		<u>-</u>	
Stormwater operations:			
Contracted services		<u>203,553</u>	
Total		<u>203,553</u>	
Total expenditures	<u>397,769</u>	<u>203,553</u>	<u>194,216</u>
Revenues over (under) expenditures	<u>(112,769)</u>	<u>112,339</u>	<u>225,108</u>
Other Financing Sources (Uses)			
Debt service	<u>-</u>	<u>-</u>	<u>-</u>
Appropriated fund balance	<u>112,769</u>	<u>-</u>	<u>(112,769)</u>
Revenues over (under) expenditures and other financing sources (uses)	<u>\$ -</u>	<u>\$ 112,339</u>	<u>\$ 112,339</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlay		-	
Transfers to General Fund		-	
Interest paid		-	
Principal retirement		-	
Total reconciling items		<u>-</u>	
Change in net position		<u>\$ 112,339</u>	

ADDITIONAL FINANCIAL DATA

This section contains additional information required on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

TOWN OF DAVIDSON

SCHEDULE 1

Schedule of Ad Valorem Taxes June 30, 2024

	Uncollected Balance June 30, 2023 *	Additions	Collections and Credits	Uncollected Balance June 30, 2024
2023 - 2024	\$ -	\$ 11,827,769	\$ 11,795,889	\$ 31,880
2022 - 2023	16,599		8,840	7,759
2021 - 2022	8,389	-	1,878	6,511
2020 - 2021	4,725	-	854	3,871
2019 - 2020	6,648	-	766	5,882
2018 - 2019	6,172	-	260	5,912
2017 - 2018	6,028	-	328	5,700
2016 - 2017	4,319	-	292	4,027
2015 - 2016	3,486	-	79	3,407
2014 - 2015	3,863	-	50	3,813
2013 - 2014	2,487	-	2,487	-
	<u>\$ 62,716</u>	<u>\$ 11,827,769</u>	<u>\$ 11,811,723</u>	<u>\$ 78,762</u>

Reconcilement with revenues:

Ad Valorem Taxes - General Fund	\$ 11,803,493
Reconciling items:	
Interest collected	(25,036)
Statutory write off	2,487
Miscellaneous adjustments	22,506
Property valuation appeals refunds	8,273
Total collections and credits	<u>\$ 11,811,723</u>

* Adjusted from prior year ending balances to properly exclude late list penalties and solid waste fees that were included at 6.30.2023.

TOWN OF DAVIDSON

SCHEDULE 2

Analysis of Current Tax Levy For the Fiscal Year Ended June 30, 2024

	Town-wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 4,449,295,308	0.266	\$ 11,835,126	\$ 11,103,367	\$ 731,759
Discoveries	6,482,391	0.266	17,243	17,243	-
Releases	(9,248,188)	0.266	(24,600)	(24,600)	-
Total property valuation	<u>\$ 4,446,529,511</u>				
Net levy			11,827,769	11,096,010	731,759
Less, uncollected tax at June 30, 2024			31,880	31,880	-
Current year's taxes collected			<u>\$ 11,795,889</u>	<u>\$ 11,064,130</u>	<u>\$ 731,759</u>
Current levy collection percentage			<u>99.73%</u>	<u>99.71%</u>	<u>100.00%</u>

TOWN OF DAVIDSON

STATISTICAL SECTION

TOWN OF DAVIDSON

This part of the Town of Davidson's Annual Comprehensive Financial Report presents detailed information as a context for understanding how the information in the financial statements, note disclosures, and required supplementary information depicts the government's overall financial health.

Contents

Financial Trends Pages

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. 103-111

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes. 112-116

Debt Capacity

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

117-120

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments. 121-122

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.

123-125

TOWN OF DAVIDSON

Net Position by Component *Last Ten Fiscal Years* *(accrual basis of accounting)*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Governmental activities										
Net Investment in capital assets	\$ 12,799,068	\$ 13,950,411	\$ 15,084,273	\$ 15,612,627	\$ 16,949,275	\$ 18,132,948	\$ 20,177,652	\$ 27,650,942	\$ 37,471,366	\$ 43,545,839
Restricted	\$ 1,329,582	\$ 1,584,840	\$ 2,994,101	\$ 2,184,567	\$ 1,718,028	\$ 2,632,104	\$ 1,730,132	\$ 3,598,667	\$ 2,173,968	\$ 2,140,482
Unrestricted	\$ 5,916,759	\$ 6,752,743	\$ 5,608,249	\$ 8,171,236	\$ 10,137,178	\$ 10,945,774	\$ 12,339,372	\$ 4,939,774	\$ 3,629,325	\$ 1,422,000
Total governmental activities net position	\$ 20,045,409	\$ 22,287,994	\$ 23,686,623	\$ 25,968,430	\$ 28,804,481	\$ 31,710,826	\$ 34,247,156	\$ 36,189,383	\$ 43,274,659	\$ 47,108,321
Business-type activities										
Net Investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 181,293	\$ 281,409	\$ 386,585	\$ 653,283	\$ 496,665	\$ 352,002	\$ 305,571	\$ 348,546	\$ 394,197	\$ 506,534
Total business-type activities net position	\$ 181,293	\$ 281,409	\$ 386,585	\$ 653,283	\$ 496,665	\$ 352,002	\$ 305,571	\$ 348,546	\$ 394,197	\$ 506,534
Primary Government										
Net Investment in capital assets	\$ 12,799,068	\$ 13,950,411	\$ 15,084,273	\$ 15,612,627	\$ 16,949,275	\$ 18,132,948	\$ 20,177,652	\$ 27,650,942	\$ 37,471,366	\$ 43,545,839
Restricted	\$ 1,329,582	\$ 1,584,840	\$ 2,994,101	\$ 2,184,567	\$ 1,718,028	\$ 2,632,104	\$ 1,730,132	\$ 3,598,667	\$ 2,173,968	\$ 2,140,482
Unrestricted	\$ 6,098,052	\$ 7,034,152	\$ 5,994,834	\$ 8,824,519	\$ 10,633,843	\$ 11,297,776	\$ 12,644,942	\$ 5,288,320	\$ 4,023,522	\$ 1,928,534
Total primary govt. activities net position	\$ 20,226,702	\$ 22,569,403	\$ 24,073,208	\$ 26,621,713	\$ 29,301,146	\$ 32,062,828	\$ 34,552,726	\$ 36,537,929	\$ 43,668,856	\$ 47,614,855

TOWN OF DAVIDSON

Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Page 1 of 3

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government	\$ 1,426,678	\$ 1,548,261	\$ 1,593,065	\$ 1,724,821	\$ 1,941,671	\$ 2,161,321	\$ 2,682,582	\$ 2,681,353	\$ 2,969,382	\$ 3,786,927
Public safety	2,376,711	2,568,775	3,100,972	3,750,099	4,177,951	4,548,949	4,790,324	5,209,849	6,089,857	7,385,571
Transportation	1,294,006	1,205,097	1,820,831	2,839,845	1,567,102	1,738,385	1,973,592	1,890,380	2,482,804	2,048,574
Economic and physical development	2,202,372	2,011,453	1,990,469	1,958,876	2,505,505	2,535,000	1,434,096	1,829,073	1,134,149	2,155,058
Environmental protection	-	-	-	9,772	77,241	-	-	-	1,181,952	1,241,217
Cultural and recreational	1,254,174	1,370,548	1,353,292	1,434,754	1,545,032	1,435,644	1,353,635	1,579,083	1,994,507	3,159,550
Interest on long-term debt	162,143	161,242	268,218	142,847	90,423	231,026	186,406	729,842	722,171	-
Non departmental										
Amortization on bond premium	-	-	-	-	-	-	-	(124,800)	(124,800)	(129,898)
Amortization on bond issuance cost	-	-	-	-	-	-	-	10,561	-	-
Total governmental activities	8,716,084	8,865,376	10,126,847	11,861,014	11,904,925	12,650,325	12,420,635	13,805,341	16,450,022	19,646,999
Business type activities:										
Solid waste fund	665,303	663,001	693,681	720,272	899,165	964,148	1,022,260	1,089,201	-	-
Stormwater fund	214,787	208,610	137,630	100,269	264,146	115,336	202,748	168,338	270,322	203,553
Total business type activities	880,090	871,611	831,311	820,541	1,163,311	1,079,484	1,225,008	1,257,539	270,322	203,553
Total primary governmental activities	\$ 9,596,174	\$ 9,736,987	\$ 10,958,158	\$ 12,681,555	\$ 13,068,236	\$ 13,729,809	\$ 13,645,643	\$ 15,062,880	\$ 16,720,344	\$ 19,850,552

TOWN OF DAVIDSON

Change in Net Position Last Ten Fiscal Years (accrual basis of accounting) Page 2 of 3

Program Revenues	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental activities:										
Charges for services:										
General government	\$ 15,530	\$ 20,990	\$ 48,180	\$ 9,980	\$ 25,700	\$ 22,190	\$ 330,370	\$ 3,850	\$ 25,550	\$ 15,500
Public safety	62,681	47,463	60,668	53,557	48,556	38,745	43,585	45,610	50,847	47,402
Transportation	-	-	-	-	-	-	-	-	-	-
Economic and physical development	51,095	41,715	41,806	47,433	50,540	65,345	90,932	64,075	52,705	82,982
Environmental protection	-	-	-	-	-	-	-	-	-	-
Cultural and recreational	278,368	262,338	254,439	354,152	145,575	117,473	98,644	107,780	145,442	176,256
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Non departmental	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions:										
General government	-	-	-	84,936	278,868	50,094	-	116,723	1,581,066	43,500
Public safety	154,088	148,228	140,928	305,792	228,126	239,571	586,926	293,613	3,522,697	391,166
Transportation	316,207	319,925	325,385	332,212	331,789	335,378	323,767	428,286	428,962	475,159
Economic and physical development	-	2,000	104	-	309,784	-	-	-	-	-
Environmental protection	7,770	7,993	8,525	-	9,828	10,132	-	-	-	-
Cultural and recreational	163,260	50,750	108,229	1,054,003	1,307,959	73,100	40,000	250,000	120,000	70,115
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Non departmental	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions:										
General government	-	-	-	-	-	-	-	-	-	1,472,188
Public safety	-	174,994	-	32,174	202,670	341,491	-	-	-	-
Transportation	310,944	95,600	120,800	-	-	-	-	-	-	-
Economic and physical development	46,033	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
Cultural and recreational	23,641	2,500	5,000	5,000	5,000	2,500	-	-	-	285,000
Interest on long-term debt	-	-	-	-	-	-	-	-	-	-
Non departmental	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	1,429,617	1,174,496	1,114,064	2,279,239	2,944,395	1,296,019	1,514,224	1,309,937	5,927,269	3,059,268

TOWN OF DAVIDSON

*Change in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Page 3 of 3*

Business type activities:	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Charges for services:										
Solid waste fund	732,004	749,603	754,492	787,493	763,648	789,088	829,547	899,030	(4,080)	-
Stormwater fund	191,823	222,124	243,841	248,696	254,375	261,803	273,364	285,314	292,372	315,891
Operating grants and contributions:										
Solid waste fund	-	-	-	-	-	-	-	-	-	-
Stormwater fund	-	-	-	91,817	22,500	-	-	-	-	-
Capital grants and contributions:										
Solid waste fund	-	-	-	-	-	-	-	-	-	-
Stormwater fund	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	923,827	971,727	998,333	1,128,006	1,040,523	1,050,891	1,102,911	1,184,344	288,292	315,891
Total primary governmental program revenues	\$ 2,353,444	\$ 2,146,223	\$ 2,112,397	\$ 3,407,245	\$ 3,984,918	\$ 2,346,910	\$ 2,617,135	\$ 2,494,281	\$ 6,215,561	\$ 3,375,159
Net (expense)/revenue:										
Total governmental activities net (expense)/revenue	\$ (7,242,730)	\$ (7,590,764)	\$ (8,845,761)	\$ (9,274,310)	\$ (9,083,318)	\$ (11,382,899)	\$ (11,028,508)	\$ (12,568,599)	\$ (10,504,783)	\$ (16,475,393)

TOWN OF DAVIDSON

Changes in Net Position *Last Ten Fiscal Years* *(accrual basis of accounting)*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues and Other Changes in Net Position											
Governmental activities:											
Taxes:											
Property taxes levied for general purposes	\$ 6,417,745	\$ 6,361,465	\$ 6,369,779	\$ 6,568,586	\$ 6,988,785	\$ 7,145,394	\$ 7,781,297	\$ 8,214,276	\$ 8,508,422	\$ 9,861,663	\$ 11,816,223
Other taxes	2,632,668	3,103,502	3,459,190	3,725,621	4,202,886	4,169,730	3,912,170	4,556,314	4,913,579	5,481,179	6,427,230
Unrestricted investment earnings	1,907	2,822	24,934	60,427	173,228	319,507	208,226	3,577	52,314	1,105,431	1,476,416
Miscellaneous	239,294	116,973	45,958	58,798	96,183	112,582	2,229,254	721,147	483,312	1,385,247	427,654
Insurance recoveries					344,883	9,673	10,659	3,528	69,141	-	20,538
Gain/(loss) on sale of assets	(7,495)	14,815	33,604	1,762	16,850	5,865	2,975	19,565	576,200	2,853	253,332
Total general revenues not including transfers	9,284,119	9,599,577	9,933,465	10,415,194	11,822,815	11,762,751	14,144,581	13,518,407	14,602,968	17,836,373	20,421,393
Transfers in	-	-	-	61,846	40,767	33,830	116,070	(75,666)	(116,170)	(27,681)	-
Transfers (out)	-	-	-	-	-	-	-	-	-	-	-
Total general revenues and transfers-governmental activities	9,284,119	9,599,577	9,933,465	10,477,040	11,863,582	11,796,581	14,260,651	13,442,741	14,486,798	17,808,692	20,421,393
Business-type activities:											
Transfers in	-	-	-	-	-	-	-	75,666	116,170	27,681	-
Transfers (out)	-	-	-	(61,846)	(40,767)	(33,830)	(116,070)	-	-	-	-
Total general revenues and transfers-Business-type activities	-	-	-	(61,846)	(40,767)	(33,830)	(116,070)	75,666	116,170	27,681	-
Change in Net Position											
Governmental activities											
Net position-beginning	15,676,336	18,056,898	20,045,409	22,287,994	23,686,623	25,968,430	28,804,481	31,710,826	34,247,156	36,189,383	43,274,659
Prior period adjustment		(324,599)		58,829	-	-	-		(49,167)	(200,663)	-
LEOSSA adjustment				(124,457)	-	-	-				
Change in net position	2,380,562	2,313,110	2,242,585	1,464,257	2,281,807	2,836,051	2,906,345	2,536,330	1,991,394	7,285,939	3,833,662
Net position-ending	18,056,898	20,045,409	22,287,994	23,686,623	25,968,430	28,804,481	31,710,826	34,247,156	36,189,383	43,274,659	47,108,321
Business-type activities											
Net position-beginning	27,130	137,556	181,293	281,409	386,585	653,283	496,665	352,002	305,571	348,546	394,197
Change in net position	110,426	43,737	100,116	105,176	266,698	(156,618)	(144,663)	(46,431)	42,975	45,651	112,338
Net position-ending	137,556	181,293	281,409	386,585	653,283	496,665	352,002	305,571	348,546	394,197	506,535
Total net position-ending	\$ 18,194,454	\$ 20,226,702	\$ 22,569,403	\$ 24,073,208	\$ 26,621,713	\$ 29,301,146	\$ 32,062,828	\$ 34,552,727	\$ 36,537,929	\$ 43,668,856	\$ 47,614,856

TOWN OF DAVIDSON

Balances of Government Funds Last Ten Fiscal Years (modified accrual basis of accounting) Page 1 of 3

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Restricted										
Stabilization by state statue	\$ 903,648	\$ 1,083,735	\$ 956,390	\$ 2,053,421	\$ 1,353,821	\$ 1,907,826	\$ 1,945,073	\$ 1,357,144	\$ 1,410,373	\$ 1,427,597
Streets-Powell bill	425,934	501,105	813,076	31,924	364,207	413,004	141,585	270,303	298,095	369,573
Committed										
Specified purposes (Note V)	-	-	-	130,628	353,428	358,266	733,921	711,192	690,151	955,942
Community Parks Reserve Funds	420,760	420,760	399,625	-	-	-	-	-	-	-
Adequate public facilities										
Unspendable										
Prepaid expenses	25,190	24,152	24,560	13,270	11,797	63,630	6,414	-	3,000	3,000
Assigned										
Subsequent year's expenditures	21,929	-	-	14,100	144,450	71,000	-	200,000	215,400	27,608
Law enforcement separation allowance	251,882	253,372	-	-	-	-	-	-	-	-
Community Investment Fund (CIF)							786,483	1,427,143	1,659,370	2,148,484
General Obligation Bond Debt Service							2,178,862	1,785,307	3,136,979	2,421,779
Unassigned	5,819,821	6,581,424	7,352,238	7,016,295	7,835,772	7,709,320	7,474,459	7,785,056	10,321,185	10,094,638
Total General Fund	<u>\$ 7,869,164</u>	<u>\$ 8,864,548</u>	<u>\$ 9,545,889</u>	<u>\$ 9,259,638</u>	<u>\$ 10,063,475</u>	<u>\$ 10,523,046</u>	<u>\$ 13,266,797</u>	<u>\$ 13,536,145</u>	<u>\$ 17,734,553</u>	<u>\$ 17,448,621</u>
All other governmental funds:										
MI Connection Capital Project Fund										
Restricted										
Stabilization by state statue										
Streets-Powell bill										
Committed										
Community Parks Reserve Funds										
Special projects	900,000	1,000,000	1,000,000	1,000,000	1,000,000	2,033,724	2,597,597	2,911,757	-	-
Unspendable										
Prepaid expenses										
Assigned										
Subsequent year's expenditures										
Law enforcement separation allowance										
Unassigned										

TOWN OF DAVIDSON

Balances of Government Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)
Page 2 of 3

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Affordable Housing Special Revenue Fund										
Restricted										
Stabilization by state statue	-	-	-	-	-	117,400	-	-	-	
Streets-Powell bill										
Committed										
Community Parks Reserve Funds										
Special projects	-	-	-	-	-	608,054	809,342	751,930	678,493	1,496,352
Unspendable										
Prepaid expenses										
Assigned										
Subsequent year's expenditures	-	-	-	-	-	-	185,000	-	-	
Law enforcement separation allowance										
Unassigned										
2021 GO Bond Issuance Fund										
Restricted										
Stabilization by state statue										
Streets-Powell bill										
Future GO Bond Projects	-	-	-	-	-	-	17,422,480	10,471,122	2,026,437	739,783
Committed										
Community Parks Reserve Funds										
Special projects										
2023 GO Bond Issuance Fund										
Restricted										
Stabilization by state statue										
Streets-Powell bill										
Future GO Bond Projects	-	-	-	-	-	-	-	-	-	4,252,788
Committed										
Community Parks Reserve Funds										
Special projects										

TOWN OF DAVIDSON

Balances of Government Funds Last Ten Fiscal Years (modified accrual basis of accounting) Page 3 of 3

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<i>Capital Project Fund Revenue Replacement</i>										
Special projects	-	-	-	-	-	-	-	-	3,950,250	3,018,927
Unspendable										
Prepaid expenses										
Assigned										
Subsequent year's expenditures										
Law enforcement separation allowance										
Unassigned										
<i>NC Directed Grant</i>										
Special projects	-	-	-	-	-	-	-	-	-	495,328
Unspendable										
Prepaid expenses										
Assigned										
Subsequent year's expenditures										
Law enforcement separation allowance										
Unassigned										
<i>Non-Major Funds</i>										
Restricted										
Stabilization by state statue	-	-	-	-	-	193,874	-	-	-	-
Streets-Powell bill										
Construction of fire station	-	-	1,224,635	99,222	-	-	-	-	-	-
Committed										
Community Parks Reserve Funds										
Special projects	726,935	733,598	704,646	2,557,497	3,442,564	1,458,958	624,233	817,946	1,158,076	612,771
Unspendable										
Prepaid expenses										
Assigned										
Subsequent year's expenditures										
Law enforcement separation allowance										
Unassigned										
Total all other governmental funds	\$ 1,630,965	\$ 1,737,630	\$ 2,933,315	\$ 3,660,755	\$ 4,446,602	\$ 4,416,050	\$ 21,642,694	\$ 14,956,799	\$ 7,817,302	\$ 10,619,997

TOWN OF DAVIDSON

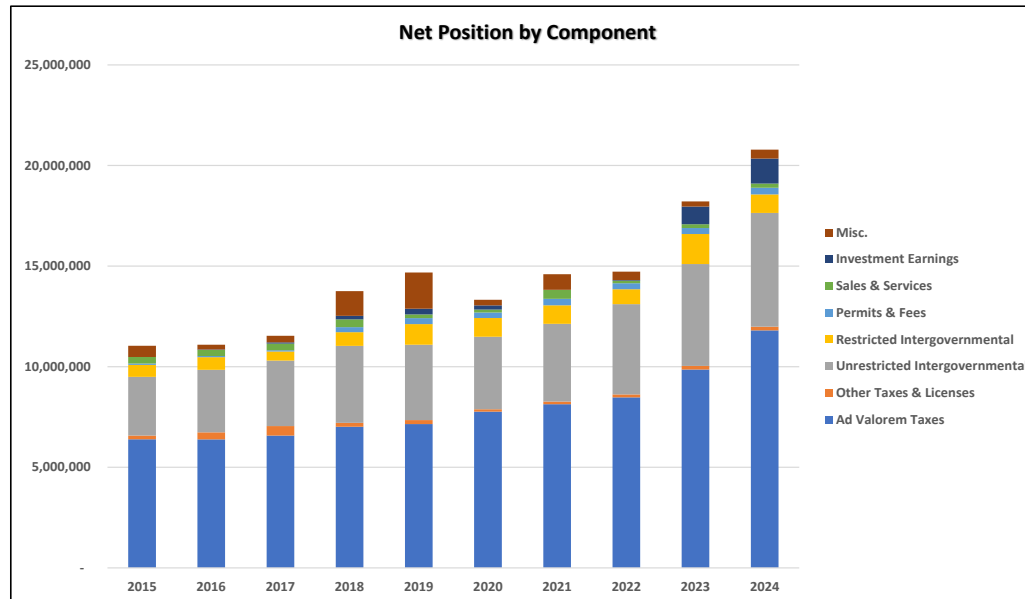
Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
Ad valorem taxes	\$ 6,392,264	\$ 6,385,770	\$ 6,577,416	\$ 7,017,530	\$ 7,148,394	\$ 7,767,684	\$ 8,133,272	\$ 8,475,870	\$ 9,859,208	\$ 11,803,493
Other taxes and licenses	183,042	350,818	472,853	192,135	196,892	118,581	132,129	146,186	180,644	186,382
Unrestricted intergovernmental	2,920,460	3,108,372	3,252,767	3,822,826	3,743,811	3,603,768	3,865,153	4,484,919	5,061,208	5,651,461
Restricted intergovernmental	592,992	626,902	454,783	682,684	1,026,419	930,865	920,891	850,038	5,545,057	2,394,062
Permits and fees	66,607	57,232	58,006	250,751	297,736	269,533	322,408	299,025	295,711	328,879
Sales and services	326,067	300,274	332,088	387,294	186,663	149,041	443,082	125,249	190,830	211,099
Investment earnings	2,822	24,934	60,427	173,228	280,339	208,226	3,766	52,314	1,105,431	1,476,414
Miscellaneous	556,531	239,400	327,988	1,226,830	1,799,413	276,015	1,108,015	473,023	326,860	1,142,268
Total revenues	11,040,785	11,093,702	11,536,328	13,753,278	14,679,667	13,323,713	14,928,716	14,906,624	22,564,949	23,194,058
Expenditures										
Current:										
General government	1,451,123	1,513,528	1,601,096	1,649,853	4,500,873	2,355,803	2,410,844	2,509,546	2,876,555	5,510,984
Public Safety	2,350,608	2,607,830	4,118,633	5,524,048	4,778,762	4,339,413	5,977,845	4,990,837	5,580,744	7,560,738
Transportation	1,403,339	1,935,325	1,777,098	2,719,610	1,785,398	1,862,663	1,649,367	1,645,598	3,583,939	3,722,873
Economic and physical development	1,775,367	1,945,482	2,144,459	2,193,214	2,559,087	2,489,298	3,185,627	9,402,902	7,639,188	4,387,069
Environmental protection	-	-	-	-	-	-	-	-	1,181,952	1,241,217
Cultural and recreation	1,563,133	1,562,565	1,311,314	1,533,801	2,138,192	1,459,450	1,429,432	1,431,282	3,555,348	3,630,070
Debt service:										
Principal	528,912	414,966	446,538	423,518	558,979	519,076	698,652	1,470,726	1,501,180	-
Interest and other charges	162,143	161,242	268,218	109,021	90,429	228,758	186,406	729,842	727,970	206,353
Total expenditures	9,234,625	10,140,938	11,667,356	14,153,065	16,411,719	13,254,461	15,538,172	22,180,732	26,646,876	26,259,304
Excess (deficiency) of revenues over expenditures	1,806,160	952,764	(131,028)	(399,787)	(1,732,052)	69,252	(609,456)	(7,274,108)	(4,081,927)	(3,065,246)
Other financing sources (uses):										
Proceeds from debt	55,194	114,474	2,000,000	479,241	3,272,365	-	1,353,000	-	-	-
Proceeds from insurance claims				344,883	9,673	10,659	3,528	69,141		20,538
Proceeds from disposal of assets	41,475	34,810	8,051	16,850	5,865	2,100,960	619,852	904,589	1,168,517	253,333
Proceeds from issuance of GO Bonds							16,925,000	-		5,135,000
Premium on GO Bonds							2,496,003	-		173,137
GO Bond Issuance Cost							(211,224)	-		
Transfer to other funds	-	-	-	-	33,830	(1,751,853)	(606,309)	(116,170)	(27,681)	-
Total other financing sources (uses)	96,669	149,284	2,008,051	840,974	3,321,733	359,766	20,579,850	857,560	1,140,836	5,582,008
Net change in fund balance	1,902,829	1,102,048	1,877,023	441,187	1,589,681	429,018	19,970,394	(6,416,548)	(2,941,091)	2,516,762
Fund balance, beginning	7,593,270	9,496,099	10,598,147	12,475,170	12,916,357	14,506,038	14,935,056	34,905,450	28,488,902	25,547,809
Fund balance, end of year	\$ 9,496,099	\$ 10,598,147	\$ 12,475,170	\$ 12,916,357	\$ 14,506,038	\$ 14,935,056	\$ 34,905,450	\$ 28,488,902	\$ 25,547,809	\$ 28,064,571
Ratio of Debt Service to Total Non-Capital Expenditures	8.1%	6.0%	6.5%	3.9%	4.1%	6.0%	6.0%	11.0%	9.1%	10.4%

TOWN OF DAVIDSON

Governmental Activities Tax Revenues by Source Last Ten Fiscal Years (accrual basis of accounting)

Fiscal Year	Ad Valorem Taxes	Other Taxes & Licenses	Unrestricted Intergovernmental	Restricted Intergovernmental	Permits & Fees	Sales & Services	Investment Earnings	Misc.	Fiscal Year Total
2015	6,392,264	183,042	2,920,460	592,992	66,607	326,067	2,822	556,531	11,040,785
2016	6,385,770	350,818	3,108,372	626,902	57,232	300,274	24,934	239,400	11,093,702
2017	6,577,416	472,853	3,252,767	454,783	58,006	332,088	60,427	327,988	11,536,328
2018	7,017,530	192,135	3,822,826	682,684	250,751	387,294	173,228	1,226,830	13,753,278
2019	7,148,394	196,892	3,743,811	1,026,419	297,736	186,663	280,339	1,799,413	14,679,667
2020	7,767,684	118,581	3,603,768	930,865	269,533	149,041	208,226	276,015	13,323,713
2021	8,133,272	132,129	3,865,153	920,891	322,408	443,082	3,577	776,140	14,596,652
2022	8,475,870	146,186	4,484,919	741,120	299,025	125,249	32,087	419,923	14,724,379
2023	9,859,208	180,644	5,061,208	1,493,699	295,711	190,830	875,692	256,860	18,213,852
2024	11,803,493	186,382	5,651,461	921,874	328,879	211,099	1,241,369	442,653	20,787,210



Compiled from Annual Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Fund Types, using modified accrual basis of accounting.

TOWN OF DAVIDSON

Assessed Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years (accrual basis of accounting)

Fiscal Year Ending June 30	Real Property	Personal Property*	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate
2015	1,619,779,199	159,033,601	18,117,147	1,796,929,947	0.3500
2016	1,643,126,895	169,623,449	17,892,217	1,830,642,561	0.3500
2017	1,699,674,255	185,335,859	16,887,496	1,901,897,610	0.3500
2018	1,780,466,491	198,070,032	17,282,832	1,995,819,355	0.3500
2019	1,820,077,205	207,721,434	15,216,881	2,043,015,520	0.3500
2020	2,439,831,510	214,532,691	18,867,858	2,673,232,059	0.2900
2021	2,634,409,223	224,436,556	21,786,210	2,880,631,989	0.2900
2022	2,641,940,193	247,803,504	30,370,602	2,920,114,299	0.2900
2023	2,722,687,937	274,692,306	21,979,439	3,019,359,682	0.3250
2024	3,946,310,896	288,288,042	22,541,879	4,257,140,817	0.2660

Compiled from NC Dept. of Revenue-County Taxable Real Property, Personal Property, and Public Service Company Valuations (LG55) and TR-2 Submissions

* includes registered motor vehicles



TOWN OF DAVIDSON

Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years

Fiscal Year	Town of Davidson		Mecklenburg County		Total Direct and Overlapping Rate
	Operating Rate	Total Direct Rate	Operating Rate	Total Direct Rate	
2014	0.3500	0.3500	0.8157	0.8157	1.1657
2015	0.3500	0.3500	0.8157	0.8157	1.1657
2016	0.3500	0.3500	0.8157	0.8157	1.1657
2017	0.3500	0.3500	0.8157	0.8157	1.1657
2018	0.3500	0.3500	0.8157	0.8157	1.1657
2019	0.3500	0.3500	0.8232	0.8232	1.1732
2020	0.2900	0.2900	0.6169	0.6169	0.9069
2021	0.2900	0.2900	0.6169	0.6169	0.9069
2022	0.2900	0.2900	0.6169	0.6169	0.9069
2023	0.3250	0.3250	0.6169	0.6169	0.9419
2024	0.2660	0.2660	0.4731	0.4731	0.7391

Fiscal Year	Town of Davidson		Iredell County		Total Direct and Overlapping Rate
	Operating Rate	Total Direct Rate	Operating Rate	Total Direct Rate	
2014	0.3500	0.3500	0.4850	0.4850	0.8350
2015	0.3500	0.3500	0.4850	0.4850	0.8350
2016	0.3500	0.3500	0.5275	0.5275	0.8775
2017	0.3500	0.3500	0.5275	0.5275	0.8775
2018	0.3500	0.3500	0.5275	0.5275	0.8775
2019	0.3500	0.3500	0.5275	0.5275	0.8775
2020	0.2900	0.2900	0.5275	0.5275	0.8175
2021	0.2900	0.2900	0.5375	0.5375	0.8275
2022	0.2900	0.2900	0.5375	0.5375	0.8275
2023	0.3250	0.3250	0.5375	0.5375	0.8625
2024	0.2660	0.2660	0.5000	0.5000	0.7660

Source: Mecklenburg and Iredell Counties

TOWN OF DAVIDSON

Principal Property Taxpayers
Current Year and Nine Years Ago
For the Fiscal Year Ended June 30, 2024

2024			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ingersoll Rand / Trane	\$ 45,912,792	1	1.08%
BH3 Linden Davidson	\$ 34,267,800	2	0.80%
Sid Tool Co. Inc.	\$ 33,432,200	3	0.79%
WMCI Charlott VII LLC	\$ 33,283,756	4	0.78%
427 Davidson LLC	\$ 20,597,200	5	0.48%
Davidson Commons 1682 LP	\$ 19,534,100	6	0.46%
Lake Norman Company	\$ 16,645,576	7	0.39%
Riverside Hotel LLC	\$ 13,670,278	8	0.32%
CK Davidson LLC	\$ 13,212,474	9	0.31%
CK Two Harbour Place LLC	\$ 11,327,274	10	0.27%

Note: Trane Technologies purchased a significant amount of property owned by Ingersoll Rand during FY2022.

2015			
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ingersoll Rand	\$ 39,469,486	1	1.31%
Davidson Commons	\$ 14,378,100	2	0.48%
WMCI Charlotte VII LLC	\$ 14,152,900	3	0.47%
River Run Golf Country Club Inc.	\$ 10,861,154	4	0.36%
Riverside Hotel LLC	\$ 10,219,117	5	0.34%
Four Hundred Four Armour St.	\$ 9,593,900	6	0.32%
CK Davidson #1 LLC	\$ 8,480,600	7	0.28%
Duke Energy	\$ 6,407,774	8	0.21%
705 Company LLC, The	\$ 6,285,300	9	0.21%
BellSouth	\$ 5,475,180	10	0.18%

Source: Mecklenburg County and Iredell County Office of the Tax Collector

TOWN OF DAVIDSON
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended	Total Levy for Fiscal Year (Original Year)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
June 30						
2015	6,560,511	6,539,208	99.68%	17,490	6,556,698	99.94%
2016	6,431,172	6,405,183	99.60%	22,582	6,427,765	99.95%
2017	6,573,227	6,552,701	99.69%	16,499	6,569,200	99.94%
2018	6,976,245	6,964,097	99.83%	6,448	6,970,545	99.92%
2019	7,150,554	7,133,966	99.77%	10,676	7,144,642	99.92%
2020	8,069,387	8,041,888	99.66%	21,616	8,063,505	99.93%
2021	8,130,566	8,099,860	99.62%	26,835	8,126,695	99.95%
2022	8,498,660	8,482,257	99.81%	9,892	8,492,149	99.92%
2023	9,851,304	9,834,199	99.83%	9,346	9,843,545	99.92%
2024	11,827,769	11,795,889	99.73%	N/A	11,795,889	99.73%

TOWN OF DAVIDSON

Ratios of General Bonded Debt Outstanding Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds Authorized But Not Issued	General Obligation Bonds Issued	Percentage of Estimated Actual Taxable Value of Property	Per Capita	Percentage of Personal Income
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	15,000,000	-	-	-	-
2019	15,000,000	-	-	-	-
2020	29,000,000	-	-	-	-
2021	12,075,000	16,925,000	0.5875%	\$ 1,242	2.09%
2022	12,075,000	16,080,000	0.5507%	\$ 1,062	1.55%
2023	12,075,000	15,235,000	0.5046%	\$ 996	1.47%
2024	6,940,000	20,370,000	0.4785%	\$ 1,288	-

TOWN OF DAVIDSON

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Governmental

Fiscal Year	General Obligation Bonds	Installment Notes Payable	Promissory Notes	Due To Other Governments	Capitalized Leases	Total Primary Government	Per Capita	Percentage of Assesed Value Per Capita	Percentage of Total Personal Income
2015	-	2,365,820	-	1,711,988	-	4,077,808	\$ 339	0.23%	0.76%
2016	-	2,065,328	-	1,772,906	-	3,838,234	\$ 311	0.21%	0.68%
2017	-	3,841,419	-	1,804,351	-	5,645,770	\$ 445	0.30%	0.83%
2018	-	3,897,139	-	1,773,041	-	5,670,180	\$ 439	0.28%	0.78%
2019	-	6,610,525	-	1,751,853	-	8,362,378	\$ 632	0.41%	1.12%
2020	-	6,059,887	-	-	-	6,059,887	\$ 453	0.23%	0.82%
2021	16,925,000	6,714,235	-	-	-	23,639,235	\$ 1,735	0.82%	2.91%
2022	16,080,000	6,088,509	-	-	-	22,168,509	\$ 1,464	0.76%	2.14%
2023	15,235,000	5,432,329	-	-	-	20,667,329	\$ 1,351	0.68%	1.68%
2024	19,265,000	4,864,392	-	-	-	24,129,392	\$ 1,526	0.57%	-

Note 1: Details regarding the Town's outstanding debt can be found in the Town's Financial statements.

Note 2: Debt excluded LEO separation allowances and compensated absences.

Note 3: Personal income data not available for 2024 at the time of publication.

TOWN OF DAVIDSON

Direct and Overlapping Governmental Activities Debt

As of June 30, 2024

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Direct Debt:			
Davidson	\$ 24,129,392	100%	\$ 24,129,392
Indirect Debt:			
Iredell County ¹	\$ 167,938,000	0.36%	\$ 609,005
Mecklenburg County ²	\$ 1,808,187,036	1.48%	\$ 26,688,133
Total Indirect Overlapping Debt	<u>\$ 1,976,125,036</u>		<u>\$ 27,297,138</u>
Total direct and indirect overlapping debt	<u>\$ 2,000,254,428</u>		<u>\$ 51,426,530</u>

Sources:

- (1) Iredell County Finance Department
- (2) Mecklenburg County Finance Department
- (3) Town of Davidson TR-2

Note:

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--therefore responsible for repaying the debt--of each overlapping governments.

TOWN OF DAVIDSON

Legal Debt Margin Information Last Ten Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assessed value of property	\$ 1,796,929,947	\$ 1,830,642,561	\$ 1,901,897,610	\$ 1,995,819,355	\$ 2,043,015,520	\$ 2,673,232,059	\$ 2,880,631,989	\$ 2,920,114,299	\$ 3,019,359,682	\$ 4,257,140,817
Debt Limit, 8% of Assessed value (Statutory Limitation)	143,754,396	146,451,405	152,151,809	159,665,548	163,441,242	213,858,565	230,450,559	233,609,144	241,548,775	340,571,265
Debt applicable to debt limitations:										
Total bonded debt	-	-	-	-	-	-	16,925,000	16,080,000	15,235,000	19,265,000
Debt not evidenced by bonds	4,077,808	3,838,234	5,645,770	5,670,180	8,362,378	6,059,887	6,714,235	6,088,509	5,432,329	4,864,392
Legal debt margin	139,676,588	142,613,171	146,506,039	153,995,368	155,078,864	207,798,678	206,811,324	211,440,635	220,881,446	316,441,873
Unused Legal debt margin as a percentage of debt limit	97.2%	97.4%	96.3%	96.4%	94.9%	97.2%	89.7%	90.5%	91.4%	92.9%

Note: Assessed value of property as presented above may differ slightly from the North Carolina Department of Revenue-County Taxable Real Property, Personal Property, and Public Service Company Valuations (LG55)

TOWN OF DAVIDSON

Demographics and Economic Statistics *Last Ten Fiscal Years*

Fiscal Year	Population	Households	Average Household Income	Total Personal Income	Per Capita Personal Income	Mecklenburg County Unemployment Rate
2014	11,594	3,744	\$ 138,044	\$ 516,836,736	\$ 44,578	6.8%
2015	12,040	3,975	\$ 135,505	\$ 538,632,375	\$ 44,737	5.7%
2016	12,332	3,950	\$ 142,306	\$ 562,108,700	\$ 45,581	4.8%
2017	12,678	4,140	\$ 164,042	\$ 679,135,104	\$ 53,568	4.0%
2018	12,921	4,273	\$ 170,419	\$ 728,201,718	\$ 56,358	4.2%
2019	13,228	4,273	\$ 175,215	\$ 748,691,572	\$ 56,599	4.1%
2020	13,389	4,336	\$ 170,210	\$ 738,028,458	\$ 55,122	8.4%
2021	13,625	4,473	\$ 181,338	\$ 811,123,500	\$ 59,532	4.9%
2022	15,140	5,292	\$ 195,993	\$ 1,037,195,980	\$ 68,507	3.9%
2023	15,297	5,327	\$ 198,929	\$ 1,231,989,786	\$ 80,538	3.1%
2024	15,816	-	-	-	-	3.9%

Population data from LINC

Households and Income Data from United States Census Bureau

FY 2024 data was not available at time of publication.

TOWN OF DAVIDSON

Principal Employers *Current Year and Nine Years Ago*

2024			2015		
Employees	Rank	Range of Total Number of Employees	Employees	Rank	Range of Total Number of Employees
Trane Technologies	1	1,000-2,500	Ingersoll-Rand	1	1,000-2,500
Davidson College	2	500-999	Davidson College	2	500-999
MSC	3	100-500	MSC	3	100-500
Ingersoll-Rand	4	100-500	CMS Schools	4	Under 100
Town of Davidson	5	100-500	Jay Wade Insurance	7	Under 100
CMS Schools	6	Under 100	Town of Davidson	5	Under 100
CHS Behavioral Health	7	Under 100	McIntosh Law Firm	6	Under 100
McIntosh Law Firm	8	Under 100			
Davidson Family Medicine	9	Under 100			
Jay Wade Insurance	10	Under 100			

TOWN OF DAVIDSON

Full-Time Equivalent Town Government Employees by Function Last Ten Fiscal Years

Department	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Administration	8.45	7.45	8.45	9.15	7.88	8.48	8.88	8.88	10.22	11.38
Legal	0.38	0.38	0.63	0.63	0.63	0.63	1.00	1.00	1.33	1.50
Equity and Inclusion	0.25	0.38	0.38	0.38	0.37	0.37	1.00	1.00	1.33	1.00
Police	18.23	18.23	20.73	23.68	26.75	26.78	27.78	27.78	28.78	33.18
Fire	4.50	4.63	6.63	8.65	9.58	10.00	26.40	26.50	26.58	27.06
Planning	4.00	4.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Public Works										
Streets	5.75	6.00	6.00	6.00	6.00	5.50	5.00	5.00	7.20	6.00
Parks	4.00	4.00	5.00	5.20	5.60	7.20	7.20	7.20	5.00	8.25
Economic Development	1.00	1.00	1.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Travel & Tourism	1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Recreation	3.63	3.63	3.63	3.63	3.99	3.97	4.47	4.35	4.82	5.47
	51.94	51.19	58.94	64.32	67.79	69.92	88.73	88.71	92.26	100.84

Notes:

Prior to FY2021 Equity and Inclusion was represented as a part time position in Affordable Housing

Prior to FY2021 parttime firefighters were shown as positional seats filled.

Firefighters are now shown as full time equivalents.

Source: Town of Davidson Budget

TOWN OF DAVIDSON

Operating Indicators by Function Last Ten Fiscal Years

Parks and Recreation Department	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Program Participants	2,619	2,301	1,988	2,581	3,674	*2,432	2237	2038	3451	N/A
Police Department	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Calls For Service	14,929	15,722	15,638	22,285	24,661	35,281	37,899	38,411	35,058	40,658
Community Event Attendees	2,365	725	1,139	1,289	1,480	**246	455	1,033	N/A	7,074
Accidents	293	308	317	301	255	150	214	229	231	238
Arrests	72	75	86	71	43	48	62	31	73	75
Parking Tickets	1,008	1,102	1,233	883	187	161	153	295	N/A	211
Citations	1,371	2,159	2,437	2,576	2,246	1,474	2,289	2,718	2,840	N/A
Incident Reports	306	334	380	474	411	439	407	313	386	374

*Includes 1,527 program participants and 895 Virtual Event Video Views (Veterans Day, Parade, and MLK Jr Day)

**No community events have occurred since 3/17/2020 due to COVID-19 restrictions implemented by the county and state.
Number shown includes events prior and virtual events.

Source: Town of Davidson Fire, Parks and Recreation and Police Departments

TOWN OF DAVIDSON

Capital Assets Statistics by Function *Last Ten Fiscal Years*

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police Stations	1	1	1	1	1	1	1	1	1	1	1
Fire Stations	1	1	1	1	2	2	2	2	2	2	2
Streets Maintained (Miles)	41.83	41.83	43.80	45.37	45.67	47.52	47.52	56.73	58.02	58.02	58.02

Source: Town of Davidson Powell Bill Annual Reporting

TOWN OF DAVIDSON

COMPLIANCE SECTION

TOWN OF DAVIDSON

ANN R. CRAVEN, CPA, PLLC
1100 REVOLUTION MILL DRIVE, STUDIO 2
GREENSBORO, NORTH CAROLINA 27405
(336) 632-0060

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Davidson, North Carolina

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Davidson, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Town of Davidson, North Carolina's basic financial statements, and have issued our report thereon dated December 14, 2023

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Davidson, North Carolina's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Davidson, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Davidson, North Carolina's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations,

TOWN OF DAVIDSON

during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Davidson, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ann R Craven, CPA, PLLC

Ann R Craven, CPA, PLLC
Greensboro North Carolina
December 6, 2024

TOWN OF DAVIDSON
ANN R. CRAVEN, CPA, PLLC
1100 REVOLUTIONMILL DRIVE, STUDIO 2
GREENSBORO, NORTH CAROLINA 27405
(336) 632-0060

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE WITH OMB UNIFORM GUIDANCE AND
THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Davidson, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Town of Davidson, North Carolina's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Davidson's major State programs for the year ended June 30, 2024. The City of Dogwood's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Davidson, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Davidson and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the Town of Davidson's compliance with the compliance requirements referred to above.

TOWN OF DAVIDSON

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Town of Davidson, North Carolina's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Davidson's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Davidson's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Davidson, North Carolina's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Davidson, North Carolina's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Davidson, North Carolina's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency *in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance,

TOWN OF DAVIDSON

such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ann R Craven, CPA, PLLC

Ann R Craven, CPA, PLLC
Greensboro North Carolina
December 6, 2024

TOWN OF DAVIDSON

SCHEDULE 3
page 1 of 2

Schedule of Findings and Questioned Cost For the Year Ended June 30, 2024

Section I. Summary of Auditor's Results			
<u>Financial Statements</u>			
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: <u>Unmodified</u>			
Internal control over financial reporting:			
• Material weakness(es) identified?	_____ Yes	_____ <u>X</u> _____ No	
• Significant Deficiency(s)	_____ Yes	_____ <u>X</u> _____ <u>None reported</u>	
Noncompliance material to financial statements noted?			
	_____ Yes	_____ <u>X</u> _____ No	
<i>Federal Awards</i>			
Internal control over major federal programs:			
• Material weakness(es) identified?	_____ Yes	_____ <u>X</u> _____ No	
• Significant Deficiency(s) identified	_____ Yes	_____ <u>X</u> _____ <u>None reported</u>	
Type of auditor's report issued on compliance for major federal programs: <u>Unmodified</u>.			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?			
	_____ Yes	_____ <u>X</u> _____ No	
Identification of major federal programs:			
Assistance Listing Nos:	Names of Federal Program or Cluster		
21.027	Coronavirus State and Local Fiscal Relief Funds		
Dollar threshold used to distinguish between Type A and Type B Programs			
		_____ <u>\$ 1,000,000</u> _____	
Auditee qualified as low-risk auditee?			
	_____ Yes	_____ <u>X</u> _____ No	

TOWN OF DAVIDSON

SCHEDULE 3
page 2 of 2

Schedule of Findings and Questioned Cost For the Year Ended June 30, 2024

State Awards

Identification of major North Carolina programs:

Names of North Carolina Programs

FY2024 State Appropriations Grant (OSBM)
NC Department of Transportation
Powell Bill
BL-0003
NC Parks and Recreation Trust Fund (PARTF)
NC Governor's Highway Safety Program (GHSP)
NC Department of Environmental Quality
Pilot Food Waste Program Grant

Dollar threshold used to distinguish
between Type A and Type B Programs

\$ 750,000

TOWN OF DAVIDSON

SCHEDULE 4

***Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2024***

Finding: None Reported

TOWN OF DAVIDSON

Schedule 5

Schedule of Expenditures of Federal and State Awards For the Fiscal Year Ended June 30, 2024

<u>Grantor/Pass-Through</u> <u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
Federal Grants:					
U.S. Dept. of Treasury					
Coronavirus State and Local Fiscal					
Recovery Fund	21.027				
Mecklenburg ARPA					
Gymnasium Renovation			\$ 26,086		
CHAP			<u>296,102</u>		
Total Assistance -Federal Programs			<u>322,188</u>		
State Grants:					
FY 2024 State Appropriations Grant (OSBM)				\$ 654,672	\$ -
N.C. Department of Transportation:					
Powell Bill			-	425,000	-
BL-0003				78,216	26,071
N.C. Parks and Recreation Trust Fund (PARTF)				285,000	-
N. C. Governor's Highway Safety Program (GHSP)				54,550	19,301
N. C. Department of Environmental Quality					
Pilot Food Waste Program Grant				6,500	1,300
Total Assistance -State Programs			<u>-</u>	<u>1,503,938</u>	<u>46,672</u>
Total Federal and State Assistance			<u>\$ 322,188</u>	<u>\$ 1,503,938</u>	<u>\$ 46,672</u>

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Davidson under the Federal Programs and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Davidson, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Davidson.

Note 2: Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

ARPA Funded Projects Summary

Project	Budget	Amount Spent To Date	Encumbrances	Remaining Budget	Is Project Complete?	Project Summary
Infrastructure						
Beaty Sidewalk	\$ 734,000.00	\$ 625,690.51	\$ 10,823.40	\$ 97,486.09	Yes	Project is complete.
Park Improvements	\$ 381,000.00			\$ 810.85		
Bradford Neighborhood Park		\$ 64,630.45	\$ -		-	Town of Davidson is completing the remaining concrete work on the project (Spring, 2025).
Roosevelt Wilson Park		\$ 42,323.30	\$ 92,102.00		-	Asbestos abatement began on 1/6/2025.
Ada Jenkins Playground		\$ 181,133.40	\$ -		Yes	Playground in installed and project is completed.
Total Infrastructure	\$ 1,115,000.00	\$ 913,777.66	\$ 102,925.40	\$ 98,296.94		
Mental Health						
Police Co-Responder Unit	\$ 250,000.00	\$ 152,924.59	\$ -	\$ 97,075.41	Yes	Contract concluded on June 30, 2024. The Town has directly hired a co-responder. ARPA funds will offset cost.
Affordable Living&Equity						
Affordable Housing	\$ 2,100,000.00	\$ -	\$ -	\$ 2,100,000.00	-	
Historic Storytelling	\$ 100,000.00	\$ -	\$ -	\$ 100,000.00	-	Program is working with stakeholder committee and archive research with Davidson College.
Community Commercial Kitchen	\$ 100,000.00	\$ 100,000.00	\$ -	\$ -	Yes	Kitchen is complete and open for use.
Total Affordable Living & Equity	\$ 2,300,000.00	\$ 100,000.00	\$ -	\$ 2,200,000.00		

ARPA Funded Projects Summary

Project	Budget	Amount Spent To Date	Encumbrances	Remaining Budget	Is Project Complete?	Project Summary
Sustainability						
Solar Panels for 251 South Street	\$ 300,000.00	\$ 5,500.00	\$ 4,300.00	\$ 290,200.00	-	In process of selecting contractor. Design process complete.
Public Health						
Employee Vaccine Program	\$ 80,000.00	\$ 68,685.06	\$ -	\$ 11,314.94	Yes	Program has closed.
Business Grants	\$ 50,000.00	\$ 40,233.14	\$ -	\$ 9,766.86	Yes	All Grants have been awarded and the program is closed.
Critical Home Repairs	\$ 65,000.00	\$ 14,361.80	\$ 28,200.00	\$ 22,438.20	-	Ongoing program
Total Public Health	\$ 195,000.00	\$ 123,280.00	\$ 28,200.00	\$ 43,520.00		
GRAND TOTAL ALL PROJECTS	\$ 4,160,000.00	\$ 1,295,482.25	\$ 135,425.40	\$ 2,729,092.35		



AGENDA MEMO

To: Davidson Board of Commissioners

From: Lindsay Laird, Senior Planner

Date: January 14, 2025

Re: Consider Approval of Sloan House Request for Proposals (RFP)

ITEM SUMMARY/OVERVIEW

In 2023, the Town commissioned a building conditions assessment and use study for the Sloan House, located at 230 South Main Street, partially funded with a federal Historic Preservation Fund grant for Certified Local Governments from the National Park Service. The purpose of the study was to ascertain the current material health of the building, form recommendations for ongoing maintenance, and brainstorm possible adaptive reuse strategies sensitive to the building's historic character.

Based on the Sloan House study, staff partnered with the Charlotte-Mecklenburg Historic Landmarks Commission to draft a Request for Proposals (RFP) for adaptive reuse and/or redevelopment of the Sloan House. The Town seeks a buyer for the property who has a vision for development that aligns with the proposed development programs outlined in the Sloan House study. The ultimate objective is for the completed project to be an aesthetically appealing historic asset for Davidson, an active and vibrant contributor to the local economy, and a visible connection between Davidson's historic downtown core and the South Main Street business district.

This item was discussed at the December 10, 2024, town board meeting and the feedback received has been incorporated into the RFP document and is recommended for board approval to proceed.

ACTION/PROPOSED MOTION

Motion to Approve the Sloan House Request for Proposals (RFP).

RELATED TOWN GOALS

Strategic Plan Alignment

Healthy, Livable, & Vibrant Community – Promote collaborative efforts to create livable spaces and healthy places to enhance quality of life for all residents.

Historic Preservation – Preserve the historic character of our Town, including its people, places, & stories. Honor the history of our residents through their lived experiences.

Economic Development – Attract diverse commercial development contributing to Davidson's unique economy and support new initiatives to create local jobs and add to the vibrancy of the community.

Core Values

Open communication is essential to an engaged citizenry, so town government will seek and provide accurate, timely information and promote public discussion of important issues.

Davidson's traditional character is that of a small, historic college town, so land planning will reflect its historic patterns of village-centered growth including connection of neighborhoods, preservation of our historic resources, conservation of rural area, and provision of public spaces.

Davidson's economic health is essential to its remaining a sustainable community, so town government will judiciously encourage and guide the location of new business opportunities

NEXT STEPS

Once approved, staff will issue the RFP to the public and work through the proposal selection process.



REQUEST FOR PROPOSALS
For Adaptive Reuse/Redevelopment of The Sloan House,
230 South Main Street
Davidson, NC 28036



Figure 1. Sloan House Front Facade

I. Introduction

The Town of Davidson, in partnership with the Charlotte-Mecklenburg Historic Landmarks Commission (CMHLC), requests proposals for the adaptive reuse and/or redevelopment of the Louise Sloan House (“Sloan House”) located at 230 South Main Street, Davidson, NC (Tax Parcel ID 00325802). The property is designated as part of a local historic district and is also listed as a contributing structure to the Davidson National Register Historic District. Currently, the Davidson Police Department uses the building for offices and storage.

In 2023, the Town commissioned a building conditions assessment and use study for the Sloan House, partially funded with a federal Historic Preservation Fund grant for Certified Local Governments from the National Park Service. The report discusses the current condition of the building, recommended maintenance items, and a test fit of four historically appropriate uses. See **Attachment 1** under the “Resources” section below for a link to the report.

II. Historical Background

The Louise Sloan House is a Queen Anne cottage-style house that was built c. 1900 at the edge of the commercial sector of downtown Davidson. As described in the historic structure data sheet in the archives:

It is a one and one-half story framed dwelling with a complex roof structure. A high hipped roof covers the main block of the building, and has a projecting front-gabled wing, two projecting side gabled wings, a bay window dormer and a rear ell all extending out from it. The entire structure is still covered with its original pressed tin roof. Two brick interior chimneys rise up through the hipped section of the roof. The exterior of the house is weatherboarded, and still has some of its decorative wood trim, including spindlework [sic] brackets and sawn brackets. The front porch retains its turned wood columns and balusters and sawn brackets.

The house was built by James Lee “Jimmy Lee” Sloan (d. 1932), a descendant of a prominent Davidson family. Mr. Sloan was an entrepreneur, and sometimes government official, who brought cotton mills into Davidson and added a manufacturing economy to the College’s presence as the main employer for the town. Mr. Sloan had two daughters, Marie and Louise (1892-1992), from his first marriage to whom he gifted the house in 1924 following his marriage to his second wife. By that time, Marie had already married and moved away so the house was transferred to her sister Louise, who lived in the house for another 60+ years.

Louise Sloan sold the house to the Town of Davidson in 1989. The house was occupied by the Town Attorney, Richard Kline, for his offices following a \$30,000 restoration, which included modernizing the electrical service. Ms. Sloan did not significantly alter the house during her tenure there and Mr. Kline respected the integrity of the historic features and spaces. The most significant alteration to the plan was converting the kitchen in the northeast corner room into an office with toilet room. There were also minor alterations to the side and rear porches. Aside from these alterations, the house is remarkably well intact with original interior finishes and trim.

III. General Information

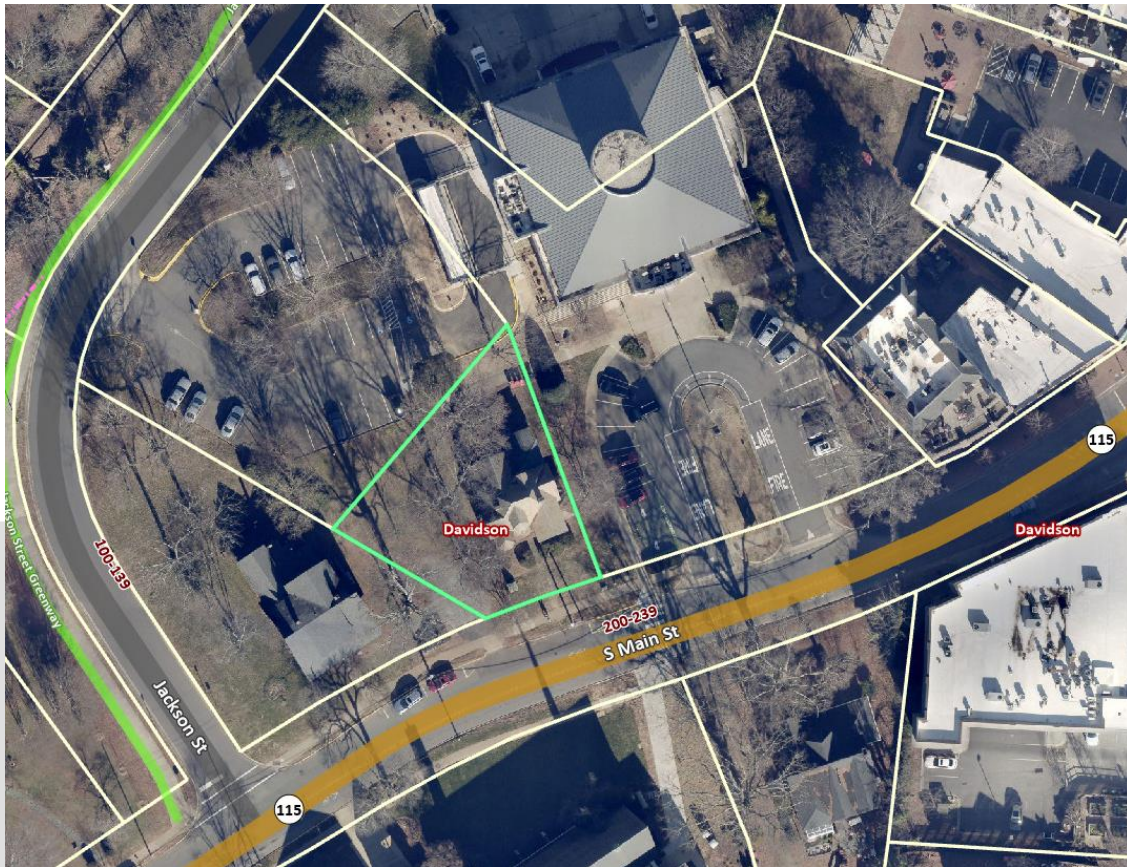


Figure 2. Location Map

- **Address:** 230 S Main Street, Davidson, NC 28036
- **Parcel ID:** 00325802
- **Current Owner:** Town of Davidson
- **Planning Areas (i.e., zoning classification):** Village Center Planning Area; Village Parking Overlay District; Local Historic District Overlay; Retail Frontage Overlay District
- **Year Built:** 1900
- **Square Footage:** 2,830 +/- SF (includes unconditioned attic spaces as concealed areas); 1,404 finished area
- **Building Height:** Approximately 24'
- **Stories:** 2
- **Permitted Uses:** Retail, Primary**; Retail, Secondary**; Professional Services; Commercial Services; See Davidson Planning Ordinance Section 2.2.1 for a full list of uses (**Attachment 2**)
- **National Register Historic District:** The property is contributing to Davidson's National Register Historic District, making it eligible for federal and state historic rehabilitation tax credits.

***Use is required on first floor of all buildings in the Retail Frontage Overlay District*

IV. Development Objectives

The Town of Davidson seeks a buyer for the Sloan House who has a vision for development that aligns with the proposed development programs outlined in the Sloan House Conditions Assessment and Building Use Study (**Attachment 1**), a reasonable timeframe for completing the renovations, and the financial resources needed to complete a successful project. The selected respondent will be expected to remedy any structural deficiencies, replace or repair mechanical, electrical and plumbing systems and construct any other improvements required to meet current building codes. All rehabilitation work must be consistent with the Secretary of Interior's Standards for the Treatment of Historic Properties and the Davidson Historic District Design Standards. The selected respondent will also be required to grant a preservation easement on the property to a qualified preservation organization (i.e., Charlotte-Mecklenburg Historic Landmarks Commission, Preservation NC, etc.). The easement shall ensure the Sloan House will not be demolished in perpetuity and shall be consistent with the recommendations of the Sloan House Conditions Assessment and Building Use Study concerning preservation of the front two rooms, original doors, door hardware, casings, trim, flooring, mantels, and wainscoting. Further, the Town will require that the history of the house be celebrated through such interpretive means as signage, artwork, or exhibits as part of the redevelopment plan.

The timeline for renovations may be presented in phases. Construction shall start within one year of a completed agreement. Proposed uses shall be harmonious with and complimentary to traditional, historic commercial business districts. Retail and/or dining is required for the street level. The installation of outdoor seating areas/tables to enliven the Sloan House's Main Street presence shall be required. Energy efficiency and alternate energy source applications are encouraged. The ultimate objective is for the completed Sloan House project to be an aesthetically appealing historic asset for Davidson, an active and vibrant contributor to the local economy, and a visible connection between Davidson's historic downtown core and the South Main Street business district.



Figure 3. Sloan House Streetscape Rendering – Sloan House Conditions Assessment & Building Use Study

V. **Potential Incentives**

Incentives applicable to rehabilitation/redevelopment of the Sloan House may include the following:

- **Significant federal and state historic rehabilitation tax credits** administered by the State Historic Preservation Office in partnership with the National Park Service. Additional information is available on the NC State Historic Preservation Office website at [Rehabilitation Tax Credit Programs | NC HPO](#)
- **Landmark designation** through the Charlotte-Mecklenburg Historic Landmarks Commission. The landmark designation can apply to the exterior only or to both the interior and exterior of a structure. The owner of a designated historic landmark may receive a 50% reduction of property taxes on the designated portions of the property. Additional information is available at www.landmarkscommission.org
- **Preservation easements** granted to a qualified preservation organization, either private nonprofit or governmental (i.e., Charlotte-Mecklenburg Historic Landmarks Commission, Preservation NC, etc.). An owner granting an easement may benefit from savings in real estate, income tax and property taxes. Additional information on preservation easements is available at www.presnc.org/get-help/easements-covenants/
- **Main Street Business Grants** administered by the Town of Davidson. Funds may be used for exterior or interior improvements that are permanent. Additional information is available at www.townofdavidson.org/mainstreetgrant
- **Placemaking Grants** administered by the Town of Davidson. Funds are available for creative reinventing of public spaces. Additional information is available at www.townofdavidson.org/placemaking
- **Potential partnerships with the Town of Davidson** on historic interpretation/signage and outdoor seating/streetscape improvements along Main Street.

VI. **Proposal Content**

Each proposal should respond to the requirements noted below (as applicable). Each of the following requirements should be clearly addressed and described in the greatest detail possible:

1. **Summary:**

- a. Introduce the respondent and team members, explain the reason for interest in purchasing and redeveloping the property and briefly describe the benefits of the proposed project to the Town of Davidson.
- b. Please include the name, address, email, and telephone number of the principal respondent as well as any other information that may be pertinent.

2. **Developer Qualifications (Please respond to the following as applicable):**

- a. Describe similar projects undertaken by the respondent and team members. Include the rehabilitation scope, financial structure and management of the rehabilitation/development process.
- b. Discuss any specific experience with historic preservation projects, in particular with meeting the Secretary of Interior's Standards.
- c. Explain any experience with identifying and securing target tenants.

- d. Demonstrate past ability to operate and maintain commercial real estate projects once completed, including sustaining occupancy and addressing ongoing operation needs.
 - e. Indicate sufficient staff and consultant resources to meet the project objectives. Include the architect, structural engineer, contractor and other critical consultants that are proposed.
3. **Rehabilitation and Development Concept:**
 - a. Describe the proposed rehabilitation plan and how retaining the historic fabric and adding modern building systems will be addressed. Include a maintenance plan that assures the property will be preserved in perpetuity.
 - b. Discuss proposed uses for the building spaces. Proposals should include a concept plan, which clearly shows the anticipated development of the property. The plan should emphasize building additions or deletions (if any) and plans for future improvements to the site. Graphic sketches or renderings may be helpful.
 - c. Include a proposed program for interpreting the history of the building, e.g. interpretive signage, artwork, etc.
4. **Development Schedule:**
 - a. A schedule of intended development activities shall be presented in detail.
 - b. If the restoration/development plan is to be done in phases, there shall be a clear indication of which items are included in each phase. The approximate timing for each development phase shall be indicated and whether the phasing is sequential or overlapping. When certain assumptions are made regarding local and national economic conditions and market strength, qualifying statements may be helpful.
5. **Financial Capacity:**
 - a. Provide a current real estate portfolio of properties either owned or managed by the respondent. Please include at least one detailed example of a similar rehabilitation project (include photos, timeline, financing, etc.)
 - b. List and describe all current projects in the respondent's pipeline, including status, development schedule and financial commitments.
 - c. Describe the current relationship with lenders and ability to obtain necessary financing for the project. Provide lender references.
 - d. Indicate whether historic rehabilitation tax credits will be used for the project.
6. **Acquisition Options:** The options indicated represent potential methods for the Town of Davidson to achieve a fair return for the Sloan House property and building.
 - a. Cash sale of property – indicate the exact amount offered for the property.
 - b. Partnership arrangement – providing payment to the Town of Davidson for the purchase over a short time period (3-5 years) – indicate the exact amount to be paid at closing and payment schedule and dollar amounts.
7. **Acceptance of Historic Preservation Limitation:**
 - a. The developer shall acknowledge acceptance of protective covenants or other appropriate legal instruments and design review authority by the Town of Davidson through the Historic Preservation Commission, including prevention of demolition of any portions of the subject property, including demolition through neglect, without prior written consent of the Town of Davidson.
 - b. The Town retains a first right of refusal on the property in the event of a sale, and also retains the option to repurchase the property if the covenants are violated and the violations are not corrected. The covenant agreement is recorded at the county Register

of Deeds and runs in perpetuity with the deed to the property, thus protecting the historic resource for future generations.

- c. The Town will not allow the subdividing of the subject property without prior written consent of the Town. The Town, through the Historic Preservation Commission, retains control of all material changes to all portions of the subject property.

VII. Submission of Proposals

Those interested in the project area are invited to submit a proposal that addresses the criteria listed above. Proposals shall be reviewed by the Town of Davidson Board of Commissioners, staff, and may include select members of advisory board(s) as applicable. A pre-submittal meeting and building tour is available upon request.

All proposals for consideration must be received by the Town of Davidson on or before [XXXX, 2025], at 5:00 p.m. Proposals should be directed to:

Lindsay Laird, Senior Planner
Town of Davidson
251 South Street
Davidson, NC 28036

Telephone: 704-940-9611
llaird@townofdavidson.org

VIII. Selection Process

The Town of Davidson envisions the following process to guide proposal selection:

- **January 2025:** Release RFP to the public
- **February 2025:** Answer questions from respondents and schedule building tours as needed
- **March/April 2025:** RFP response deadline
- **April 2025:** RFP Selection Committee including town staff, representatives from the Charlotte-Mecklenburg Historic Landmark Commission, and two Board of Commissioners will review proposals
- **April/May 2025:** Interviews [Select Participants]
- **June 2025:** RFP Selection Committee selects preferred proposal
- **July 2025:** Presentation of preferred proposal to the Board of Commissioners & the Charlotte-Mecklenburg Historic Landmarks Commission
- **Fall 2025:** Execute sale of property in partnership with the Landmarks Commission

IX. Resources

- **Attachment 1:** [Sloan House Conditions Assessment & Building Use Study](#)
- **Attachment 2:** [Davidson Planning Ordinance](#)
- **Attachment 3:** [Davidson Historic District Design Standards](#)
- **Attachment 4:** [Davidson Historic District Designation Report](#)
- **Attachment 5:** [Downtown Small Area Plan](#)
- **Attachment 6:** [Template Preservation Easement](#)

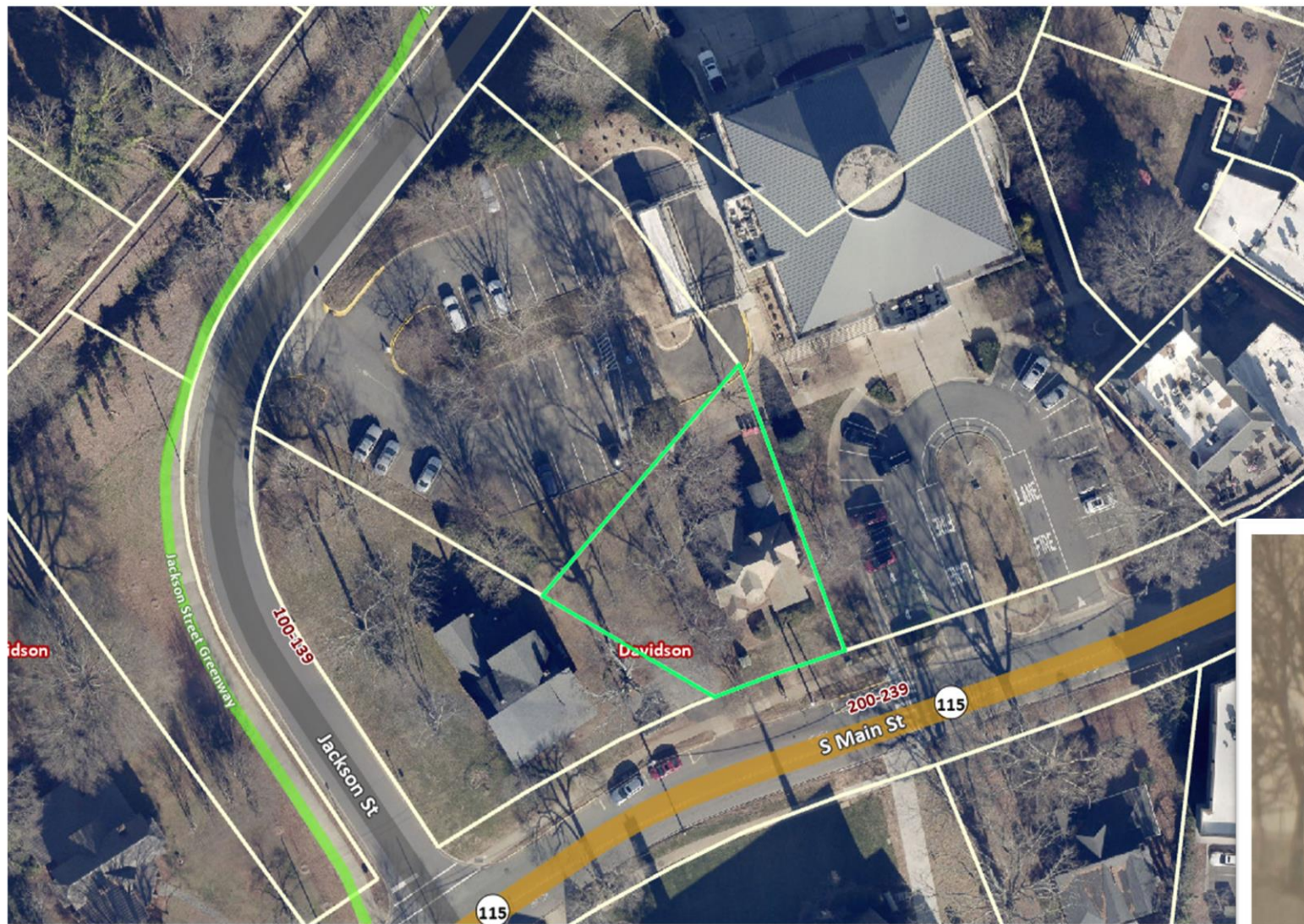


Sloan House Request for Proposals for Adaptive Reuse / Redevelopment

Lindsay Laird
Senior Planner
January 14, 2025

www.townofdavidson.org

Louise Sloan House



Adopted Plans

Historic Preservation Plan

Action Items:

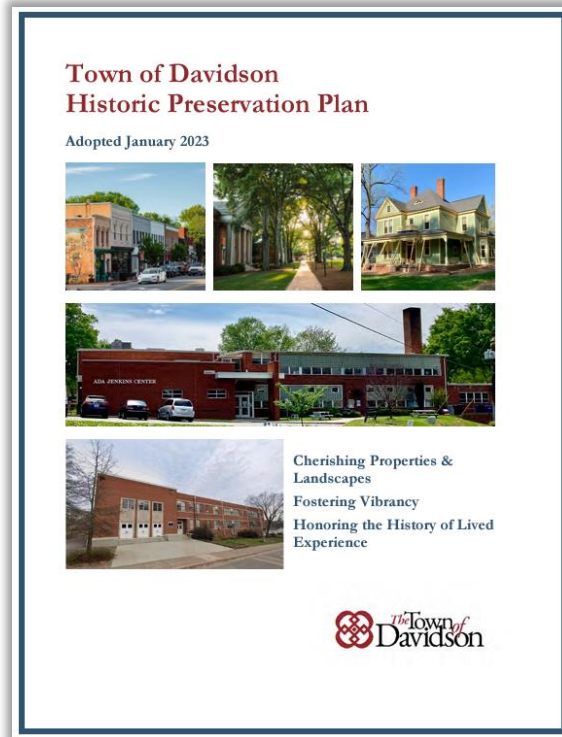
- ☐ 5.4.A: Explore opportunities for town-owned assets downtown.
- ☐ 5.4.B: Enhance accessible connections to downtown in every direction through placemaking initiatives, especially from West Davidson to downtown and from downtown to South Main Street.
- ☐ 6.2.B: For Town-owned properties within the National Register historic district: (1) Follow the Secretary of the Interior's Standards for the Treatment of Historic Properties (where feasible) when rehabilitating contributing structures; and (2) Place restrictive preservation covenants on properties with historical significance prior to their sale.

Downtown Small Area Plan

Issue: People don't walk from North Main Street to South Main Street. How might we make it easier to walk from N/S or S/N Main Street?

Ideas: Create interest and focal points along the way:

- ☐ Create a food court in Town Hall [horseshoe] parking lot.
- ☐ Town Hall and Sloan House need to help connection, create commerce opportunities there.



Adopted Plans

2024-2025 Strategic Plan

Healthy, Livable, & Vibrant Community – Promote collaborative efforts to create livable spaces and healthy places to enhance quality of life for all residents.

Historic Preservation – Preserve the historic character of our Town, including its people, places, & stories. Honor the history of our residents through their lived experiences.

Economic Development – Attract diverse commercial development contributing to Davidson's unique economy and support new initiatives to create local jobs and add to the vibrancy of the community.

Comprehensive Plan

Goal 2.4 A Preserved Historic Fabric

- ☐ Policy 2.4.1: Support Preservation of Historic Properties and Districts
- ☐ Policy 2.4.2: Minimize Impacts on Existing Historic Resources
- ☐ Policy 2.4.4: Encourage Reuse and Rehabilitation

Goal 4.2 A Thriving & Balanced Economy

- ☐ Policy 4.2.2: Build Upon and Leverage Existing Assets
- ☐ Policy 4.2.3: Support Independent Business Development

Goal 5.3 Long-Term Fiscal Health

- ☐ Policy 5.3.1: Promote Use of Existing Resources



Sloan House CLG Grant Study (2023)

- **Existing Conditions Assessment**

- Interior & Exterior Features; Building Systems
- Recommends preservation of front two rooms and original doors, door hardware, casings, trim, flooring, mantels, and wainscoting regardless of future use

- **Maintenance Recommendations**

- **Proposed Development Program**

- Case Studies; Concept Site Design
- Test-fit of Commercial Uses:
 1. Taproom
 2. Small Restaurant
 3. Retail (florist, boutique store, or similar)
 4. Office

- **Estimated Costs of Construction**

- Building & Project; Sitework



Sloan House CLG Grant Study (2023)



Option 1: Taproom



Option 2: Small Restaurant



Option 3: Retail

Sloan House CLG Grant Study (2023)



SLOAN HOUSE REHABILITATION CONCEPT SITE PLAN

November 6, 2023





Why partner with HLC?

Charlotte-Mecklenburg
Historic Landmarks Commission

- Local preservation expertise
- Experience buying & selling historic properties
- Have issued similar RFPs for historic properties
- Hold preservation easements for properties across Mecklenburg County
- Using HLC as a “passthrough entity” at closing allows the town to accept the offer that best aligns with development objectives – not necessarily the highest bid
- HLC is excited to partner on this project & has capacity to do so

Sloan House RFP for Adaptive Reuse/Redevelopment

- **Development Objectives**

- Historically Appropriate Commercial Use
- Enliven Sloan House's Main Street Presence
- Reasonable Timeframe
- Prevent Demolition (via preservation easement)

- **Potential Incentives**

- Historic Rehabilitation Tax Credits (state & federal)
- Landmark Designation (property tax reduction)
- Preservation Easements (savings in real estate, income, & property taxes)
- Main Street Business Grants
- Placemaking Grants
- Other Town Partnerships (i.e., historic interpretation, outdoor seating, streetscape improvements, etc.)

- **Proposal Content & Submission Requirements**

- Developer Qualifications
- Rehabilitation/Development Concept
- Financial Capacity
- Acquisition Options
- Acceptance of Historic Preservation Limitation

Preservation Easement: Limit Demolition & Protect Interior Features

- Updated RFP language includes protection of original interior details.

IV. Development Objectives

...The selected respondent will also be required to grant a preservation easement on the property to a qualified preservation organization (i.e., Charlotte-Mecklenburg Historic Landmarks Commission, Preservation NC, etc.). The easement shall ensure the Sloan House will not be demolished in perpetuity and shall be consistent with the recommendations of the Sloan House Conditions Assessment and Building Use Study concerning preservation of the front two rooms, original doors, door hardware, casings, trim, flooring, mantels, and wainscotting.

Timeline/Selection Process (Tentative)

- ❑ **January 2025:** BOC approves final RFP; RFP released to public once lot lines are adjusted
- ❑ **February 2025:** Answer questions from respondents and schedule building tours as needed
- ❑ **March/April 2025:** RFP response deadline
- ❑ **April 2025:** RFP Selection Committee including town staff, representatives from the Charlotte-Mecklenburg Historic Landmark Commission, and two Board of Commissioners will review proposals
- ❑ **April/May 2025:** Interviews [Select Participants]
- ❑ **June 2025:** RFP Selection Committee selects preferred proposal
- ❑ **July 2025:** Presentation of preferred proposal to the Board of Commissioners & the Charlotte-Mecklenburg Historic Landmarks Commission
- ❑ **Fall 2025:** Execute sale of property in partnership with the Landmarks Commission

Motion to approve the Sloan House RFP





AGENDA MEMO

To: Davidson Board of Commissioners

From: Alexander Cahill, Affordable Housing & Equity Director

Date: January 14, 2025

Re: Discuss Community Navigator Demonstration Program

ITEM SUMMARY/OVERVIEW

The Community Navigator Demonstration Program coordinates efforts of outreach, resource coordination, problem solving, intervention, advocacy, community building, and increasing the visibility of Town, County, State, Federal, and Non-profit services within the broader community.

In this role, the non-profit administering the program will be at the forefront of direct support and intervention, working to empower community members on their journey towards safety, stability, and independence. By conducting comprehensive assessments, listening to community members, building relationships, and identifying issues preemptively, the program navigator(s) will identify the unique strengths and needs of each household and make appropriate referrals to address social, environmental, medical, housing, and health challenges. This role seeks to address Social Determinants and Drivers of Health through community advocacy and resource alignment.

What are the social determinants/drivers of health (SDOH)?

SDOH are the conditions in the environment where people are born, live, work, play, worship, and age that affect a wide range of social, physical, and mental health, functioning, and quality of life outcomes and risks. The categories of SDOH this role can touch, but are not limited, is:

Economic Stability

Education Access and Quality

Healthcare Access and Quality

Neighborhood and Built Environment

Social and Community Context

Food Security and Access

What is the evolution of this?

In the budget process, the Town Board approved \$20,000 for a potential program or position, with the request that any proposal come back before the Board. The \$20,000 was previously encumbered by the Town Board for this program through the budget process. Town staff have met with stakeholders to iterate, scope out, and edit the final program requirements. This includes the implementation of a compliance process to monitor the effectiveness of this

demonstration program through qualitative data and impacts.

Who are the partners in this work?

Legacy on the Westside will demonstrate the Community Navigator Program. They will utilize their expertise, lived experience, relationships, and informal networks to aide community members and households in navigating resources and removing barriers to programmatic participation.

Trane has agreed to match the Town's contribution of \$20,000 with a match of \$20,000. Trane's contribution will be paid directly to Legacy on the Westside. This brings the initial funding for this demonstration program to \$40,000 to help support infrastructure development, resource allocation, and non-profit staff time.

What role will Town staff play?

Town staff will administer a contract for services with a non-profit organization to provide this service starting as a demonstration program. Town staff will meet monthly to provide direct support to the navigators, help build formal relationships, expand knowledge of existing and upcoming resources, and work through pinchpoints created from local government and institutional barriers. Town staff will leverage existing relationships and bring into contact with the navigator program.

How does this align with the Town's goals?

This program aligns with Town goals around equity, engagement, sustainability, and operational excellence.

ACTION/PROPOSED MOTION

This item is for discussion only.

RELATED TOWN GOALS

Strategic Plan Alignment

Davidson's historic mix of people in all income levels and ages is fundamental to our community, so town government will encourage opportunities, services, and infrastructure that allow people of all means to live and work here.

Core Values

Healthy, Livable, & Vibrant Community - Promote collaborative efforts to create livable spaces and healthy places to enhance quality of life for all residents.

Connecting People and Places - Expand, improve, and diversify the town's transportation network to provide residents and visitors with safe, convenient, accessible, reliable, and efficient multi-modal travel choices to connect people across the community.

Affordable Living, Equity & Inclusion - Work together to foster a culture of equity, belonging, inclusion, and advance the Town's Affordable Housing program. Provide, create, and support

opportunities for all. Treat everyone with respect, dignity, and recognize every voice.

NEXT STEPS

The Town Board of Commissioners will be asked to consider approval of the Community Navigator Demonstration program at the January 28, 2025, meeting on the consent agenda.

**TOWN OF DAVIDSON
CONTRACT FOR SERVICES**

This Contract ("Contract") is made and entered into to be effective **January 28, 2025** ("Effective Date") between Town of Davidson (the "**Town**") and **Legacy on the Westside, Inc** (the "Vendor" or "Contractor"). For and in consideration of the mutual promises set forth in this Contract, the parties do mutually agree as follows:

1. Controlling Principles:

- a. Vendor recognizes that the Services that are the subject of this Agreement are and shall always be conducted for the public good and in a manner that complies with any and all laws, rules and regulations that may apply to the Services.
- b. Vendor will, at all times, conduct their activities in a non-discriminatory manner and pursuant to policies established by the Town and as required by statute.
- c. Vendor understands that it **DOES NOT** have the right nor the authority to make a binding obligation on behalf of the Town except as may be specifically delegated in this Agreement or in subsequent action of the Town.

2. Obligations of the Vendor; Description of Products and Services Provided.

- A. Vendor agrees to provide the professional services (the "Services") as more particularly described on the Scope of Work attached hereto and incorporated herein by reference as **Exhibit 1**.
- B. The term of this Contract shall be from the Effective Date **January 28, 2025 – June 30, 2025**.
- C. This Contract does not grant the Vendor the right or the exclusive right to provide specified services to the Town. Similar services may be obtained from sources other than the Vendor (or not at all) at the discretion of the Town.
- D. The Vendor shall begin work immediately upon issuance of a written notice to proceed. The Vendor agrees to perform the Services in a timely, complete, and professional manner and in accordance with the terms and conditions of this Contract. Furthermore, the Vendor represents and warrants that (i) it is duly qualified and, if required by law, licensed to provide the Services; (ii) it will provide the Services in a manner consistent with the level of care and skill ordinarily exercised by contractors providing similar Services under similar conditions; (iii) it possesses sufficient experience, personnel, and resources to provide the Services; (iv) it shall provide the Services in compliance with applicable laws, statutes, ordinances, codes, orders, rules and regulations; and (v) its reports, shall be complete, accurate, and unambiguous.

3. Obligations of the Town. The Town hereby agrees to pay to the Vendor for the faithful performance of this Contract an amount not to exceed dollar amount (\$20,000).

4. Town's Project Coordinator. **Alexander Cahill** is designated as the Project Coordinator for the Town. The Project Coordinator shall be the Town's representative in connection with the Vendor's performance under this Contract. The Town has complete discretion in replacing the Project Coordinator with another person of its choosing.

5. Primary Client Contact for the Vendor. **Cherese Spand** is designated as the Primary Contact for the Vendor **Legacy on the WestSide INC.** The Primary Contact is fully authorized to act on behalf of the Vendor in connection with this Contract.

6. Terms and Methods of Payment. The Town will make payment after invoices are approved on a net 30-day basis. Applicable North Carolina sales tax shall be invoiced as a separate item. Invoices shall be sent to the Town's Chief Finance Officer with a copy to the Town's Project Coordinator. The Town will not pay in advance without the prior

approval of the Town's Finance Officer. Payment shall be made in 2 lump sums of \$10,000 each, the first payment within 30 days of the contract effective date and the second payment within 30 days of March 1, 2025..

7. Reporting Requirements. Vendor shall provide monthly reporting to the Town on or before the 15th day of the month after services were performed to include the information set forth on **Exhibit 2** attached hereto and incorporated herein by reference.
8. Standard Terms and Conditions: The Vendor agrees to the Standard Terms and Conditions set forth as **Attachment A** attached hereto and incorporated herein by reference.
9. Use of Federal Funds. If the source of funds for this Contract is federal funds, all applicable federal laws, regulations and provisions apply, specifically including (without limitation) the following federal provisions that apply pursuant to 2 C.F.R. § 200.326 and 2 C.F.R. Part 200, Appendix II (as applicable): Equal Employment Opportunity (41 C.F.R. Part 60); Davis-Bacon Act (40 U.S.C. 3141-3148); Copeland "Anti-Kickback" Act (40 U.S.C. 3145); Contract Work Hours and Safety Standards Act (40 U.S.C. 3701-3708); Clean Air Act (42 U.S.C. 7401-7671q.) and the Federal Water Pollution Control Act (33 U.S.C. 1251-1387); Debarment and Suspension (Executive Orders 12549 and 12689); Byrd Anti-Lobbying Amendment (31 U.S.C. 1352); Procurement of Recovered Materials (2 C.F.R. § 200.322); and Record Retention Requirements (2 CFR § 200.324).
10. Counterpart Execution. This Contract may be executed and recorded in two or more counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one and the same instrument. Each party shall be entitled to rely upon executed copies of this Contract transmitted by facsimile or electronic "PDF" to the same and full extent as the originals.

IN WITNESS WHEREOF, the Town and the Vendor have executed this Contract on the day and year first written above.

Legacy Davidson Westside, Inc.

Signature of Authorized Representative Date

the Vendor's Federal Identification #
[if Contract is with Organization or Social Security Number if individual]

Town of Davidson

Signature of Authorized Representative Date

This instrument has been preaudited in the manner required by the Local Government Budget and Fiscal

Control Act.

Attachment A

Standard Terms and Conditions (All Contracts)

1. **Defined Terms.** "Contract" means the agreement between the Town and Vendor which consists of the applicable Contract Documents. "Contract Documents" means: (i) any applicable purchase order between Vendor and the Town specifically including all terms and conditions set forth or referenced herein and on the face of a Purchase Order, (ii) any attachments hereto, (iii) any applicable solicitation documentation related to hereto (including without limitation any request for proposals or invitation for bids and Vendor's response thereto), and (iv) any other terms and conditions of a written agreement signed by Vendor and the Town that deals with the same subject matter. "Goods" means any supplies, materials, products or other tangible personal property provided by Vendor to the Town. "Purchase Order" mean any applicable purchase order issued by the Town. "Services" means services, specifically including without limitation construction services, design services, professional or consulting services and software as a service, The "Town" means the Town of Davidson. "Vendor" means the party contracting with the Town and includes individual and entities that may be referred to in Contract Documents as "vendor", "seller", "service provider", or "contractor".
2. **Payment Terms.** Payment terms are Net 30 days after receipt of correct invoice or acceptance of Goods, whichever is later.
3. **Compliance with All Laws.** Vendor warrants that all performance hereunder shall be in accordance with all applicable federal, state and local laws, regulations and orders. The right of Vendor to proceed may be terminated immediately by written notice if the Town determines that Vendor, its agent or another representative, has violated any provision of law.
4. **Nondiscrimination.** During the performance of the Contract, the Vendor shall not discriminate against or deny the Contract's benefits to any person on the basis of sexual orientation, national origin, race, ethnic background, color, religion, gender, age or disability.
5. **Conflict of Interest.** The Vendor represents and warrants that no member of the Town or any of its employees or officers who may obtain a direct benefit, personal gain or advantage for themselves or a relative or associate as a result of the Contract, subcontract or other agreement related to the Contract is in a position to influence or has attempted to influence the making of the Contract, has been involved in making the Contract, or will be involved in administering the Contract. the Vendor shall cause this paragraph to be included in all Contracts, subcontracts and other agreements related to the Contract.
6. **No Gratuities to the Town.** The right of the Vendor to proceed may be terminated by written notice if the Town determines that the Vendor, its agent or another representative offered or gave a gratuity to an official or employee of the Town in violation of policies of the Town.
7. **No Kickbacks to the Vendor.** The Vendor shall not permit any kickbacks or gratuities to be provided, directly or indirectly, to itself, its employees, subcontractors or subcontractor employees for the purpose of improperly obtaining or rewarding favorable treatment in connection with a Town contract or in connection with a subcontract relating to a Town contract. When the Vendor has grounds to believe that a violation of this clause may have occurred, the Vendor shall promptly report to the Town in writing the possible violation.
8. **E-Verification.** The Vendor shall comply with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes.
9. **Indemnification.** The Vendor shall indemnify and hold harmless the Town, its officers, agents, employees and assigns from and against all claims, losses, costs, damages, expenses, attorneys' fees and liability that any of them may sustain (a) arising out of the Vendor's failure to comply with any applicable law, ordinance, regulation, or industry standard or (b) arising directly or indirectly out of the Vendor's breach of the terms and conditions of the Contract. In the event the Vendor, its employees, agents, subcontractors and or lower-tier subcontractors enter premises occupied by or under the control of the Town in the performance of the Contract Documents, the Vendor agrees that it will indemnify and hold harmless the Town, its officers, agents, employees and assigns, from any loss, costs, damage, expense or liability by reason of property damage or personal injury of whatsoever nature or kind arising out of, as a result of, or in connection with such entry.
10. **Insurance.** Unless such insurance requirements are waived or modified by the Town, the Vendor certifies that it currently has and agrees to purchase and maintain during its performance under the Contract the following

insurance from one or more insurance companies acceptable to the Town and authorized to do business in the State of North Carolina: Automobile - the Vendor shall maintain bodily injury and property damage liability insurance covering all owned, non-owned and hired automobiles. The policy limits of such insurance shall not be less than \$1,000,000 combined single limit each person/each occurrence. Commercial General Liability - the Vendor shall maintain commercial general liability insurance that shall protect the Vendor from claims of bodily injury or property damage which arise from performance under the Contract. This insurance shall include coverage for contractual liability. The policy limits of such insurance shall not be less than \$1,000,000 combined single limit each occurrence/annual aggregate. Worker's Compensation and Employers' Liability Insurance - If applicable to the Vendor, the Vendor shall meet the statutory requirements of the State of North Carolina for worker's compensation coverage and employers' liability insurance. The Vendor shall also provide professional liability insurance in an amount not less than \$1,000,000 for all claims, and any other insurance or bonding required by applicable law. Certificates of such insurance shall be furnished by the Vendor to the Town and shall contain the provision that the Town be given 30 days' written notice of any intent to amend or terminate by either the Vendor or the insuring company. Failure to furnish insurance certificates or to maintain such insurance shall be a default under the Contract and shall be grounds for immediate termination of the Contract.

11. Termination for Convenience. In addition to all of the other rights which the Town may have to cancel this Contract, the Town shall have the further right, without assigning any reason therefore, to terminate the Contract, in whole or in part, at any time at its complete discretion by providing 10 days' notice in writing from the Town to the Vendor. If the Contract is terminated by the Town in accordance with this paragraph, the Vendor will be paid for Services actually delivered or performed.
12. Termination for Default. The Town may terminate the Contract, in whole or in part, immediately and without prior notice upon breach of the Contract by the Vendor. In addition to any other remedies available to the Town law or equity, the Town may procure upon such terms as the Town shall deem appropriate, Services substantially similar to those so terminated, in which case the Vendor shall be liable to the Town for any excess costs for such similar goods, supplies, or services and any expenses incurred in connection therewith.
13. Contract Funding. It is understood and agreed between the Vendor and the Town that the Town's obligation under the Contract is contingent upon the availability of appropriated funds from which payment for Contract purposes can be made. No legal liability on the part of the Town for any payment may arise until funds are made available to the Town's Finance Officer and until the Vendor receives notice of such availability. Should such funds not be appropriated or allocated, the Contract shall immediately be terminated. the Town shall not be liable to the Vendor for damages of any kind (general, special, consequential or exemplary) as a result of such termination.
14. Improper Payments. The Vendor shall assume all risks attendant to any improper expenditure of funds under the Contract. The Vendor shall refund to the Town any payment made pursuant to the Contract if it is subsequently determined by audit that such payment was improper under any applicable law, regulation or procedure. The Vendor shall make such refunds within 30 days after the Town notifies the Vendor in writing that a payment has been determined to be improper.
15. Contract Transfer. The Vendor shall not assign, subcontract or otherwise transfer any interest in the Contract without the prior written approval of the Town.
16. Contract Personnel. The Vendor agrees that it has, or will secure at its own expense, all personnel required to provide the Services set forth in the Contract.
17. Contract Modifications. The Contract may be amended only by written amendment duly executed by both the Town and the Vendor.
18. Relationship of Parties. The Vendor is an independent contractor and not an employee of the Town. The conduct and control of the work will lie solely with the Vendor. The Contract shall not be construed as establishing a joint venture, partnership or any principal-agent relationship for any purpose between the Vendor and the Town. Employees of the Vendor shall remain subject to the exclusive control and supervision of the Vendor, which is solely responsible for their compensation.
19. No Advertisement. The Contract will not be used in connection with any advertising by the Vendor without prior written approval by the Town.
20. No Pre-Judgment or Post-Judgment Interest. In the event of any action by the Vendor for breach of contract in connection with the Contract, any amount awarded shall not bear interest either before or after any judgment, and the Vendor specifically waives any claim for interest.

21. Confidential Information. Personal Information: If, during the Vendor's performance of the Contract, Vendor should obtain any information pertaining to employees of the Town's personnel records, Vendor agrees to keep any such information confidential and to not disclose or permit it to be disclosed, directly or indirectly, to any person or entity. Other Confidential Information: (a) the Vendor agrees that it will at all times hold in confidence for the Town all designs, know-how, techniques, devices, drawings, specifications, patterns, technical information, documents, business plans, item requirements, forecasts and similar data, oral, written or otherwise, conveyed by the Town to the Vendor in connection herewith or procured, developed, produced, manufactured or fabricated by the Vendor in connection herewith or procured, developed, produced, manufactured or fabricated by the Vendor in connection with the Vendor's performance hereunder (collectively, "Information"). The Vendor shall exercise the same degree of care to prevent disclosure of any Information to others as it takes to preserve and safeguard its own proprietary information, but in any event, no less than a reasonable degree of care. The Vendor shall not, without the prior written consent of the Town, reproduce any Information; nor disclose Information to any party; nor use any Information for any purpose other than performance for the benefit of the Vendor hereunder. Any technical knowledge or information of the Vendor which the Vendor shall have disclosed or may hereafter disclose to the Town in connection with the Services or other performance covered by the Contract shall not, unless otherwise specifically agreed upon in writing by the Town, be deemed to be confidential or proprietary information and shall be acquired by the Town free from any restrictions as part of the consideration of the Contract.
22. Intellectual Property. The Vendor agrees, at its own expense, to indemnify, defend and save the Town harmless from all liability, loss or expense, including costs of settlement and attorney's fees, resulting from any claim that the Town's use, possession or sale of the Services or any goods infringes any copyright, patent or trademark or is a misappropriation of any trade secret.
23. Mediation. If a dispute arises out of or relates to the Contract, or the breach of the Contract, and if the dispute cannot be settled through negotiation, the parties agree to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Commercial Mediation Rules before resorting to litigation.
24. No Third-Party Benefits. The Contract shall not be considered by the Vendor to create any benefits on behalf of any third party. The Vendor shall include in all contracts, subcontracts or other agreements relating to the Contract an acknowledgment by the contracting parties that the Contract creates no third-party benefits.
25. Force Majeure. If the Town is unable to perform its obligations or to accept the Services because of Force Majeure (as hereinafter defined), the time for such performance by the Town or acceptance of Services will be equitably adjusted by allowing additional time for performance or acceptance of Services equal to any periods of Force Majeure. "Force Majeure" shall mean any delays caused by acts of God, riot, war, terrorism, inclement weather, labor strikes, material shortages and other causes beyond the reasonable control of the Town.
26. Strict Compliance. The Town may at any time insist upon strict compliance with these terms and conditions notwithstanding any previous course of dealing or course of performance between the parties to the contrary.
27. General Provisions. The Town's remedies as set forth herein are not exclusive. Any delay or omission in exercising any right hereunder, or any waiver of any single breach or default hereunder, shall not be deemed to be a waiver of such right or of any other right, breach, or default. If action be instituted by the Vendor hereunder, the Town shall be entitled to recover costs and reasonable attorney's fees. the Vendor may not assign, pledge, or in any manner encumber the Vendor's rights under this Contract, or delegate the performance of any of its obligations hereunder, without the Town's prior, express written consent.
28. Contract Situs. All matters, whether sounding in contract or tort relating to the validity, construction, interpretation and enforcement of the Contract, will be determined in Mecklenburg County, North Carolina. North Carolina law will govern the interpretation and construction of the Contract.

EXHIBIT 1

SCOPE OF WORK

Community Navigator Demonstration Program

Program Description

The Community Navigator Demonstration Program coordinates efforts of outreach, resource coordination, problem solving, intervention, advocacy, community building, and increasing the visibility of Town, County, State, Federal, and Non-profit services within the broader community.

In this role, the non-profit administering the program will be at the forefront of direct support and intervention, working to empower community members on their journey towards safety, stability, and independence. By conducting comprehensive assessments, listening to community members, and identifying issues preemptively, you will identify the unique strengths and needs of each household and make appropriate referrals to address social, environmental, medical, housing, and health challenges. This role seeks to address Social Determinants and Drivers of Health through community advocacy and resource alignment.

What are the social determinants/drivers of health (SDOH)?

SDOH are the conditions in the environment where people are born, live, work, play, worship, and age that affect a wide range of social, physical, and mental health, functioning, and quality of life outcomes and risks. The categories of SDOH this role can touch, but are not limited, is:

- Economic Stability
- Food Security and Access
- Education Access and Quality
- Healthcare Access and Quality
- Neighborhood and Built Environment
- Social and Community Context

Roles and Responsibilities of Service Provider

1. Establishes linkages with all agencies and service providers in the broader community.
2. Refers and links the residents of the community to service providers in the broader community; including interdisciplinary, non-medical case management, personal assistance, food security, transportation, counseling, preventive health screens/wellness and legal advocacy.
3. Educates community members on tenant rights, landlord responsibilities, etc., providing advocacy as appropriate.
4. Develops comprehensive case plans.
5. Develops a “housing first” strategy in community touchpoints. Support participants in finding and securing safe, affordable housing first.
6. Monitors the ongoing provision of services from community agencies and keeps the Town current with the progress of households.
7. Helps community members build informal support networks with other households, family, and friends.

8. Provide advocacy for and to residents in the obligations and rights of tenancy or coordinates such training.
9. Educates community members and staff in other organizations on issues related to aging in place and service coordination, to help them better work with and assist community members.
10. Serve as a liaison to provide mediation and advocacy with community member/landlord on behalf of the community member to develop a workable plan to obtain and/or maintain housing.
11. Develop or maintain familiarity with community resources and referral processes necessary to access social service and housing resources.
12. Provide coordinated entry and intake assessments for participants seeking housing support, identifying housing service needs and coordinating initial services.
13. Help households access resources for housing related assistance (i.e. furniture procurement, utility assistance, etc.).
14. Advocate with managers and owners for tenancy and negotiate move-in costs.
15. Provide mobile advocacy and community engagement as needed.
16. Coordinate connection with other services as needed.
17. Determine community member eligibility for Town/federal/state programs.
18. Establish and enhance relationships with partners and stakeholders including landlords and property providers.
19. Educate community members on the Town's affordable housing program.
20. Provide community members with assistance in seeking housing, mental health, employment, financial assistance, and other needed services.
21. Maintain up-to-date records for documentation of case activity, including electronic case management data entry.
22. Prepare a variety of reports, including monthly reports to the Town.
23. Attending and helping facilitate workshops on financial intelligence, housing opportunities, and other applicable topics, as needed.
24. Engage housing-vulnerable community members in their housing challenges and assist them through the process to work towards greater housing security.
25. Facilitate connections to sustainability programs and resources including, but not limited to:
 - a. Facilitate connection to Duke Energy House Calls
 - b. Facilitate connection to Low-income energy assistance (LIEAP)
 - c. Facilitate connection to NC Home Energy Efficiency Programs
 - d. Facilitate connection to Solarize Program
 - e. Facilitate connection to Duke Energy Power Pair Program
 - f. Facilitate connection to Davidson composts
 - g. Home energy-efficiency improvements rebates available through the IRS such as new doors, windows, insulation, energy audits, heat pumps, HVAC, etc.
26. Provide an annual report/update report to the Town's Director of Affordable Housing and Equity Director.

EXHIBIT 2

Reporting Requirements

A monthly report will be submitted to the Town. This report will include the form included in this packet by the Town, and shall include:

- Activities performed under the grant funds
- Number of community touchpoints
- Medium of community touchpoints
- Any resolutions or steps taken to further any of the above listed roles and responsibilities



Community Navigator Demonstration Program

Alexander D. Cahill
Affordable Housing & Equity Director
January 14, 2025

www.townofdavidson.org

What Strategic Priorities Does this Align With?

1. Climate Action Plan
2. Strategic Plan Goal of Affordable Living, Equity, and Inclusion
3. Comprehensive Plan

Background

- The Town Board previously appropriated \$20,000 towards the launch of a community navigator-type program under the condition any program launch came back before the Town Board.
- Town staff and Commissioner Justus met with Trane, who has committed to a 1:1 match.
- Legacy also received a 2024 Non-Profit grant in the amount of \$3,000.

Town Contribution	Trane Technologies Contribution	Total
\$20,000	\$20,000	\$40,000

- These funds may be used to pay staff, set up an office, procure software, advance training skills, etc.

What is the Community Navigator Demonstration Program?

The Community Navigator Demonstration Program aims to coordinate efforts of outreach, resource alignment, problem-solving, intervention, advocacy, community building, and increasing the visibility of Town, County, State, Federal, and Non-profit services with and within the broader community. The demonstration program aims to fill the gap between existing resources, and community member access to these resources, removing barriers to access that may be created by the very agencies that provide these resources.

Why is this a Demonstration Program?

The Community Navigator is being designed as a demonstration program for three (3) reasons:

1. To align with how Trane Technologies sets up programs they fund;
2. To ensure the program can respond to changing dynamics and adapt; as we anticipate its growth;
3. To measure the program's qualitative effectiveness at the end of the demonstration period.

Who is Legacy on the Westside?

Vision: Revitalize and transform our community into a vibrant, safe, and attractive place to live and work that builds pride in its residents and attracts new developments of affordable homes and businesses, focusing on empowering all individuals and strengthening families.

Mission: The preservation of the historic neighborhood and longtime residents of Davidson, by providing a secure environment that will reinforce and restore their lives through faith education, strength, and determination that will leave a legacy for generations to come.



Why is this important to Davidson?

A community navigator program helps make the connection between these drivers of health through resource alignment, community touchpoints, and active case management. It also supports staff who don't have the bandwidth to engage in active case management.

Social Determinants/Drivers of Health (SDOH) are the conditions in the environment where people are born, live, work, play, worship, and age that affect a wide range of social, physical, and mental health, functioning, and quality of life outcomes and risks. The categories of SDOH this role can touch but are not limited to, are:

- **Economic Stability**
- **Food Security and Access**
- **Education Access and Quality**
- **Healthcare Access and Quality**
- **Neighborhood and Built Environment**
- **Social and Community Context**

Responsibilities of the Community Navigator Program

- **Establish linkages** with agencies and service providers in the broader community. Refers and links the residents of the community to service providers in the broader community; including interdisciplinary, non-medical case management, personal assistance, food security, transportation, counseling, housing, and legal advocacy. Provide community members with assistance in seeking housing, mental health, employment, financial assistance, and other needed services.
- **Educate community members** on tenant rights, landlord responsibilities, etc., providing advocacy as appropriate. Develop or maintain familiarity with community resources and referral processes necessary to access social services and housing resources.
- **Build relationships and trust** among and between our community and local agencies.

What are the Intended Outcomes?

Our goal for the Community Navigator Demonstration Program is to:

- Reduce the number of people experiencing housing insecurity in the Town of Davidson.
- Reduce the number of residents currently unable to submit completed applications for various assistance programs.
- Reduce the number of households in poverty (decrease from 5.7%).
- Build trust and confidence between residents and the agencies that serve them.

What does Town support look like?

- Affordable Housing & Equity and Parks & the Town's Sustainability Manager will meet with the navigators monthly to check - in, provide support, review progress, and review reporting associated and required as part of the program's service agreement.
- Town staff will continue to educate the navigators on community programs, services, and opportunities available to residents.

What Happens at the end of the Demonstration Period?

Present – June 2025

Town staff will support and monitor the program's progress and support the navigators through monthly check-in meetings

June 30, 2025

Initial Contract & Demonstration Period Ends

July 2025

Town Staff will analyze monthly reporting metrics and evaluate the progress of intended outcomes

Town Staff will perform an overall assessment of the Community Navigator Demonstration Program

August 2025

Town staff will provide an overview and update to the Town Board

- After the initial contract ends 6/30/25 (the end of the demonstration period) Town staff will analyze the monthly reporting metrics to see if there is movement on any of the intended outcomes
- Town staff will perform an assessment of the demonstration program
- Town staff will report back to Town Board in July/August of 2025

NEXT STEPS:

This item will be on the Town Board's consent agenda at the January 28, 2025, meeting to be considered for approval.

DISCUSSION





AGENDA MEMO

To: Davidson Board of Commissioners

From: Jason Burdette, Planning Director

Date: January 14, 2025

Re: Consider Approval of Resolution 2025-01 - Resolution in Opposition to North Carolina Senate Bill 382 Re: Zoning Authority of Local Governments

ITEM SUMMARY/OVERVIEW

The General Assembly recently ratified Senate Bill 382 as Session Law 2024-57. Presented as a Hurricane Helene disaster recovery bill, SB 382 included many unrelated changes, specifically a section that modifies G.S. 160D-601. This change removes local authority to initiate down-zoning amendments without the written consent of all property owners whose property is subject of the down-zoning. Zoning is considered one of the most basic tools communities have to maintain land use compatibility, manage growth and development, and achieve the public's vision as captured in the Comprehensive Plan. The newly adopted provisions related to down-zoning in SB 382 inadvertently lock the current zoning frameworks of most communities in place now and into the future, making it nearly impossible for local governments to modify and change ordinances as each community sees fit. Local governments were not given the opportunity to provide input prior to the bill's passage. This resolution encourages the General Assembly to revisit the down-zoning provisions included in SB 382 at their earliest opportunity possible.

ACTION/PROPOSED MOTION

Motion to approve Resolution 2025-01 - Resolution in Opposition to North Carolina Senate Bill 382 Re: Zoning Authority of Local Governments.

RELATED TOWN GOALS

Strategic Plan Alignment

Healthy, Livable, & Vibrant Community - Promote collaborative efforts to create livable spaces and healthy places to enhance quality of life for all residents.

Historic Preservation - Preserve the historic character of our Town, including its people, places, & stories. Honor the history of our residents through their lived experiences.

Core Values

Davidson's traditional character is that of a small, historic college town, so land planning will reflect its historic patterns of village-centered growth including connection of neighborhoods, preservation of our historic resources, conservation of rural area, and provision of public spaces.

Davidson exists in proximity to and is interdependent with other jurisdictions, so we strive for local, regional, state and federal cooperation.

NEXT STEPS

If approved, the resolution will be provided to the town's state representatives.



RESOLUTION 2025-01
RESOLUTION IN OPPOSITION TO NORTH CAROLINA SENATE BILL 382
RE: ZONING AUTHORITY OF LOCAL GOVERNMENTS

WHEREAS, Senate Bill 382, entitled DISASTER RELIEF-3/BUDGET/VARIOUS LAW CHANGES was initially drafted as Dental Practice Act Changes and then modified for the stated purpose of prioritizing aid for Hurricane Helene recovery efforts; and

WHEREAS, Senate Bill 382 was initially ratified by the General Assembly on November 20, 2024 and subsequently vetoed by Governor Cooper on November 26, 2024; and

WHEREAS, the General Assembly overrode Governor Cooper's veto on December 11, 2024, and ratified Senate Bill 382 as Session Law 2024-57; and

WHEREAS, Senate Bill 382, in addition to many other changes unrelated to Hurricane Helene recovery efforts, includes a section that specifically modifies G.S. 160D-601 titled SECTION 3K.1(d): NO LOCAL GOVERNMENT INITIATED DOWN-ZONING WITHOUT THE CONSENT OF THE AFFECTED PROPERTY OWNER which would remove local authority to initiate down-zoning amendments without the written consent of all property owners whose property is the subject of the down-zoning; and

WHEREAS, more specifically, the statute requires that communities obtain consent from all property owners that are affected by changes to permitted building types, setbacks, height, bulk, or open space standards of zoning ordinances which meet the definition of down-zoning; and

WHEREAS, these are considered the most basic tools communities have available to maintain land use compatibility, manage growth and development, and achieve the public's vision as captured in a Comprehensive Plan; and

WHEREAS, this new law contradicts the purpose and recognized benefit of local zoning regulation in that it empowers a small number of individual landowners to impede the adoption of new regulations enacted to protect and promote the health, safety, and welfare of the public as a whole; and

WHEREAS, G.S. 160D requires local governments to have a reasonably maintained Comprehensive Plan in order to retain authority to adopt and enforce zoning regulation and plan consistency must be considered by a governing body for zoning amendments; and

WHEREAS, if this law were enacted years ago, it would have prevented the Town of Davidson from adopting the 2017 Rural Area Plan (which aims to preserve over 65 percent of open space in our rural areas), expanding the Town’s Local Historic District, or pursuing growth management tools which are integral to protecting Davidson’s small town character as defined in our vision and core values; and

WHEREAS, managing growth is challenging in a high-growth state like North Carolina and most communities rely on their respective zoning authority to ensure orderly growth and development and respond to constituents’ concerns; and

WHEREAS, the newly adopted provisions related to down-zoning in Senate Bill 382 inadvertently lock the current zoning frameworks of most communities in place now and into the future, making it nearly impossible for local governments to modify and change ordinances as each community sees fit; and

WHEREAS, the reasons for these specific changes were not made clear to the public and local governments and were not provided an opportunity to review or comment on the proposed changes prior to Senate Bill 382’s adoption by the General Assembly.

NOW THEREFORE BE IT RESOLVED the Town of Davidson Board of Commissioners oppose the recent adoption of Senate Bill 382, specifically, the section which modifies G.S. 160D-601(d) and restricts all local governments in North Carolina and their ability to manage community planning and implement regulatory ordinances to achieve the vision captured in the Comprehensive Plan. Further, the Town of Davidson encourages the North Carolina General Assembly to revisit the down-zoning provisions included in Senate Bill 382 at their earliest opportunity possible and would welcome the opportunity to review and comment on any proposed new legislation related to land use regulatory authority.

Adopted on the ____ of ____ 2025

Attest:

Rusty Knox
Mayor

Elizabeth K. Shores
Town Clerk



AGENDA MEMO

To: Davidson Board of Commissioners

From: Douglas Wright, Project Manager

Date: January 14, 2025

Re: Consider Approval of Resolution 2025-02 Streets Acceptance for Kenmare

ITEM SUMMARY/OVERVIEW

At the end of the neighborhood development process, the Town formally accepts the neighborhood streets into our maintenance system. At the onset, we have adopted standards for construction of all public infrastructure. Developers provide bonds to insure work is completed according to our standards and the development Master Plan. During construction, the Town and Mecklenburg County conduct a series of inspections, and collect testing data from third-party consultants. Once the development has passed the final inspection, the development bonds are released, and the Board of Commissioners adopt the streets into our town maintenance system. We are then responsible for all public infrastructure maintenance, and receive additional gas tax revenue restricted to maintenance of public streets.

ACTION/PROPOSED MOTION

Motion to Approve Resolution 2025-02 Accepting Street Maintenance for Kenmare.

RELATED TOWN GOALS

Strategic Plan Alignment

Connecting People and Places - Expand, improve, and diversify the town's transportation network to provide residents and visitors with safe, convenient, accessible, reliable, and efficient multi-modal travel choices to connect people across the community.

Core Values

Davidson must be a safe place to live, work, and raise a family, so the town will work in partnership with the community to prevent crime and protect lives, property, and the public realm.

Citizens need to move easily throughout the town and region, so government will provide a variety of options, such as sidewalks, bike paths, greenways, connected streets, and transit.

NEXT STEPS

If approved, the town will begin maintenance.



RESOLUTION 2025-02
ACCEPTING STREET MAINTENANCE FOR KENMARE

WHEREAS, Kenmare Crossing Road, 0.22 miles; Sound Road, 0.26 miles; Sunnyhill Grove Road, 0.42 miles; Williams Place Alley, 0.18 miles; Parnell Place, 0.16 miles; Marquis Street, 0.14 miles; have been constructed as public roadways in accordance with Town standards and the applicant has requested the Town undertake the responsibility to maintain such public roadway; and

WHEREAS, the final approval of said streets has been granted by the Mecklenburg County Engineer; and

WHEREAS, at least 51% of the lots fronting on the street or streets requested for maintenance have a habitable dwelling unit located thereon; and

WHEREAS, the Town of Davidson Board of Commissioners has approved the final Subdivision Plat for these streets.

NOW THEREFORE BE IT RESOLVED by the Board of Commissioners that the Town of Davidson accept the responsibility of maintaining the public roadways in Kenmare.

Adopted on the ____ of ____ 2025

Attest:

Rusty Knox
Mayor

Elizabeth K. Shores
Town Clerk