



**Town of Davidson
Board of Commissioners Regular Meeting
Town Hall & Community Center Council Chamber – 251 South Street
Tuesday, January 13, 2026 at 6:00 PM**

I. CALL TO ORDER

II. ANNOUNCEMENTS / PROCLAMATIONS

a. Martin Luther King Jr. Day

III. CHANGES / ADOPTION OF THE AGENDA

IV. PRESENTATIONS

a. Police Department Swearing-in Ceremony

Presenter: Philip Geiger, Police Chief

Summary: Swearing-in ceremony for Officer Jessica Thompson and Officer Brad Couturier.

b. Recognize Officer Taylor Emmell with the Lifesaving Award

Presenter: Philip Geiger, Police Chief

Summary: On November 30, 2025, Officer Taylor Emmell responded to an eighteen-year-old in cardiac arrest. Due to her courage and quick thinking, Officer Emmell was able to provide lifesaving measures to the patient, and he was transported to the hospital for further medical care.

c. FY2025 Audit Report and Financial Review

Presenter: Pieter Swart, Finance Director

Summary: Outside auditors, RH CPAs, PLLC will present the results of the audit of the FY2025 Financial Statements. The FY2025 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)

V. BUSINESS ITEMS

a. Discussion of Amendment to the Amended and Restated Land Development Services Interlocal Agreement

Presenter: Jason Burdette, Planning Director

Summary: In 2003, the Town of Davidson entered into an Interlocal Agreement with Mecklenburg County for “land development services,” not limited to engineering, land development, building code, housing code, soil erosion and sedimentation control, and floodplain within Town limits and ETJ (extraterritorial jurisdiction). Generally, these activities are divided into land development (LD) and building code enforcement (CE). Earlier this year, there was an issue with a building permit in Davidson Pointe (wholly within town limits and in Iredell County) submitted to Mecklenburg County CE. This proposed Interlocal Agreement restates that all parties (Town of Davidson, Mecklenburg County, and Iredell County) agree that Mecklenburg County will manage LD and CE activities within town limits, including those in Iredell County, as has been common practice for over 20 years.

Action/Proposed Motion: This item is for discussion only. The Board of Commissioners will be asked to approve the amendment to the Amended and Restated Land Development Services Interlocal Agreement at the January 27 meeting on the consent agenda.

b. Discussion of Proposed Expansion of Main Street Social District

Presenter: Kim Fleming, Economic Development Director

Summary: The new businesses at Sadler Square and 201 South Street have asked to become a part of the Main Street Social District. In 2021, the North Carolina General Assembly passed Session Law 2021-150 which allowed cities to create “social districts” in which individuals over 21 can buy an alcoholic beverage from licensed establishments (i.e. bars, breweries, restaurants) and consume to-go drinks within a designated common area and within participating businesses. The action needed would be for the town board to approve adding them to the existing Main Street Social District Map.

Action/Proposed Motion: This item is for discussion only. The Board of Commissioners will be asked to approve the expansion of the Main Street Social District at the January 27 meeting on the consent agenda.

c. Discussion of Proposed Updates to Code of Ethics and Conflict of Interest Policies

Presenter: Jamie Justice, Town Manager

Summary: Public officials are charged with upholding the trust of the citizens of the Town and with obeying all applicable laws. NC law requires all towns to adopt a code of ethics policy. Adoption of a Conflict of Interest Policy is required for federal grant participation (like American Rescue Plan Act) and is a best practice. The Town of Davidson General Principles and Code of Ethics Policy became effective December, 2010 and was amended January, 2020 as the Code of Ethics Policy. The Conflict of Interest policy was adopted July, 2023 as a requirement for the Town to accept federal ARPA dollars from Mecklenburg County. The Town Attorney and Town staff conducted a review of the current policies and current practices and determined that minor amendments are needed.

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

Commissioners will be asked to approve the amended Code of Ethics and Conflict of Interest Policy at the January 27 meeting on the consent agenda.

d. Transportation Sales Tax Update

Presenter: Andrew Golden, Transportation Planner, Pieter Swart, Finance Director

Summary: Staff will present an update on the Transportation Sales Tax that was approved by voters in November, 2025. Guiding principles, projected available funds, and the development of the FY2027-2031 Capital Improvement Plan will be discussed.

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

VI. SUMMARIZE MEETING ACTION ITEMS

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

VII. ADJOURN



A PROCLAMATION
Martin Luther King, Jr. Day
January 19, 2026

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 19, 2026 at 10:00 a.m., in the Davidson Town Hall & Community Center with this year’s event theme, ***Mission Possible II: Building Community, Uniting a Nation the Nonviolent Way***.

NOW, THEREFORE, I, Mayor Rusty Knox of the Town of Davidson, do hereby proclaim **January 19, 2026** 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 13th day of January 2026.

Rusty Knox
Mayor

FY2025 Audit Report and Financial Review



Piet Swart, Finance Director
Board of Commissioners Meeting
January 13, 2026

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Agenda

- Outside Audit Report – RH, CPAs, PLLC – T.D. Hill, Senior Audit Manager
- Fund Balance
- ARPA Funds
- Davidson Tax Assistance Program

- Questions/Discussion



Presentation of Financial Audit Results

- T.D. Hill, Senior Audit Manager, RH, CPAs, PLLC
- Will Southern, Senior Audit Associate, RH, CPAs, PLLC



Town of Davidson

2025 Audit Presentation

CONTACT INFORMATION:

TD Hill – Senior Audit Manager

tdhill@rh-accounting.com

Will Southern – Senior Audit Associate

wsouthern@rh-accounting.com

Presented by:
TD Hill, CPA, CFE
Will Southern



- Fieldwork has been completed.
- Unmodified or “Clean” 2025 opinion.
- No financial statement findings or findings over major state programs.
- Audit was submitted to the LGC for their review on December 24, 2025. Currently waiting on LGC approval.

- Auditor Independence.
- Plan (including obtaining an understanding of internal controls over key areas).
- Perform risk assessment (risk-based audit approach).
- Perform audit procedures to obtain sufficient evidence to render an opinion.
- Opinion concentrates on whether the financials are free from material misstatement (reasonable assurance).
- In addition, a State Single Audit was required for 2025.

Opinions

- Basic Financial Statements – Unmodified Opinion
- Major State Program (Powell Bill) – Unmodified Opinion
- No findings noted

Required Supplementary Information:

- Management Discussion and Analysis
- Various Schedules of Changes in Pension Liabilities and Schedule of Total Pension/Retirement Liabilities

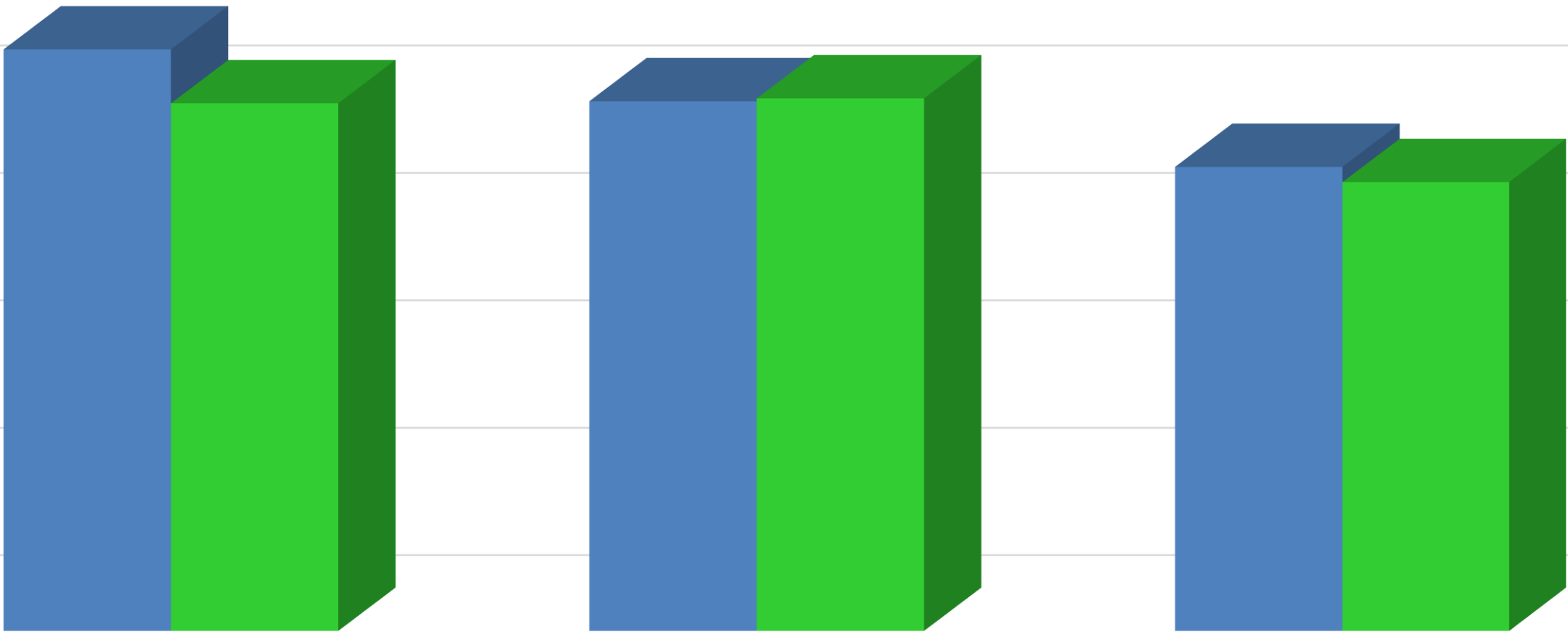
- Accounting Policies: The Town implemented GASB Statement No. 96 in FY25. No other changes to accounting policies were noted.
- Estimates appear reasonable.
- No disagreements with management.
- No difficulties encountered (complete cooperation from staff).



Results of Operations

General Fund Summary

\$25,000,000
\$20,000,000
\$15,000,000
\$10,000,000
\$5,000,000
\$-

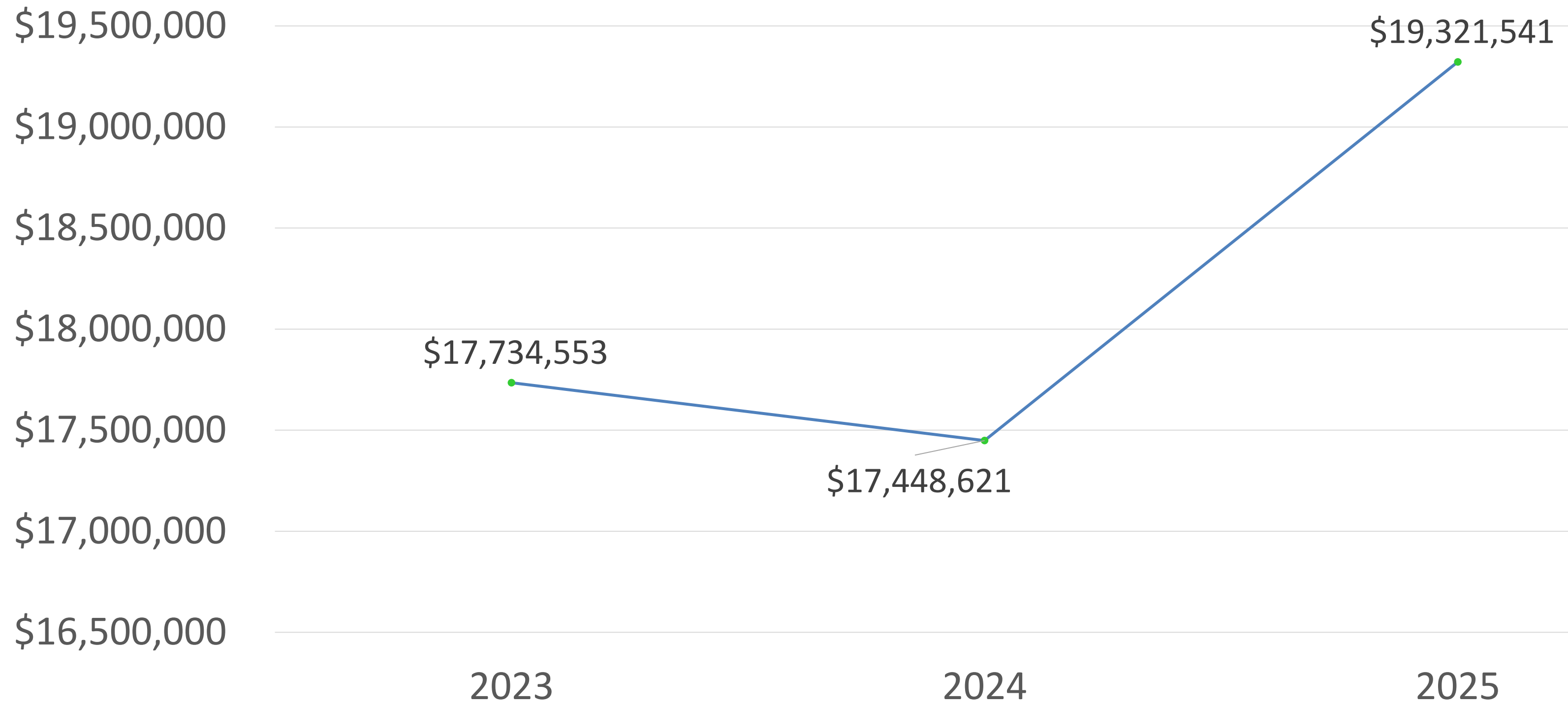


■ Revenues
■ Expenditures

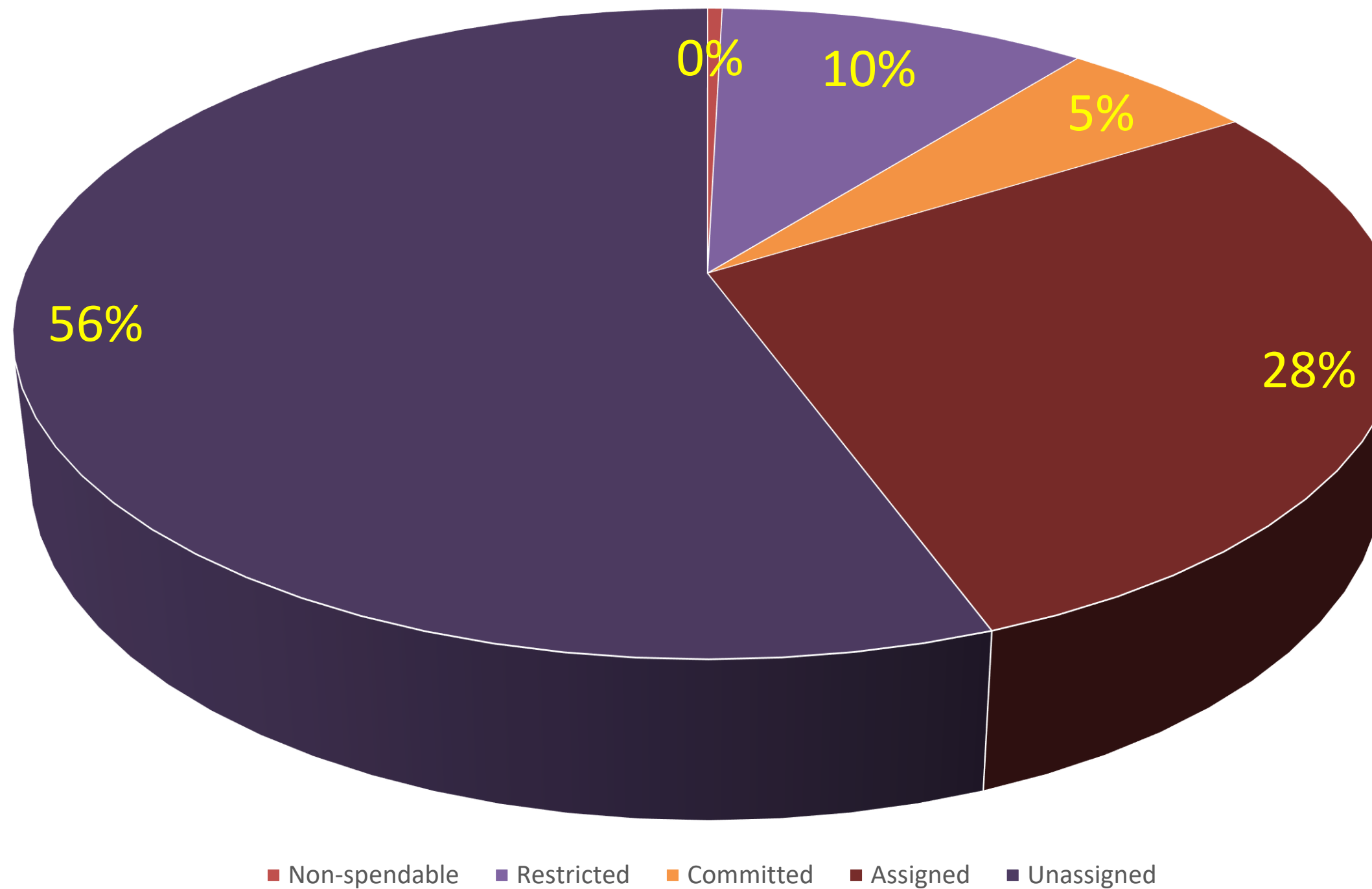
	2025	2024	2023
Revenues	\$22,819,402	\$20,787,210	\$18,213,852
Expenditures	\$20,705,992	\$20,899,528	\$17,616,336

■ Revenues ■ Expenditures

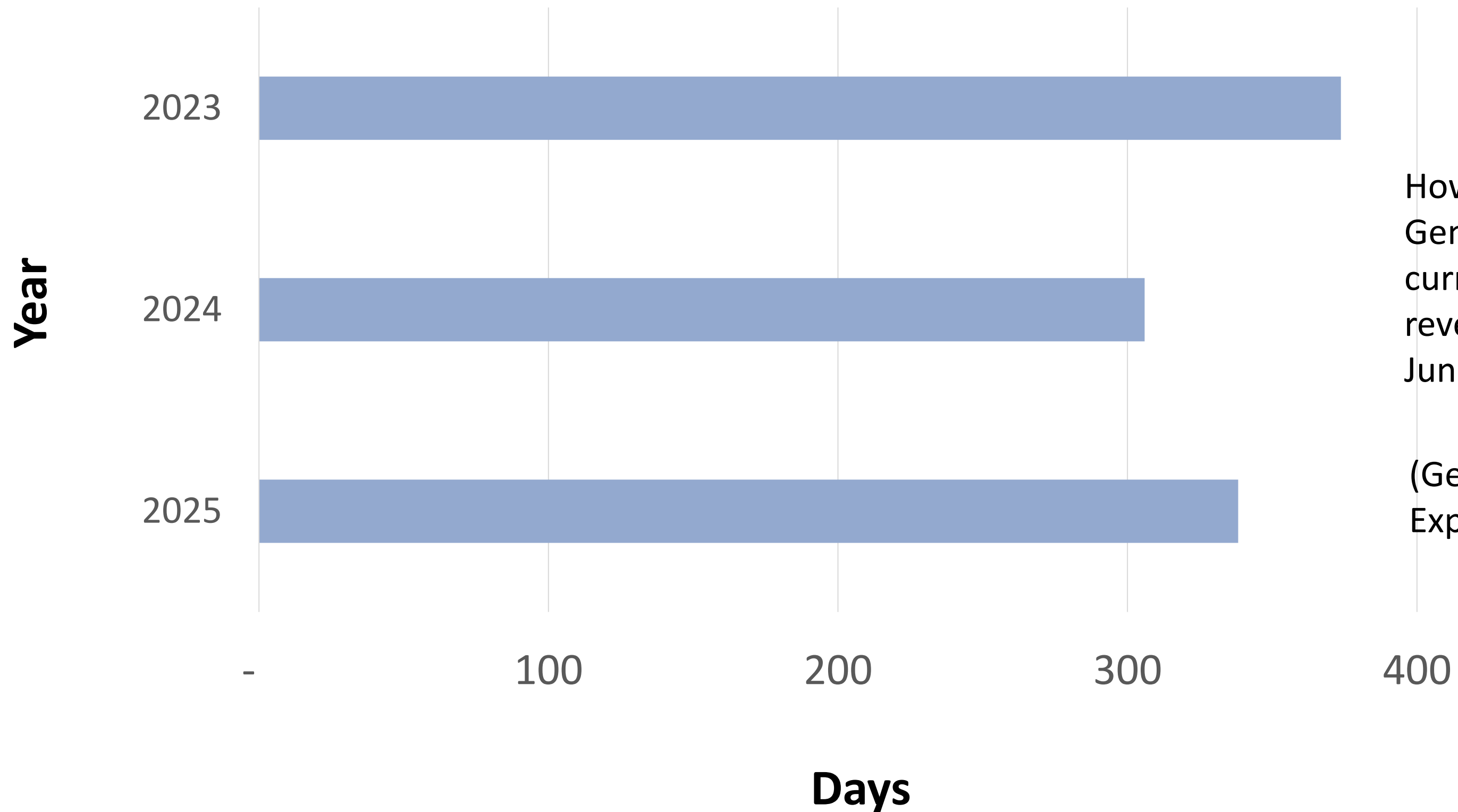
General Fund Balance



Breakdown of General Fund Balance



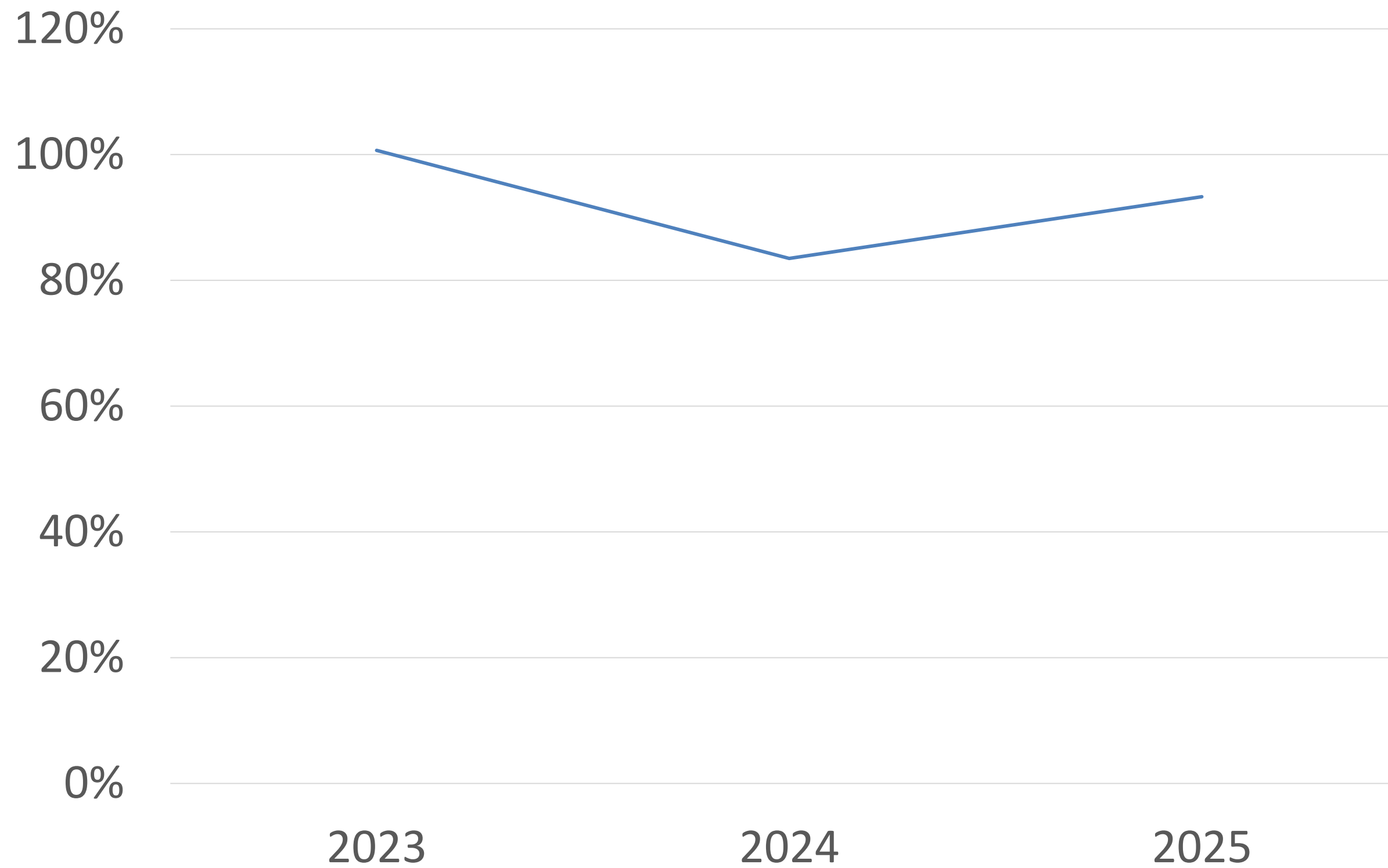
Adequacy of Resources – General Fund



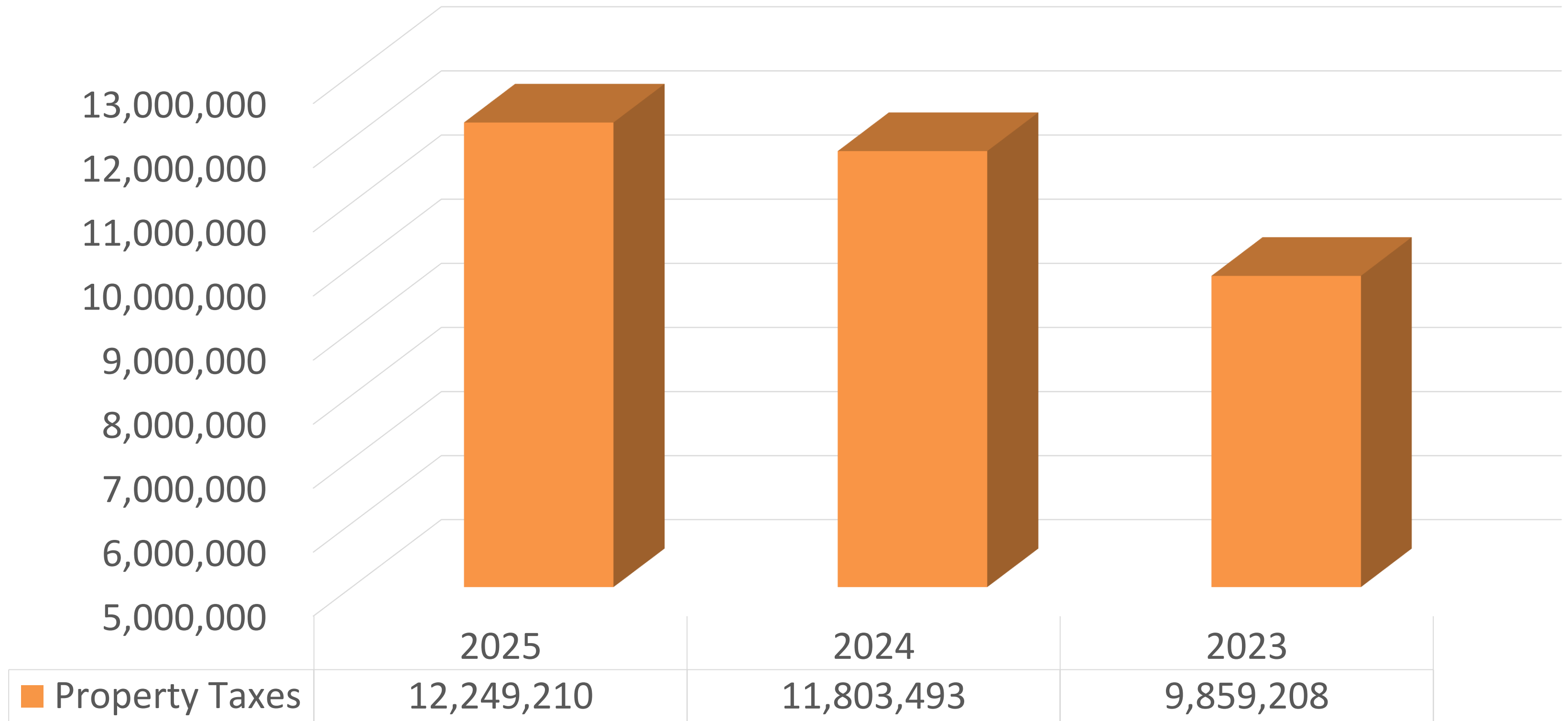
How long could the Town's General Fund sustain itself with current cash on hand if no revenues were received after June 30, 2025?

$(\text{General Fund Cash} / \text{General Fund Expenditures}) \times 365$

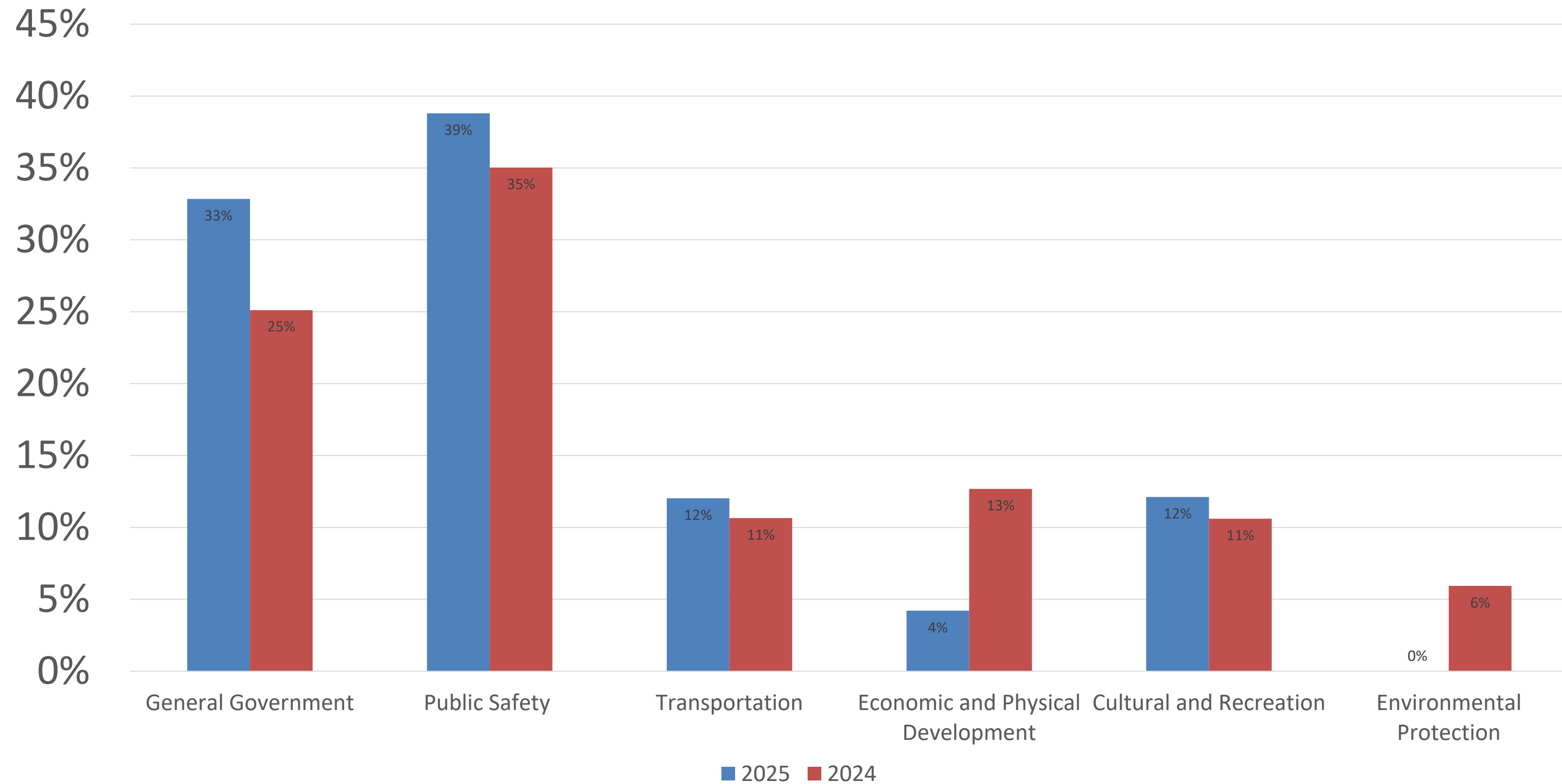
General Fund Balance as a
Percentage of Expenditures

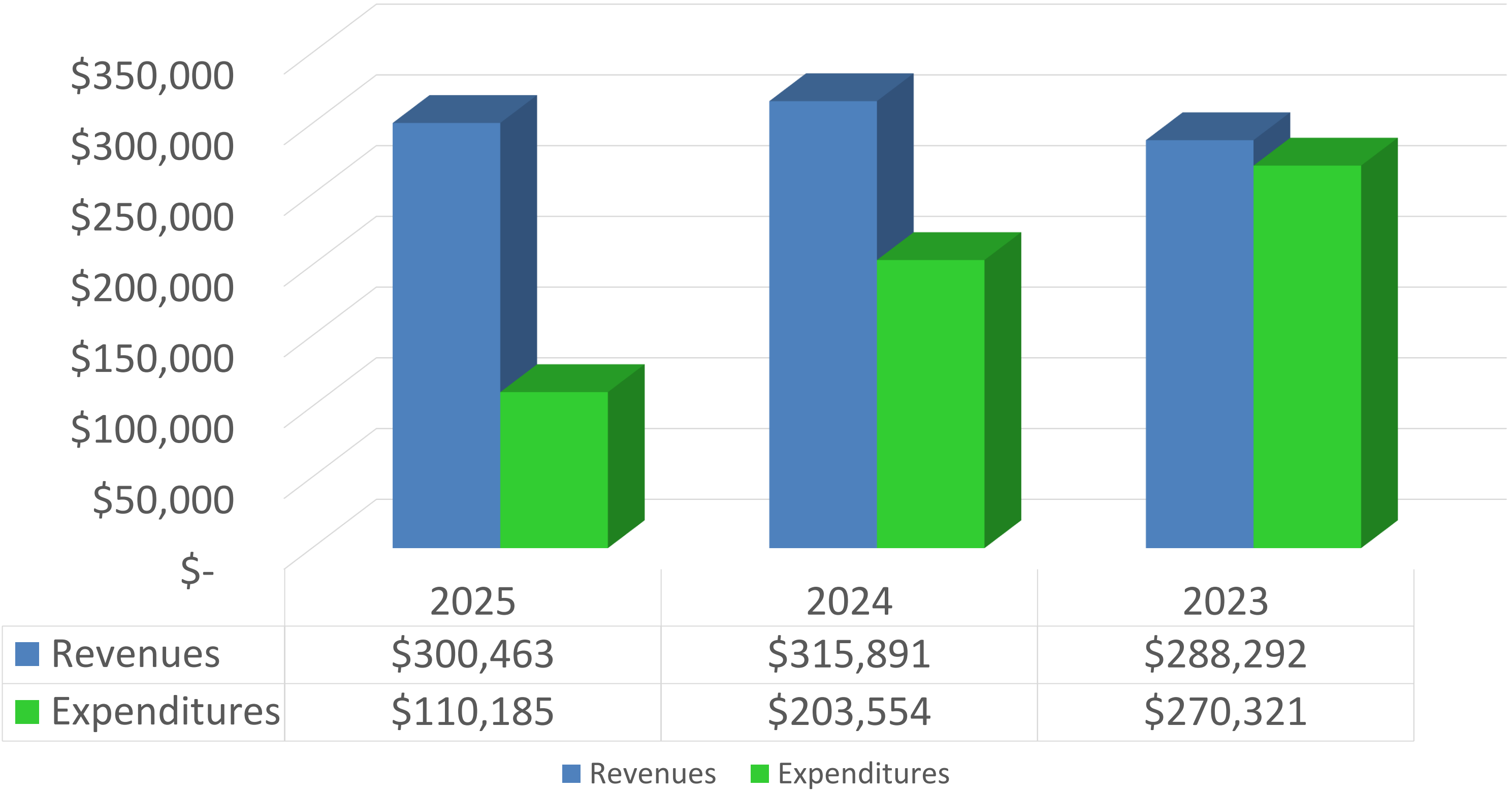


Property Taxes



Expenditure Breakdown





Major Takeaways

- Unmodified audit opinion.
- Audit submitted to LGC by 12/31/2025 deadline.
- Overall Financial Condition
 - General Fund Balance increased by \$1,872,920.
 - End of Year General Fund Balance was \$19,321,541, with \$10,739,075 of that fund balance being unassigned.
- No disagreements with management.
- No difficulties encountered (complete cooperation from staff).

QUESTIONS?

TD Hill, CPA, CFE

RH CPAs, PLLC

Email: tdhill@rh-accounting.com

Will Southern

RH CPAs, PLLC

Email: wsouthern@rh-accounting.com

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, 2025 is \$19,321,541
- \$1,981,965 of total fund balance is “Restricted” meaning it cannot be spent due to restrictions placed on the funds by the State of North Carolina
- \$1,055,617 of total fund balance is “Committed” meaning it cannot be spent due restrictions placed on the funds by the board
- \$5,544,884 of total fund balance is Non-spendable and Assigned Items. Includes \$3,406,499 in the Community Investment Fund and \$2,059,965 for future G.O. Bond debt service.
- \$10,739,075 of Unassigned Fund Balance at June 30, 2025



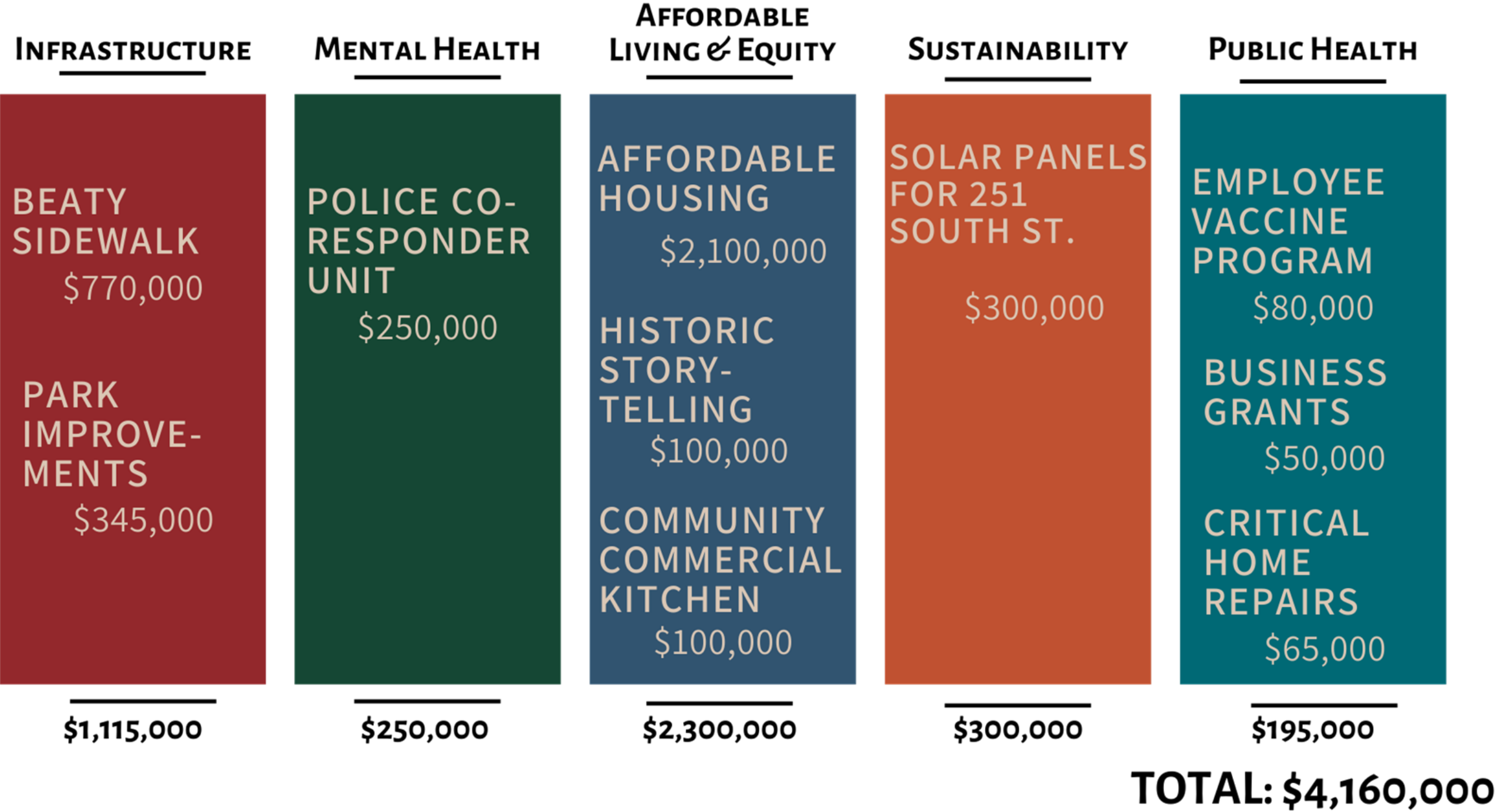
Unassigned Fund Balance

Unassigned Fund balance at June 30, 2025:	\$ 10,739,075	56%	FY25 Actual
		53%	FY26 Budget
Stabilization Threshold for FY2026 at July 1, 2025:	\$ (7,151,376)		
Unassigned FB over Stabilization Threshold:	\$ 3,587,699		
Unassigned FB allocated in FY 2026:	\$ (65,000)		
Unassigned Fund Balance available for Capital	\$ 3,522,699		
Transfer to Community Investment Fund	\$ (900,000)		
Reserved Future Debt Service on Fire Station#1	\$ (375,000)		
Unallocated Unassigned FB over Stabilization	\$ 2,247,699		

Note: Manager's FY2027 recommended budget will include allocation of 50% of the UFB, as of March 31, 2026, to the Community Investment Fund (CIF) to make strategic capital investments per the CIP.



ARPA Funds



ARPA Funds

- Detail of projects is attached to the agenda item
- Summary of focus areas:
 - Infrastructure - Projects are complete
 - Mental Health – Co-responder ARPA funding will conclude in FY2026, and be fully funded from the General Fund in FY2027
 - Affordable Living and Equity – Projects are ongoing
 - Sustainability – Solar Panel project complete
 - Public Health – Projects are complete
- \$2.35 million has been spent or encumbered
- \$1.81 million of the \$4.16 total funds have not been spent or encumbered



Davidson Tax Assistance Program

- Originally 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 FY2026, 40 Grants Awarded (20% increase over FY25) for a total of \$13,938 in grants awarded (43% increase).
- The average award was \$348 (\$304 in FY25).
- Town allocated an additional \$15,000 to the program in FY26 and there is currently \$6,914 in funds available.



QUESTIONS and DISCUSSION



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The Town of
Davidson

Annual Comprehensive Financial Report

Fiscal Year 2025



Town of Davidson, North Carolina



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TOWN OF DAVIDSON, NORTH CAROLINA

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INTRODUCTORY SECTION



Letter of Transmittal

December 23, 2025

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, 2025.

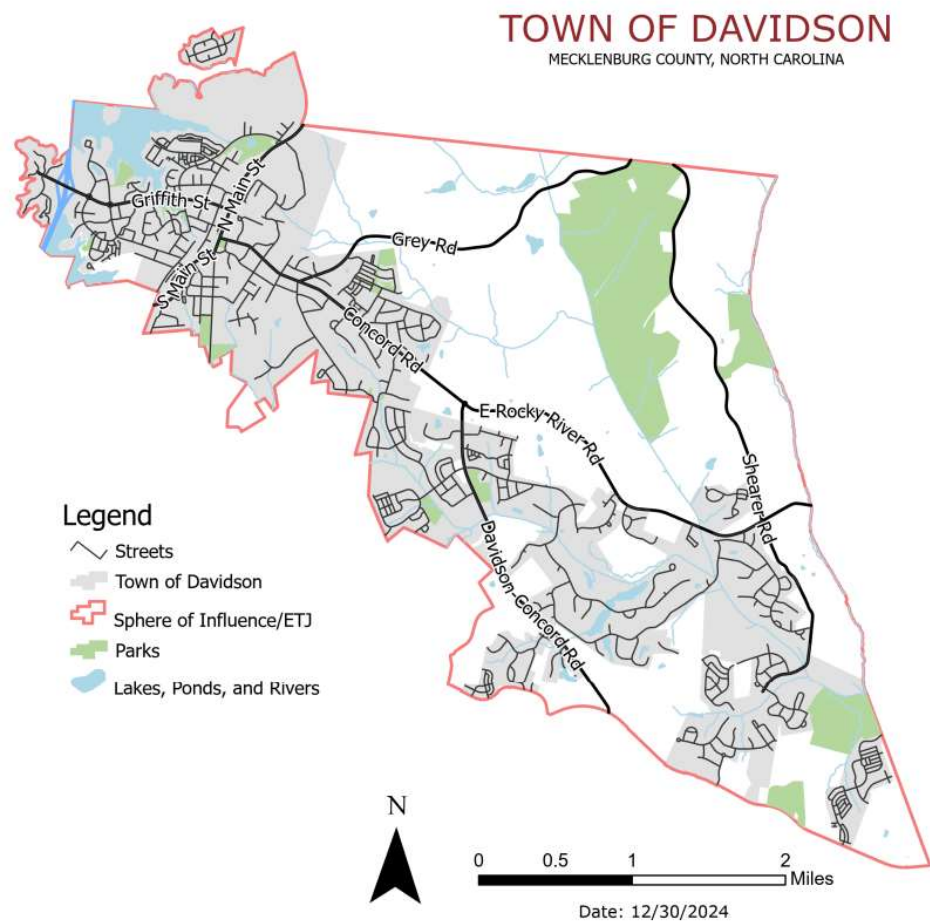
Town management is responsible for both the accuracy of the data and the completeness and fairness of the report. We believe the data is accurate in all material respects and is presented in a manner which fairly reflects the town's financial position. To ensure reliability of the information, town management 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. RH, CPAs, 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, 2025. 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.

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 6.8 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, 2025 is 16,254.



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.

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

Over the last decade, the Town has experienced steady economy and population growth. The population has grown about 40% since the 2010 census. 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 2025 was 4.0% 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. A new commercial project is under construction with two more scheduled to begin next year and a significant commercial center has undergone renovations which will increase Davidson's commercial tax base and shows a strong desire for businesses to locate in Town.

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 300 independent businesses. Many of these business owners live in Town which increases their investment in Davidson and promotes community support.

Davidson's retailers and restaurants have reported year over year growth due to increased activity and events in Town. Some have expressed uncertainty about the effect of tariffs on the goods that they purchase and how that will affect their sales. Others feel that they are insulated from tariffs as they buy local goods and support local vendors and artists. Davidson businesses are resilient and creative as shown by their ability to weather the pandemic better than most. The community's support of local businesses is strong and helps owners to have confidence in their ability to succeed in a variety of economic conditions.

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 retirement community located on 140 acres off Pine Road, continues to expand and thrive. Additionally, 2017 saw the opening of Williams Place, a senior independent living facility on Lake Davidson.

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, 2025 is \$10,739,075 which is 50.1% of the FY 2026 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 2025, the assessed value of property subject to ad valorem taxes was \$4,365,803,615; which allows for \$174.6 million in debt (at the town's policy of 4%; the State's 8% threshold would allow for \$349.3 million in debt). At June 30, 2025, the town's total debt principal was \$22,446,941.

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. 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

Detailed information on the Davidson Strategic Plan is available at:

www.townofdavidson.org/strategicplan

Awards and Acknowledgements

The town submitted the June 30, 2024 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,

A handwritten signature in black ink, appearing to read "J. E. Justice". The signature is fluid and cursive, with a long horizontal stroke at the end.

James E. Justice
Town Manager

A handwritten signature in black ink, appearing to read "P. C. Swart, III". The signature is cursive and includes a small mark at the end that looks like a stylized "III".

Pieter C. Swart, III
Finance Director

GFOA Certificate of Achievement for Excellence in Financial Reporting

Fiscal Year Ended June 30, 2024



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, 2024

Town of Davidson, North Carolina

List of Principal Officers

Mayor

Rusty Knox

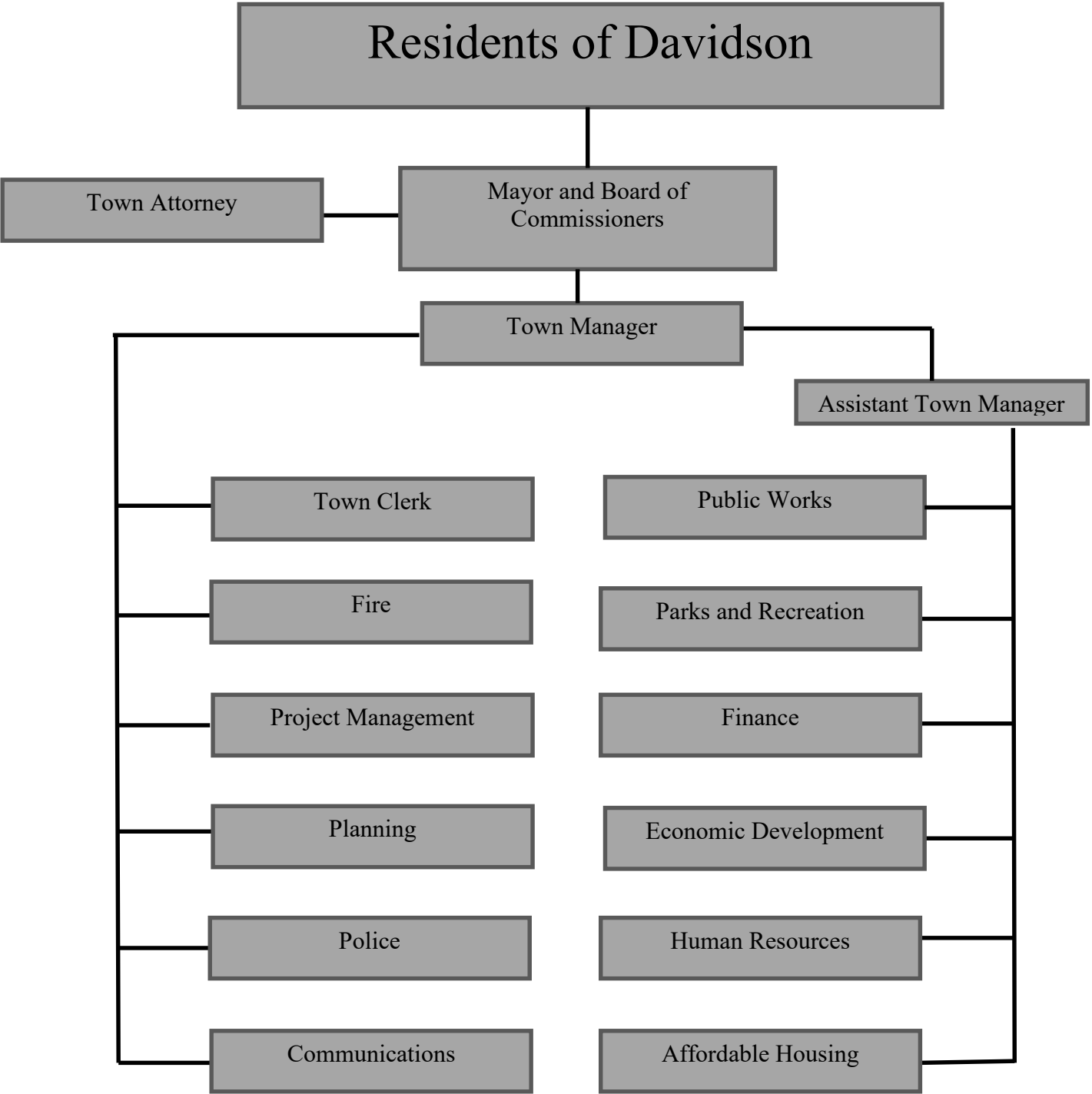
Board of Commissioners

Autumn Rierson Michael, Mayor Pro Tempore
Tracy Mattison Brandon
Ryan Fay
Steve Justus
Connie Wessner

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

Organizational Chart



FINANCIAL SECTION

Independent Auditors' Report

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

Report on 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, 2025, 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, 2025, 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, 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.

Management's Responsibility for the Audit of 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and Governmental Auditing Standards we:

- Exercise professional judgement and maintained 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'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'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 20 through 28, Local Government Employees' Retirement System Proportionate Share of Net Pension Liability (Asset) on page 76, the Schedule of Changes in Total Pension Liability Law Enforcement Officer's Special Separation Allowance on page 78, Local Government Employees' Retirement System Town of Davidson's Contributions on page 77, and the Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officer's Special Separation Allowance on page 79, and be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide 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 basic financial statements. The introductory information, combining and individual fund statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by *Title 2, U.S. Cost of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, the budgetary schedules, schedule of expenditures of federal and state awards, and other schedules 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 information and the 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 our reports dated December 23, 2025, on our consideration of the Town of Davidson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

RH CPA, PLLC

Lexington, North Carolina
December 23, 2025

Management's Discussion and Analysis

As management of Town of Davidson, we offer readers of Town of Davidson's (the "Town") financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2025. 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 Town of Davidson exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$51,154,538 (net position).

The government's total net position increased by \$3,539,683.

As of the close of the current fiscal year, Town of Davidson's governmental funds reported combined ending fund balances of \$29,133,645, after a net increase in fund balance of \$1,069,074. Approximately 21% of this total amount, or \$6,181,883 is restricted or non-spendable.

At the end of the current fiscal year, unassigned fund balance for the consolidated General fund was \$10,739,075 or 50% of total General Fund expenditures and transfers.

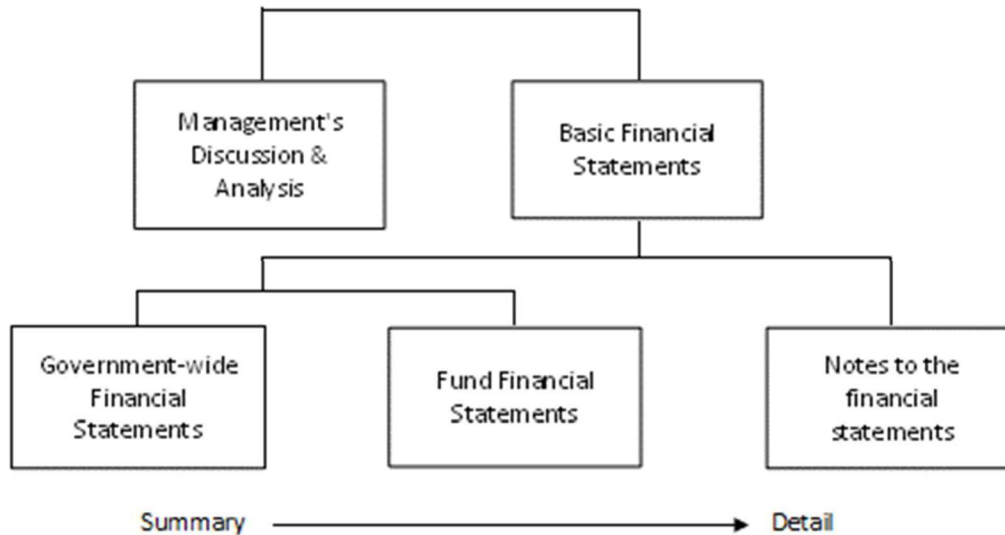
Town of Davidson's total debt decreased by \$1,391,205 during the current fiscal year.

Overview of the Financial Statements

This Discussion and Analysis is 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 Town of Davidson.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 & 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 3-8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental fund statements; 2) the budgetary comparison statements; 3) the proprietary 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.

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows 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 general government, public safety, transportation, cultural and recreational, economic and physical development, and environmental protection. Property taxes, local option sales taxes and state grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes stormwater services offered by the Town.

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

Fund Financial Statements

The Fund Financial Statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Davidson, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the North Carolina General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds—Governmental Funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in the governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a current financial 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 governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town 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 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 as business-type activities in the government-wide financial statements. Town of Davidson uses enterprise funds to account for its storm-water services and activities. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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 40 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 75 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	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 31,957,831	\$ 29,598,193	\$ 696,812	\$ 506,534	\$ 32,654,643	\$ 30,104,727
Capital assets	49,855,320	48,410,231	-	-	49,855,320	48,410,231
Total assets	81,813,151	78,008,424	696,812	506,534	82,509,963	78,514,958
Deferred outflows of resources	2,806,244	2,965,667	-	-	2,806,244	2,965,667
Total assets and deferred outflows of resources	84,619,395	80,974,091	696,812	506,534	85,316,207	81,480,625
Long term-liabilities outstanding	21,029,197	22,801,386	-	-	21,029,197	22,801,386
Other liabilities	13,005,984	10,915,276	-	-	13,005,984	10,915,276
Total liabilities	34,035,181	33,716,662	-	-	34,035,181	33,716,662
Deferred inflows of resources	126,488	149,108	-	-	126,488	149,108
Total liabilities and deferred inflows of resources	34,161,669	33,865,770	-	-	34,161,669	33,865,770
Net Position:						
Net investment in capital assets	27,117,133	43,545,839	-	-	27,117,133	43,545,839
Restricted	6,103,463	2,140,482	-	-	6,103,463	2,140,482
Unrestricted	17,237,130	1,422,000	696,812	506,534	17,933,942	1,928,534
Total net position	\$ 50,457,726	\$ 47,108,321	\$ 696,812	\$ 506,534	\$ 51,154,538	\$ 47,614,855

As noted earlier, net position, over time may serve as a useful indicator of a government’s financial position. For Town of Davidson, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$51,154,538 at the close of the most recent fiscal year. The Town’s net position increased by \$3,539,683 for the fiscal year ended June 30, 2025.

The largest portion, \$27,117,133 of Town of Davidson's net position reflects its net investment in capital assets (e.g. land, buildings, and equipment), less any related debt used to acquire those assets that are still outstanding. Town of Davidson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Town of Davidson's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to repay these liabilities.

At the end of the current fiscal year, Town of Davidson had an additional portion of net position of \$6,103,463 that represents resources subject to external restrictions on how they may be used. The remaining balance of \$17,933,942 is unrestricted.

**Town of Davidson
Changes in Net Position
Figure 3**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for Services	\$ 358,258	\$ 322,140	\$ 300,463	\$ 315,891	\$ 658,721	\$ 638,031
Operating grants and contributions	1,013,044	979,940	-	-	1,013,044	979,940
Capital grants and contributions	2,306,403	1,757,188	-	-	2,306,403	1,757,188
General revenues:						
Property taxes	12,259,635	11,816,223	-	-	12,259,635	11,816,223
Other taxes	6,618,548	6,427,230	-	-	6,618,548	6,427,230
Other	1,585,079	2,177,940	-	-	1,585,079	2,177,940
Total revenues	24,140,967	23,480,661	300,463	315,891	24,441,430	23,796,552
Expenses						
General Government	5,042,071	3,786,927	-	-	5,042,071	3,786,927
Public Safety	7,993,735	7,385,571	-	-	7,993,735	7,385,571
Economic Development	2,001,351	2,155,058	-	-	2,001,351	2,155,058
Cultural and Recreation	2,804,487	3,159,550	-	-	2,804,487	3,159,550
Environmental protection	-	1,241,217	-	-	-	1,241,217
Interest on Long-Term Debt	827,565	-	-	-	827,565	-
Amortization on bond premium	(133,912)	(129,898)	-	-	(133,912)	(129,898)
Transportation	2,256,265	2,048,574	-	-	2,256,265	2,048,574
Stormwater	-	-	110,185	203,554	110,185	203,554
Total expenses	20,791,562	19,646,999	110,185	203,554	20,901,747	19,850,553
Increase (decrease) in net position						
before transfers and special items	3,349,405	3,833,662	190,278	112,337	3,539,683	3,945,999
Transfers	-	-	-	-	-	-
Increase (decrease) in net position	3,349,405	3,833,662	190,278	112,337	3,539,683	3,945,999
Net position, beginning	47,108,321	43,274,659	506,534	394,197	47,614,855	43,668,856
Net position, ending	\$ 50,457,726	\$ 47,108,321	\$ 696,812	\$ 506,534	\$ 51,154,538	\$ 47,614,855

Governmental Activities. Governmental activities increased the Town's net position by \$3,349,405, 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 3.75% over the prior fiscal year.
- Sales tax revenue increased 13.6% due to inflationary growth and an increase in allocated percentage of total collections.
- Total revenues exceeded total expenses by \$3,349,405 due to carry-forward purchase orders, cost saving measures, funding from Federal and State grants, and continued attention to finding reductions in expenses.

Business-type Activities. Business-type activities increased the Town's net position by \$190,278.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town's fund balance available in the general fund was \$10,739,075 while total fund balance reached \$19,321,541. 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 unassigned fund balance of 50% of general fund expenditures and transfers, while the total fund balance represents 91% of the same amount.

At June 30, 2025, the governmental funds of the Town reported a combined fund balance of \$29,133,645, a \$1,069,074 increase over last year.

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 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 Community Waste Reduction and Recycling grant (\$15,000).
- Davidson Community Foundation grant provided for the Essential Home Repair Program (\$150,000)
- The Arts and Science Council grant for the Art Park Feasibility Study

- Grant funding received from Mecklenburg County for improvements to Beaty Park (\$1,000,000).

Expenditures were adjusted to reflect:

- Resurfacing of the Town's streets (\$285,000).
- Engineering costs for the Rocky River Road Greenway Bridge (\$140,000).
- Homes purchased for resale under the Affordable Housing Program (\$520,000)

Proprietary Funds: The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position for the Stormwater Fund amounted to \$696,812. The total increase in net position was \$190,278.

Capital Asset and Debt Administration

Capital Assets. Town of Davidson's investment in capital assets for its governmental and business-type activities as of June 30, 2025, totals \$49,855,320 (net of accumulated depreciation and amortization). These assets include land, buildings, roads and bridges, machinery and equipment, park facilities and vehicles.

Town of Davidson

Net of Depreciation Figure 4

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 8,017,762	\$ 8,017,762	\$ -	\$ -	\$ 8,017,762	\$ 8,017,762
Buildings and systems	6,067,141	6,014,329	-	-	6,067,141	6,014,329
Improvements other than buildings	27,757,866	26,711,272	-	-	27,757,866	26,711,272
Machinery and equipment	1,367,171	1,337,602	-	-	1,367,171	1,337,602
Computers and computer software	-	-	-	-	-	-
Vehicles and motorized equipment	2,686,621	2,834,122	-	-	2,686,621	2,834,122
Construction in progress	3,658,857	3,495,144	-	-	3,658,857	3,495,144
Right of use assets	299,902	-	-	-	299,902	-
Total	\$ 49,855,320	\$ 48,410,231	\$ -	\$ -	\$ 49,855,320	\$ 48,410,231

Additional information on the Town's capital assets can be found in Note III.A.3 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2025, the Town of Davidson had total debt outstanding of \$22,738,187. The Town of Davidson's outstanding debt decreased by \$1,391,205 (5.7%) due to debt service payments made on outstanding debt during the year.

Long-term Liabilities. In addition to its long-term debt, the Town of Davidson is liable for long-term liabilities of \$6,411,338. Of this total amount, \$738,969 is due to Town employees for compensated absences. The remaining amount of \$5,672,369 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 56 of this report. The Town of Davidson's other long-term liabilities increased by \$563,498 due, primarily to an increase in the LGERS pension liability.

Town of Davidson's Outstanding Debt

Figure 5

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Installment purchases	\$ 4,291,940	\$ 4,864,392	\$ -	\$ -	\$ 4,291,940	\$ 4,864,392
General Obligation Bonds	18,155,000	19,265,000	-	-	18,155,000	19,265,000
Subscription liability	291,247	-	-	-	291,247	-
Total	\$ 22,738,187	\$ 24,129,392	\$ -	\$ -	\$ 22,738,187	\$ 24,129,392

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, 2025, 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 \$326,817,349.

Additional information regarding Town of Davidson's long-term debt and liabilities can be found in Note III.B.5 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 4.0% in June 2025. This is an increase of .1% from 3.9% in June 2024. The State of North Carolina's unemployment rate in June 2025 was 4.0%.
- 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.

Budget Highlights for the Fiscal Year Ending June 30, 2026

Governmental Activities:

General Fund increase of \$2,315,788 in budgeted revenues and expenditures due significantly to:

- Projected increase over budgeted fiscal year 2025 in ad valorem property tax revenue of \$110,858
- Projected increase in Sales and Use Tax Budget over Fiscal Year 2025 of \$530,771.
- Projected increase in Motor Vehicle Tax and Fees over Fiscal Year 2025 of \$148,540.

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/15975/FY2026Approved-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.

BASIC FINANCIAL STATEMENTS

TOWN OF DAVIDSON, NORTH CAROLINA
Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 24,021,369	\$ -	\$ 24,021,369
Taxes receivables - net	94,260	-	94,260
Due from other governments	1,503,698	-	1,503,698
Prepaid items	78,420	-	78,420
Internal balances	(696,812)	696,812	-
Restricted cash and cash equivalents	6,956,896	-	6,956,896
Total current assets	31,957,831	696,812	32,654,643
Non-current assets:			
Capital assets:			
Land, non-depreciable improvements, and construction in progress	11,676,619	-	11,676,619
Other capital assets, net of depreciation	37,878,799	-	37,878,799
Right of use assets, net of amortization	299,902	-	299,902
Total capital assets	49,855,320	-	49,855,320
Total assets	81,813,151	696,812	82,509,963
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions - LGERS	2,570,854	-	2,570,854
Deferred outflows related to pensions - LEOSSA	235,390	-	235,390
Total deferred outflows of resources	2,806,244	-	2,806,244
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,055,946	-	1,055,946
Deferred revenues	1,673,980	-	1,673,980
Current portion of long-term liabilities	2,091,439	-	2,091,439
Total current liabilities	4,821,365	-	4,821,365
Long-term liabilities:			
Net pension liability (LGERS)	4,764,602	-	4,764,602
Total pension liability (LEOSSA)	907,767	-	907,767
GO Bond Premium, net of amortization	2,155,730	-	2,155,730
Due in more than one year	21,385,717	-	21,385,717
Total long-term liabilities	29,213,816	-	29,213,816
Total liabilities	34,035,181	-	34,035,181
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions - LGERS	31,524	-	31,524
Deferred inflows related to pensions - LEOSSA	94,964	-	94,964
Total deferred inflows of resources	126,488	-	126,488
NET POSITION			
Net investment in capital assets	27,117,133	-	27,117,133
Restricted for:			
Stabilization by State Statue	1,677,897	-	1,677,897
Streets - Powell Bill	304,068	-	304,068
Future GO Bond Projects	4,121,498	-	4,121,498
Unrestricted	17,237,130	696,812	17,933,942
Total net position	\$ 50,457,726	\$ 696,812	\$ 51,154,538

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

TOWN OF DAVIDSON, NORTH CAROLINA

Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 5,042,071	\$ 74,310	\$ -	\$ 171,758	\$ (4,796,003)	\$ -	\$ (4,796,003)
Public safety	7,993,735	46,577	486,100	-	(7,461,058)	-	(7,461,058)
Transportation	2,256,265	-	526,944	-	(1,729,321)	-	(1,729,321)
Economic and physical development	2,001,351	-	-	634,451	(1,366,900)	-	(1,366,900)
Cultural and recreation	2,804,487	237,371	-	1,500,194	(1,066,922)	-	(1,066,922)
Amortization on bond premium	(133,912)	-	-	-	133,912	-	133,912
Interest on long-term debt	827,565	-	-	-	(827,565)	-	(827,565)
Total governmental activities	20,791,562	358,258	1,013,044	2,306,403	(17,113,857)	-	(17,113,857)
Business-type activities:							
Stormwater	110,185	300,463	-	-	-	190,278	190,278
Total business-type activities	110,185	300,463	-	-	-	190,278	190,278
Total primary government	\$ 20,901,747	\$ 658,721	\$ 1,013,044	\$ 2,306,403	(17,113,857)	190,278	(16,923,579)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					12,259,635	-	12,259,635
Other taxes					6,618,548	-	6,618,548
Unrestricted investment earnings					1,381,019	-	1,381,019
Miscellaneous					204,060	-	204,060
Total general revenues					20,463,262	-	20,463,262
Change in net position					3,349,405	190,278	3,539,683
Net position, beginning					47,108,321	506,534	47,614,855
Net position, ending					\$ 50,457,726	\$ 696,812	\$ 51,154,538

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

TOWN OF DAVIDSON, NORTH CAROLINA
Balance Sheet of Governmental Funds
June 30, 2025

	Major Funds					
	General Fund	Affordable Housing Special Revenue Fund	Capital Project 2023 GO Bond Fund	Mecklenburg ARPA Fund	Total Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 19,188,113	\$ 1,570,310	\$ -	\$ -	\$ 3,262,946	\$ 24,021,369
Restricted cash	304,068	-	4,121,498	1,673,980	857,350	6,956,896
Taxes receivable	94,260	-	-	-	-	94,260
Due from other governments	1,503,698	-	-	-	-	1,503,698
Due from other funds	-	-	-	-	-	-
Prepaid items	78,420	-	-	-	-	78,420
Total assets	<u>\$ 21,168,559</u>	<u>\$ 1,570,310</u>	<u>\$ 4,121,498</u>	<u>\$ 1,673,980</u>	<u>\$ 4,120,296</u>	<u>\$ 32,654,643</u>
LIABILITIES						
Accounts payable and accrued liabilities	\$ 1,055,946	\$ -	\$ -	\$ -	\$ -	\$ 1,055,946
Due to other funds	696,812	-	-	-	-	696,812
Deferred revenues	-	-	-	1,673,980	-	1,673,980
Total liabilities	<u>1,752,758</u>	<u>-</u>	<u>-</u>	<u>1,673,980</u>	<u>-</u>	<u>3,426,738</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes receivable	94,260	-	-	-	-	94,260
Total deferred inflows of resources	<u>94,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,260</u>
FUND BALANCES						
Non-spendable, not in spendable form:						
Prepaid expenses	78,420	-	-	-	-	78,420
Restricted:						
Stabilization by State Statute	1,677,897	-	-	-	-	1,677,897
Streets - Powell Bill	304,068	-	-	-	-	304,068
Future GO Bond Projects	-	-	4,121,498	-	-	4,121,498
Committed						
Specified purposes	1,055,617	-	-	-	-	1,055,617
Special projects	-	1,570,310	-	-	4,120,296	5,690,606
Assigned						
Community investment fund (CIF)	3,406,499	-	-	-	-	3,406,499
General Obligation Bond Debt Service	2,059,965	-	-	-	-	2,059,965
Unassigned	10,739,075	-	-	-	-	10,739,075
Total fund balances	<u>19,321,541</u>	<u>1,570,310</u>	<u>4,121,498</u>	<u>-</u>	<u>4,120,296</u>	<u>29,133,645</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,168,559</u>	<u>\$ 1,570,310</u>	<u>\$ 4,121,498</u>	<u>\$ 1,673,980</u>	<u>\$ 4,120,296</u>	<u>\$ 32,654,643</u>

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

TOWN OF DAVIDSON, NORTH CAROLINA
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position
For the Fiscal Year Ended June 30, 2025

Total fund balance, governmental funds		\$ 29,133,645
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.		
Gross capital assets at historical cost	63,685,951	
Accumulated depreciation	<u>(14,130,533)</u>	49,555,418
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Right to use assets at historical cost	374,878	
Accumulated amortization	<u>(74,976)</u>	299,902
Deferred outflows of resources related to pensions are not reported in the funds		2,806,244
Earned revenues considered deferred inflows of resources in fund statements		94,260
Long-term liabilities used in governmental activities are not financial uses and, therefore, are not reported in the fund statement.		
Long term debt included as net position below (includes addition of long-term debt and principal payments during the year.)	(25,632,886)	
Net pension liability	(4,764,602)	
Total pension liability	<u>(907,767)</u>	(31,305,255)
Long term debt		
Deferred inflows of resources related to pensions are not reported in the funds:		<u>(126,488)</u>
Net position of governmental activities		<u>\$ 50,457,726</u>

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

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended June 30, 2025

	Major Funds					Total Governmental Funds
	General Fund	Affordable Housing Special Revenue Fund	Capital Project 2023 GO Bond Fund	Mecklenburg ARPA Fund	Total Non- Major Funds	
REVENUES						
Ad valorem taxes	\$ 12,249,210	\$ -	\$ -	\$ -	\$ -	\$ 12,249,210
Other taxes	236,082	-	-	-	-	236,082
Unrestricted intergovernmental	7,411,347	-	-	-	-	7,411,347
Restricted intergovernmental	1,201,540	420,000	-	538,332	130,694	2,290,566
Permits and fees	83,518	-	-	-	-	83,518
Sales and services	274,740	-	-	-	-	274,740
Investment earnings	1,095,199	68,474	185,960	-	31,386	1,381,019
Miscellaneous	267,766	81,695	-	-	-	349,461
Total revenues	22,819,402	570,169	185,960	538,332	162,080	24,275,943
EXPENDITURES						
Current:						
General government	4,789,169	-	-	-	-	4,789,169
Public safety	7,501,191	-	-	-	93,289	7,594,480
Transportation	2,475,910	-	-	-	-	2,475,910
Economic and physical development	873,040	1,557,984	317,250	-	717,166	3,465,440
Cultural and recreation	2,473,034	-	-	538,332	265,639	3,277,005
Debt service:						
Principal	1,766,083	-	-	-	-	1,766,083
Interest	827,565	-	-	-	-	827,565
Total expenditures	20,705,992	1,557,984	317,250	538,332	1,076,094	24,195,652
Excess (deficiency) of revenues over expenditures	2,113,410	(987,815)	(131,290)	-	(914,014)	80,291
OTHER FINANCING SOURCES (USES)						
Transfers from other funds	-	467,914	-	-	167,500	635,414
Transfers to other funds	(635,414)	-	-	-	-	(635,414)
Sale of fixed assets	20,046	593,859	-	-	-	613,905
IT subscription agreement	374,878	-	-	-	-	374,878
Total other financing sources (uses)	(240,490)	1,061,773	-	-	167,500	988,783
Net change in fund balance	1,872,920	73,958	(131,290)	-	(746,514)	1,069,074
Fund balances, beginning	17,448,621	1,496,352	4,252,788	-	4,866,810	28,064,571
Fund balances, ending	\$ 19,321,541	\$ 1,570,310	\$ 4,121,498	\$ -	\$ 4,120,296	\$ 29,133,645

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

TOWN OF DAVIDSON, NORTH CAROLINA
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, 2025

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

Net changes in fund balances- total governmental funds	\$ 1,069,074
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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	4,120,301	
Depreciation expense for governmental assets	(2,215,818)	
Proceeds from sale of capital assets	(593,859)	
Loss on sale of capital assets	<u>(165,436)</u>	1,145,188

Right of use subscription asset capital outlay expenditures which were capitalized	374,878	
Amortization expense for intangible assets	<u>(74,976)</u>	299,902

Contribution to the pension plan in the current fiscal year are not included on the statement of Activities	975,457
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Revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Changes in unavailable revenue for tax revenues	10,425
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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.

Amortization on GO bond premium	133,912	
New long-term debt issued	(374,878)	
Principal payments on long-term debt	<u>1,766,083</u>	1,525,117

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	(73,986)	
Pension Expense	(1,492,116)	
Separation allowance	<u>(109,656)</u>	<u>(1,675,758)</u>
Total changes in net position of governmental activities		<u>\$ 3,349,405</u>

TOWN OF DAVIDSON, NORTH CAROLINA
General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

	General Fund			Variance with Final Budget - Over (Under)
	Budget		Actual Amounts	
	Original	Final		
Revenues:				
Ad valorem taxes	\$ 12,187,976	\$ 12,187,976	\$ 12,249,210	\$ 61,234
Other taxes	241,000	241,000	236,082	(4,918)
Unrestricted intergovernmental	5,633,229	6,663,854	7,411,347	747,493
Restricted intergovernmental	823,771	1,040,353	1,201,540	161,187
Permits and fees	80,800	80,800	83,518	2,718
Sales and services	247,300	247,300	274,740	27,440
Investment earnings	600,000	600,000	1,095,199	495,199
Miscellaneous	182,295	198,795	267,766	68,971
Total revenues	19,996,371	21,260,078	22,819,402	1,559,324
Expenditures:				
Current:				
General government	4,680,394	4,987,810	4,789,169	(198,641)
Public safety	7,270,046	7,645,112	7,501,191	(143,921)
Transportation	2,115,336	5,384,451	2,475,910	(2,908,541)
Economic and physical development	878,746	1,433,601	873,040	(560,561)
Cultural and recreation	2,396,791	2,624,271	2,473,034	(151,237)
Debt service:				-
Principal	1,682,452	1,682,452	1,766,083	83,631
Interest	828,568	828,568	827,565	(1,003)
Contingency	465,744	375,744	-	(375,744)
Total expenditures	20,318,077	24,962,009	20,705,992	(4,256,017)
				-
Revenues over (under) expenditures	(321,706)	(3,701,931)	2,113,410	5,815,341
Other financing sources (uses):				
Appropriated fund balance	799,620	4,327,345	-	(4,327,345)
Transfers from other funds	-	600,000	-	(600,000)
Transfers to other funds	(487,914)	(1,235,414)	(635,414)	600,000
Sale of fixed assets	10,000	10,000	20,046	10,046
IT subscription agreement	-	-	374,878	374,878
Total other financing sources (uses)	321,706	3,701,931	(240,490)	(3,942,421)
Net change in fund balance	\$ -	\$ -	1,872,920	\$ 1,872,920
Fund balance, beginning			17,448,621	
Fund balance, ending			\$ 19,321,541	

TOWN OF DAVIDSON, NORTH CAROLINA
Statement of Net Position of Proprietary Fund
June 30, 2025

	<u>Major Fund Stormwater</u>
ASSETS	
Current assets:	
Due from other funds	\$ 696,812
Total current assets	<u>696,812</u>
LIABILITIES	
Current liabilities:	
Accounts payable	-
Due to other funds	<u>-</u>
Total current liabilities	<u>-</u>
NET POSITION	
Unrestricted	696,812
Total net position	<u>\$ 696,812</u>

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

TOWN OF DAVIDSON, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Net Position of Proprietary Fund
For the Year Ended June 30, 2025

	<u>Major Fund</u> <u>Stormwater</u>
OPERATING REVENUES	
Stormwater management fee	\$ 300,463
Total operating revenues	<u>300,463</u>
OPERATING EXPENSES	
Contracted services	<u>110,185</u>
Total operating expenses	<u>110,185</u>
Income (loss) before contributions and transfers	190,278
Change in net position	190,278
Beginning net position	<u>506,534</u>
Total net position, ending	<u>\$ 696,812</u>

TOWN OF DAVIDSON, NORTH CAROLINA
Statement of Cash Flows of Proprietary Fund
For the Year Ended June 30, 2025

Major Fund
Stormwater

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 300,463
Cash paid for goods and services	<u>(110,185)</u>
Net cash provided by operating activities	<u>190,278</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Net due to (from) General Fund	<u>(190,278)</u>
Net increase (decrease) in cash and cash equivalents	<u>-</u>
Balances, beginning	<u>-</u>
Balances, ending	<u>\$ -</u>

**RECONCILIATION OF OPERATING INCOME TO NET
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating income (loss)	<u>\$ 190,278</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities	
Changes in assets and liabilities	
Decrease (increase) in accounts receivable	-
Increase (decrease) in accounts payable	<u>-</u>
Total adjustments	<u>-</u>

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

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

1. 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. 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 nonexchange 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 nonexchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (continued)

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.

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 passthrough funds from Mecklenburg County American Rescue Plan Act funds (ARPA).

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 two Special Revenue Funds: Public Art Project and the NC Directed Grant Fund.

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

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (continued)

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

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the 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 fund 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, including lease and information technology subscription (SBITA) liabilities, 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. Issuance of general long-term debt and acquisitions under leases and subscription-based information technology arrangements (SBITAs) are reported as other financing sources.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

C. Measurement Focus and Basis of Accounting (continued)

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 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.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

1. Deposits and Investments

All deposits of the Town are 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.

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, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

3. Restricted Assets (continued)

Town of Davidson Restricted Cash

Governmental activities

General Fund

	Streets	\$ 304,068
Mecklenburg ARPA Fund	Unexpended ARPA	
	Pass-through funds	1,673,980
GO Bond Fund	Unexpended bond proceeds	4,716,117
NC Directed Grand Fund	Unexpended grant funds	
	from OSBM grant	<u>262,731</u>
		<u>\$ 6,956,896</u>

4. 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, 2024.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years. No allowance for doubtful accounts was required at June 30, 2025.

6. 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.

7. 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.

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.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

7. Capital Assets (Continued)

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

The Town's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Town reports a lease (only applies when the Town is the lessee) or agreements where the Town reports a SBITA in accordance with the requirement of GASB Statement No. 87 and GASB Statement No. 96, respectively.

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

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

8. 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.

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 Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to employees or paid to an employee flex spending account) during or upon separation from employment. Based on the criteria above, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is recorded as *incurred* in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental fund only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits where applicable.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

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 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. In accordance with GASB Statement 101 for the Town's government-wide funds, 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 net 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:

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

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.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

11. Net Position/Fund Balances

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

Restricted for GO Bond funds – portion of fund balance that is restricted for the purpose which the GO Bonds were originally issued.

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 4 (See page 72).

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

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

11. Net Position/Fund Balances

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

Assigned for the Community investment fund – portion of fund balance that has been assigned for construction on community projects.

Assigned for General Obligation Bond Debt Service – portion of fund balance that has been assigned to cover principal and interest on debt service payments.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds and that has not been reported as non-spendable fund balance.

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.

12. Pensions

For purposes of measuring the total pension liability, 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 affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

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.

2. Stewardship, Compliance, and Accountability

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

1. 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

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town 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 agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the Town's 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. 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, 2025, the Town's deposits had a carrying amount of \$188,864 and a bank balance of \$278,150. Of the bank balance, all of it was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2025, the Town's petty cash fund totaled \$1,000.

2. Investments

As of June 30, 2025, the Town had \$30,788,332 in investments invested with the North Carolina Capital Management Trust's Governmental Portfolio, which carried a credit rating of AAAm by Standard and Poor's. The Town had no policy regarding credit risk.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

A. Assets (continued)

3. Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Increases	Decreases	Transfers	Balance June 30, 2025
Governmental Activities:					
Capital assets not being depreciated					
Land	\$ 8,017,762	\$ -	\$ -	\$ -	\$ 8,017,762
Construction in Progress	3,495,143	1,348,456	-	(1,184,742)	3,658,857
Total capital assets not being depreciated	<u>11,512,905</u>	<u>1,348,456</u>	<u>-</u>	<u>(1,184,742)</u>	<u>11,676,619</u>
Capital assets being depreciated					
Buildings	8,641,088	1,014,024	(759,295)	-	8,895,817
Other improvements	31,760,091	2,255,812	(6,852)	-	34,009,051
Equipment	2,948,608	249,720	(235,259)	-	2,963,069
Computers and software	99,008	-	(41,336)	-	57,672
Vehicles and motorized equipment	6,749,354	437,030	(1,102,661)	-	6,083,723
Total capital assets being depreciated	<u>50,198,149</u>	<u>3,956,586</u>	<u>(2,145,403)</u>	<u>-</u>	<u>52,009,332</u>
Less accumulated depreciation for:					
Buildings	2,626,759	201,917	-	-	2,828,676
Other improvements	5,048,818	1,209,219	(6,852)	-	6,251,185
Equipment	1,611,006	220,151	(235,259)	-	1,595,898
Computers and software	99,008	-	(41,336)	-	57,672
Vehicles and motorized equipment	3,915,232	584,531	(1,102,661)	-	3,397,102
Total accumulated depreciation	<u>13,300,823</u>	<u>2,215,818</u>	<u>(1,386,108)</u>	<u>-</u>	<u>14,130,533</u>
Total capital assets being depreciated, net	<u>36,897,326</u>				<u>37,878,798</u>
Capital assets being amortized:					
Right to use assets:					
Subscription asset- Police Equipment and Data Storage	-	374,878	-	-	374,878
Total capital assets being amortized	<u>-</u>	<u>374,878</u>	<u>-</u>	<u>-</u>	<u>374,878</u>
Less accumulated amortization for:					
Subscription asset- Police Equipment and Data Storage	-	74,976	-	-	74,976
Total accumulated amortization	<u>-</u>	<u>74,976</u>	<u>-</u>	<u>-</u>	<u>74,976</u>
Total capital assets being amortized, net	<u>-</u>	<u>299,902</u>	<u>-</u>	<u>-</u>	<u>299,902</u>
Governmental activity capital assets, net	<u>\$ 48,410,231</u>				<u>\$ 49,855,320</u>

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

A. Assets (continued)

3. Capital Assets (continued)

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

General Government	\$ 351,613
Public Safety	682,677
Transportation	870,615
Economic and physical development	11,384
Cultural and recreation	374,505
Total depreciation and amortization expense	<u>\$ 2,290,794</u>

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

B. Liabilities (continued)

2. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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

Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Davidson employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Davidson's contractually required contribution rate for the year ended June 30, 2025, was 15.04% of compensation for law enforcement officers and 13.68% for general employees and firefighters, 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 \$975,457 for the year ended June 30, 2025.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

B. Liabilities (continued)

2. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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, 2025, the Town reported a liability of \$4,764,602 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023

The total pension liability used to calculate the total pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024, 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, 2024, the Town's proportion was .07068%, which was an increase of 0.00341% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of \$1,492,117. At June 30, 2025, 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	\$ 834,939	\$ 5,614
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	647,745	-
Changes in proportion and differences between Town of Davidson contributions and proportionate share of contributions	112,713	25,910
Town of Davidson's contributions subsequent to the measurement date	975,457	-
Total	<u>\$ 2,570,854</u>	<u>\$ 31,524</u>

\$975,457 was reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2026.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

B. Liabilities (continued)

2. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2026	\$ 492,052
2027	967,204
2028	177,859
2029	(73,242)
2030	-
Thereafter	-
Total	<u><u>\$ 1,563,873</u></u>

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

Inflation	3.00 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of 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.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

B. Liabilities (continued)

2. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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, 2025 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected 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 2025 long-term capital market assumptions. The long-term nominal rates of return underlying the real rates of return are calculated from nominal rates by multiplying of 2.38%. All rates of return and inflation are annualized figures. Source data is provided in the 2024 annual Comprehensive Financial Report (ACFR) published on the website of the Office of the State Controller.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

B. Liabilities (continued)

2. Pension Plan and Postemployment Obligations (Continued)

a. Local Governmental Employees' Retirement System (Continued)

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's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.5 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.5 percent) or one percentage point higher (7.5 percent) than the current rate:

	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Town's proportionate share of the net pension liability (asset)	\$ 8,443,014	\$ 4,764,602	\$ 1,738,602

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.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

B. Liabilities (continued)

2. Pension Plan and Postemployment Obligations

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

Plan Description. The Town administers a public employees' 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 0.85% of the annual equivalent of the based 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 allowance that may be authorized by the General Assembly. Article 12D of G.S Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the Plan.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2023, the valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Terminated plan members entitled to, but not yet receiving benefits	-
Active plan members	<u>28</u>
Total	<u><u>29</u></u>

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 73.

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

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.28 percent

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

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

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

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operation budget. There were no contributions made by the 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 earnings. The Town paid \$17,291 as benefits came due for the reporting period.

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

At June 30, 2025, the Town reported a liability of \$907,767. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was rolled forward to December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of \$124,040.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 189,520	\$ 372
Changes of assumptions and other inputs	45,870	94,592
Benefit payments and administrative expenses subsequent to the measurement date	-	-
Total	\$ 235,390	\$ 94,964

Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	
2026	\$ 48,699
2027	29,931
2028	14,027
2029	15,612
2030	20,929
Thereafter	11,228
Total	\$ 140,426

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

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

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 4.28%, 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 (3.28%) or 1-percentage-point higher (5.28%) than the current rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total Pension Liability	\$ 986,334	\$ 907,767	\$ 836,418

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

	2025
Beginning balance	\$ 727,507
Service cost	55,479
Interest	28,754
Change in benefit terms	-
Difference between expected and actual experience	134,565
Changes of assumptions and other inputs	(21,247)
Benefit payments	(17,291)
Other	-
Ending balance of the total pension liability	<u>\$ 907,767</u>

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

The actuarial assumptions used in the December 31, 2023 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

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

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

The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contribution of all participating entities. The following is information related to the proportionate share and pension expense:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Proportionate share of net pension liability (asset)	4,764,602	n/a	4,764,602
Proportion of the net pension liability (asset)	0.07068%	n/a	0.07068%
Pension liability (asset)	n/a	907,767	907,767
Pension expense	1,492,117	124,040	1,616,157

At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$ 834,939	\$ 189,520	\$ 1,024,459
Changes of assumptions	-	45,870	45,870
Net difference between projected and actual earnings on pension plan investments	647,745	-	647,745
Changes in proportion and differences between Town contributions and proportionate share of contributions	112,713	-	112,713
Employer's contributions subsequent to the measurement date	975,457	-	975,457
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	5,614	372	5,986
Changes of assumptions	-	94,592	94,592
Changes in proportion and differences between Town contributions and proportionate share of contributions	25,910	-	25,910

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

2. Pension Plan and Postemployment Obligations (Continued)

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.

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 \$127,397 for the year ended June 30, 2025.

e. 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, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end are comprised of the following:

Contributions to pension plan in current fiscal year	\$ 975,457
Differences between expected and actual experience	1,024,459
Changes of assumptions	45,870
Net difference between projected and actual earnings on plan	647,745
Changes in proportion and differences between employer contributions and proportionate share of contributions	112,713
Total	<u>\$ 2,806,244</u>

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

	<u>General Fund Balance Sheet</u>	<u>Statement of Net Position</u>
Taxes receivable	94,260	-
Changes in assumption	-	94,592
Differences between expected and actual experience	-	5,986
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	25,910
Total	<u>\$ 94,260</u>	<u>\$ 126,488</u>

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 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.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

4. Risk Management (Continued)

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 who have access to \$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. The remaining employees that have access to funds are bonded under a blanket bond for \$15,000.

Claims, Judgements, and Contingent Liabilities

At June 30, 2025, 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 effect on the Town's financial position.

5. 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.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

5. Long-Term Obligations (Continued)

b. Installment Contracts

	<u>Governmental Activities</u>
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%.	\$ 93,750
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 2.29%.	924,000
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%.	93,243
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%.	28,677
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%.	1,876,000
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%.	189,270
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%.	1,087,000
Total governmental activities installment contracts	<u>\$ 4,291,940</u>

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

5. Long-Term Obligations (Continued)

b. Installment Contracts (Continued)

The future minimum payments of the installment contracts as of June 30, 2025, including \$579,400 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 548,768	\$ 100,998	\$ 649,766
2027	553,870	87,278	641,148
2028	445,302	73,430	518,732
2029	384,000	63,022	447,022
2030	385,000	54,357	439,357
2031-2035	1,333,000	162,138	1,495,138
2036-2040	642,000	38,177	680,177
Total	<u>\$ 4,291,940</u>	<u>\$ 579,400</u>	<u>\$ 4,871,340</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. 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.

On June 29, 2021, \$16,925,000 General Obligation Public Improvement Bonds, Series 2021 to be serviced by the governmental funds were issued.

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 845,000	\$ 448,400	\$ 1,293,400
2027	845,000	406,150	1,251,150
2028	850,000	363,900	1,213,900
2029	845,000	321,400	1,166,400
2030	845,000	279,150	1,124,150
2031-2035	4,235,000	846,400	5,081,400
2036-2040	4,230,000	338,100	4,568,100
2041-2043	845,000	16,900	861,900
Total	<u>\$ 13,540,000</u>	<u>\$ 3,020,400</u>	<u>\$ 16,560,400</u>

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

5. Long-Term Obligations (Continued)

c. General Obligation Bonds (continued)

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:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 260,000	\$ 208,438	\$ 468,438
2027	260,000	195,438	455,438
2028	260,000	182,438	442,438
2029	260,000	169,438	429,438
2030	260,000	156,438	416,438
2031-2035	1,275,000	592,238	1,867,238
2036-2040	1,275,000	321,619	1,596,619
2041-2043	765,000	65,981	830,981
Total	<u>\$ 4,615,000</u>	<u>\$ 1,892,028</u>	<u>\$ 6,507,028</u>

d. Subscriptions

On August 27, 2024, the Town entered into a 62-month subscription for the use of police equipment and data storage. The Town is required to make annual payments ranging from \$79,386 to \$83,631. The subscription does not have a stated interest rate. Accordingly, the Town's estimated incremental borrowing rate of 3.55% was used to discount the subscription payments. An initial subscription liability was recorded in the amount of \$374,878. As of June 30, 2025, the value of the subscription liability was \$291,247.

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2025, were as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 69,047	\$ 10,339	\$ 79,386
2027	71,498	7,888	79,386
2028	74,037	5,350	79,387
2029	76,665	2,722	79,387
Total	<u>\$ 291,247</u>	<u>\$ 26,299</u>	<u>\$ 317,546</u>

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

B. Liabilities (Continued)

5. Long-Term Obligations (Continued)

e. Changes in Long-Term Liabilities

	Balances July 1, 2024	Increases	Decreases	Balances June 30, 2025	Current Portion
Governmental Activities:					
General Obligation Bonds	\$ 19,265,000	\$ -	\$ (1,110,000)	\$ 18,155,000	\$ 1,105,000
Installment notes	4,864,392	-	(572,452)	4,291,940	548,768
Compensated absences	664,983	73,986	-	738,969	368,624
Net pension liability (LGERS)	4,455,352	309,250	-	4,764,602	-
Total pension liability (LEOSSA)	727,507	180,260	-	907,767	-
GO bond premium	2,121,603	-	(124,800)	1,996,803	124,800
GO bond premium	168,039	-	(9,112)	158,927	9,112
Axon subscription	-	374,878	(83,631)	291,247	69,047
Total governmental activities	\$ 32,266,876	\$938,374	\$ (1,899,995)	\$ 31,305,255	\$ 2,225,351

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

C. Interfund Balances and Activity

1. Balances from the General Fund for its activity allocation to:

	Receivable	Payable
Stormwater Fund	\$ -	\$ 696,812
Total	\$ -	\$ 696,812

The inter-fund balance 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. Transfers to/from other funds at June 30, 2025, consist of the following:

From the General Fund to the Fire Station Fund	740,000
From the General Fund to Public Art Fund	27,500
From the General Fund to the Affordable Housing Special Revenue Fund	467,914
	<u>1,235,414</u>

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

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

3. Detail Notes on All Funds (Continued)

D. Net Investment in Capital Assets

Net investment in capital assets at June 30, 2025 is computed as follows:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 49,855,320	\$ -
Installment notes	(4,291,940)	-
Limited obligation bonds	(18,155,000)	-
Subscription liability	(291,247)	-
Net investment in capital assets	<u>\$ 27,117,133</u>	<u>\$ -</u>

E. Fund Balance

Total fund balance - General Fund	\$19,321,541
Less:	
<i>Restricted:</i>	
Stabilization by state statute	1,677,897
Streets - Power Bill	304,068
<i>Nonspendable:</i>	
Prepaid items	78,420
<i>Assigned:</i>	
Community Investment Fund	3,406,499
General Obligation Bond Debt Service	2,059,965
<i>Committed:</i>	
Committed for Specified purposes	1,055,617
Unassigned	\$ 10,739,075

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

Outstanding encumbrances as June 30, 2025, were as follows:

<u>Encumbrances</u>	<u>General fund</u>	<u>Proprietary Fund</u>	<u>Special Revenue Fund</u>
	\$ 871,011	\$ 22,206	\$ 26,913

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

4. Commitments

For the fiscal year ended June 30, 2025, 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 purpose and amounts are as follows:

Purpose	Total Committed 6/30/2025
Tree Fund	\$ 266,185
Payment-in-Lieu - Traffic Calming	40,123
Payment-in-Lieu - Mobility	102,500
Payment-in-Lieu - Multi-use Path	153,495
Payment-in-Lieu - Sidewalk	3,750
Payment-in-Lieu - RPA Open Space	73,876
Parham Park From Developer	7,500
Stormwater Mitigation Fees	30,162
Nature Preserve Grant	132,600
Duke Energy - Parham Park Kayak Launch	200,000
Substance Abuse Tax	18,402
Cemetery Care	20,635
Parks and Recreation - Scholarships	6,389
	<u>\$ 1,055,617</u>

5. 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, 2025, 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, 2025, the Town paid \$137,693 with respect to this agreement.

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Financial Statements
For the Year Ended June 30, 2025

5. Inter-local Agreements (Continued)

- 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 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, 2025, the Town paid \$4,331 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, 2025, the Town paid \$35,139 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, 2025, the Town paid \$3,528 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, 2025, Mecklenburg County paid the Town \$337,348 with respect to this agreement.

6. 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.

7. Change in Accounting Principle

The Town implemented GASB No. 101, Compensated Absences, in the prior fiscal year. See note 1, *significant accounting policies relating to compensated absences*

8. Date of Management's Review

The Town of Davidson has evaluated all subsequent events through December 23, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

TOWN OF DAVIDSON, NORTH CAROLINA
Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years*
Local Government Employees' Retirement System

	<u>2025</u>	<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>
Town of Davidson's proportion of the net pension liability (asset) (%)	0.07068%	0.06727%	0.06580%	0.06256%	0.05596%	0.05419%	0.05492%	0.05090%	0.04782%	0.04382%
Town of Davidson's proportion of the net pension liability (asset) (\$)	\$ 4,764,602	\$ 4,455,352	\$ 3,712,061	\$ 959,418	\$ 1,999,690	\$ 1,479,888	\$ 1,302,891	\$ 777,612	\$ 1,014,902	\$ 196,662
Town of Davidson's covered-employee payroll	\$ 6,911,084	\$ 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
Town of Davidson's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	68.94%	71.22%	82.31%	23.78%	54.54%	43.57%	41.59%	29.72%	39.95%	8.50%
Plan fiduciary net position as a percentage of the total pension liability **	83.30%	82.49%	84.14%	95.51%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%

* 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.

TOWN OF DAVIDSON, NORTH CAROLINA

Town of Davidson's Contributions

**Required Supplementary
Information Last Ten Fiscal Years**

Local Government Employees' Retirement System

	<u>2025</u>	<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>
Contractually required contribution	\$ 975,457	\$ 828,324	\$ 663,546	\$ 525,299	\$ 421,440	\$ 339,895	\$ 274,001	\$ 244,850	\$ 215,592	\$ 176,144
Contributions in relation to the contractually required contribution	<u>975,457</u>	<u>828,324</u>	<u>663,546</u>	<u>525,299</u>	<u>421,440</u>	<u>339,895</u>	<u>274,001</u>	<u>244,850</u>	<u>215,592</u>	<u>176,144</u>
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-employee payroll	\$ 6,911,084	\$ 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
Contribution as a percentage of covered-employee payroll	14.11%	13.24%	12.44%	11.65%	10.45%	9.27%	8.07%	7.82%	8.24%	6.93%

TOWN OF DAVIDSON, NORTH CAROLINA
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Six Fiscal Years

Law Enforcement Officers' Special Separation Allowance						
	2025	2024	2023	2022	2021	2020
Beginning balance	\$ 727,507	\$ 621,732	\$ 652,962	\$ 529,063	\$ 347,774	\$ 388,342
Service cost	55,479	41,741	55,443	50,747	29,979	23,934
Interest on the total pension liability	28,754	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	134,565	30,975	25,941	97,605	14,311	(56,118)
Changes of assumptions or other inputs	(21,247)	18,131	(127,306)	(19,382)	160,071	10,678
Benefit payments	(17,291)	(11,618)	-	(15,136)	(33,858)	(32,604)
Other changes	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 907,767</u>	<u>\$ 727,507</u>	<u>\$ 621,732</u>	<u>\$ 529,063</u>	<u>\$ 347,774</u>	<u>\$ 388,342</u>

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

This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

TOWN OF DAVIDSON, NORTH CAROLINA
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Six Fiscal Years

Law Enforcement Officers' Special Separation Allowance						
	2025	2024	2023	2022	2021	2020
Total pension liability	\$ 907,767	\$ 727,507	\$ 621,732	\$ 652,962	\$ 529,063	\$ 347,774
Covered employee payroll	2,061,002	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	44.04%	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.

This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

SUPPLEMENTAL STATEMENTS

TOWN OF DAVIDSON, NORTH CAROLINA
General Fund

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025, With Comparative Totals for the Year Ended June 30, 2024

	2025			2024
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Ad valorem taxes:				
Ad valorem taxes	\$ 11,294,989	\$ 11,224,045	\$ (70,944)	\$ 11,046,698
Ad valorem taxes - Motor vehicles	872,987	999,614	126,627	964,596
Interest and penalties	20,000	25,551	5,551	25,036
Total	12,187,976	12,249,210	61,234	12,036,330
Other taxes and licenses:				
Occupancy taxes	240,000	235,118	(4,882)	185,351
Vehicle rental tax	-	443	443	509
Unauthorized substance abuse tax	-	36	36	32
Animal tags	1,000	485	(515)	490
Total	241,000	236,082	(4,918)	186,382
Unrestricted intergovernmental:				
Local option sales taxes	3,739,229	4,166,951	427,722	3,665,108
Payments in lieu of taxes	274,000	362,500	88,500	265,285
Telecommunications sales taxes	50,000	45,105	(4,895)	47,171
Utility and cable TV franchise taxes	920,000	1,163,466	243,466	1,009,217
Food and beverage tax	380,000	392,274	12,274	379,733
Beer and wine tax	70,000	63,119	(6,881)	75,231
ABC profit distribution	200,000	176,868	(23,132)	209,716
Capital grants	1,030,625	1,041,064	10,439	-
Total	6,663,854	7,411,347	747,493	5,651,461
Restricted intergovernmental:				
Solid waste disposal tax	12,000	12,183	183	12,049
Powell Bill allocation	425,000	526,944	101,944	475,159
Contributions from Mecklenburg County Fire	333,000	337,348	4,348	324,972
Other grants	270,353	325,065	54,712	109,694
Total	1,040,353	1,201,540	161,187	921,874
Permits and fees:				
Zoning fees	50,000	53,415	3,415	66,422
Business registration fee	800	1,200	400	560
Micromobility permit fee	-	-	-	1,000
First responder income	30,000	28,903	(1,097)	28,060
Total	80,800	83,518	2,718	96,042
Sales and services:				
Rental income	7,200	7,200	-	7,200
Tree ordinance and parking violations	7,500	17,669	10,169	12,142
Other facility revenue	50,000	65,268	15,268	67,657
Recreation program revenue	181,600	181,354	(246)	121,380
Recreation facility revenue	1,000	3,249	2,249	2,720
Total	247,300	274,740	27,440	211,099
Other revenue:				
Investment earnings	600,000	1,095,199	495,199	1,241,369
Miscellaneous	198,795	267,766	68,971	442,653
Total	798,795	1,362,965	564,170	1,684,022
Total revenues	\$ 21,260,078	\$ 22,819,402	\$ 1,559,324	\$ 20,787,210

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For
the Year Ended June 30, 2025, With Comparative Totals for the Year Ended June 30, 2024

	2025			2024
	Budget	Actual	Variance Positive (Negative)	Actual
Expenditures:				
General government:				
<i>Governing body:</i>				
Salaries and employee benefits	\$ 37,761	\$ 37,810	\$ 49	\$ 36,566
Contracted services	40,474	19,430	(21,044)	43,876
Other operating expenditures	74,086	44,562	(29,524)	67,780
Total	152,321	101,802	(50,519)	148,222
<i>Administration:</i>				
Salaries and employee benefits	1,602,644	1,586,155	(16,489)	1,383,602
Contracted services	181,085	169,228	(11,857)	130,575
Other operating expenditures	113,102	96,450	(16,652)	82,246
Total	1,896,831	1,851,833	(44,998)	1,596,423
<i>Legal:</i>				
Salaries and employee benefits	-	-	-	107
Contracted services	162,666	144,894	(17,772)	143,299
Total	162,666	144,894	(17,772)	143,406
<i>Equity and Inclusion:</i>				
Salaries and employee benefits	-	-	-	22,233
Contracted services	-	-	-	8,925
Other operating expenditures	53,106	42,359	(10,747)	2,272
Total	53,106	42,359	(10,747)	33,430
<i>Public buildings:</i>				
Contracted services	163,402	126,879	(36,523)	104,960
Capital Outlay	27,500	27,500	-	2,161,615
Other operating expenditures	507,967	402,949	(105,018)	347,121
Debt service	190,476	189,476	(1,000)	194,202
Total	889,345	746,804	(142,541)	2,807,898
<i>Non-departmental:</i>				
Contracted services	1,793,341	1,903,467	110,126	1,634,956
Other operating expenditures	163,476	122,136	(41,340)	125,548
Contributions to other service agencies	67,200	65,350	(1,850)	54,801
Debt service	1,822,338	1,822,338	-	1,770,998
Total	3,846,355	3,913,291	66,936	3,586,303
Total general government	7,000,624	6,800,983	(199,641)	8,315,682
Public safety:				
<i>Police:</i>				
Salaries and benefits	3,707,740	3,533,536	(174,204)	3,246,408
Contracted services	353,625	263,666	(89,959)	183,900
Other operating expenditures	491,003	361,763	(129,240)	458,842
Capital outlay*	326,889	708,510	381,621	519,571
Repair and maintenance	36,960	30,599	(6,361)	34,123
Debt service*	13,949	97,580	83,631	13,949
Total	4,930,166	4,995,654	65,488	4,456,793
<i>Fire:</i>				
Salaries and benefits	2,391,815	2,311,959	(79,856)	2,126,261
Contracted services	40,380	45,134	4,754	60,978
Other operating expenditures	252,310	190,867	(61,443)	199,279
Repair and maintenance	44,390	55,157	10,767	40,602
Debt service	434,167	434,164	(3)	435,490
Total	3,163,062	3,037,281	(125,781)	2,862,610
Total public safety	\$ 8,093,228	\$ 8,032,935	\$ (60,293)	\$ 7,319,403

TOWN OF DAVIDSON, NORTH CAROLINA
General Fund

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025, With Comparative Totals for the Year Ended June 30, 2024

(Continued)

	2025			2024
	Budget	Actual	Variance Positive (Negative)	Actual
Transportation:				
<i>Streets and highways:</i>				
Salaries and benefits	\$ 493,336	\$ 511,594	\$ 18,258	\$ 457,768
Contracted services	494,806	247,205	(247,601)	194,846
Other operating expenditures	1,147,375	408,161	(739,214)	486,240
Capital Outlay	2,315,934	437,813	(1,878,121)	415,209
Repair and maintenance	25,000	25,936	936	13,721
Debt service	15,078	15,078	-	15,078
Street lights	198,000	234,365	36,365	217,277
Total	4,689,529	1,880,152	(2,809,377)	1,800,139
<i>Powell Bill - streets:</i>				
Repair and maintenance	99,618	25,454	(74,164)	400,000
Capital outlay	610,382	585,382	(25,000)	25,000
Total	710,000	610,836	(99,164)	425,000
Total transportation	5,399,529	2,490,988	(2,908,541)	2,225,139
Economic and physical development:				
<i>Planning:</i>				
Salaries and benefits	582,110	607,722	25,612	559,559
Contracted services	123,476	72,306	(51,170)	85,507
Other operating expenditures	42,965	22,312	(20,653)	15,346
Capital outlay	500,000	-	(500,000)	14,610
Total	1,248,551	702,340	(546,211)	675,022
<i>Economic and community development:</i>				
Salaries and benefits	102,260	91,633	(10,627)	77,771
Contracted services	5,290	5,290	-	5,038
Other operating expenditures	77,500	73,777	(3,723)	65,788
Total	185,050	170,700	(14,350)	148,597
Total economic and physical development	1,433,601	873,040	(560,561)	823,619
Cultural and recreation				
<i>Travel and tourism:</i>				
Salaries and benefits	146,100	144,954	(1,146)	111,146
Contracted services	181,576	175,971	(5,605)	154,469
Other operating expenditures	394,125	383,832	(10,293)	380,503
Total	721,801	704,757	(17,044)	646,118
<i>Recreation:</i>				
Salaries and benefits	563,512	580,542	17,030	492,127
Contracted services	84,301	48,972	(35,329)	67,649
Other operating expenditures	79,775	46,088	(33,687)	81,560
Total	727,588	675,602	(51,986)	641,336
Parks:				
Salaries and benefits	653,028	631,810	(21,218)	554,108
Contracted services	93,800	67,068	(26,732)	78,601
Other operating expenditures	218,249	183,542	(34,707)	175,354
Capital Outlay	209,805	210,255	450	84,153
Debt service	35,012	35,012	-	36,015
Total	1,209,894	1,127,687	(82,207)	928,231
Total cultural and recreation	\$ 2,659,283	\$ 2,508,046	\$ (151,237)	\$ 2,215,685

General Fund

**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual For
the Year Ended June 30, 2025, With Comparative Totals for the Year Ended June 30, 2024**

	<u>2025</u>			<u>2024</u>
	Budget	Actual	Variance Positive (Negative)	
Contingency	\$ 375,744	\$ -	\$ (375,744)	
Total expenditures	<u>24,962,009</u>	<u>20,705,992</u>	<u>(3,880,273)</u>	
Revenues over (under) expenditures	(3,701,931)	2,113,410	5,439,597	
Other financing sources (uses):				
Appropriated fund balance	4,327,345	-	(4,327,345)	
Transfers from other funds	600,000	-	(600,000)	
Transfers to other funds	(1,235,414)	(635,414)	600,000	
Proceeds from insurance claims	-	-	-	
Sale of capital assets	10,000	20,046	10,046	
IT subscription agreement*	<u>-</u>	<u>374,878</u>	<u>374,878</u>	
Total other financing sources (uses):	<u>3,701,931</u>	<u>(240,490)</u>	<u>(3,942,421)</u>	
Net change in fund balance	<u>\$ -</u>	1,872,920	<u>\$ (3,956,771)</u>	
Fund balance, beginning		<u>17,448,621</u>		
Fund balance, ending		<u>\$ 19,321,541</u>		

*During the fiscal year ended June 30, 2025, the Town capitalized an SBITA asset and recorded a subscription liability under GASB 96 (see note 3B5). The Town had budgeted this expenditure as a contracted service before the SBITA was capitalized. This expenditure was reclassified as debt service pertaining to the SBITA liability. The capitalization and issuance of the SBITA resulted in offsetting expenditures and other financing sources of \$374,878 respectively.

TOWN OF DAVIDSON, NORTH CAROLINA
Special Revenue Fund - Affordable Housing Program
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2025 (Schedule 2)

	Project		Actual		Variance
	Authorization	Prior	Current	Total to	Positive
		Years	Year	Date	(Negative)
Revenues:					
Grants and contributions	\$ 415,000	\$ -	\$ 420,000	\$ 420,000	\$ 5,000
Investment earnings	-	132,767	68,474	201,241	201,241
Payments in lieu	-	344,500	73,295	417,795	417,795
Rent revenue	-	-	8,400	-	-
Total revenues	<u>415,000</u>	<u>477,267</u>	<u>570,169</u>	<u>619,036</u>	<u>619,036</u>
Expenditures:					
Economic and physical development	<u>1,539,334</u>	<u>295,573</u>	<u>1,557,984</u>	<u>1,853,557</u>	<u>(314,223)</u>
Total expenditures	<u>1,539,334</u>	<u>295,573</u>	<u>1,557,984</u>	<u>1,853,557</u>	<u>(314,223)</u>
Revenues over (under) expenditures	<u>(1,124,334)</u>	<u>181,694</u>	<u>(987,815)</u>	<u>(1,234,521)</u>	<u>933,259</u>
Other Financing Sources (Uses)					
Proceeds from sale of asset	420,000	221,733	593,859	815,592	395,592
Transfers from (to) General Fund	<u>467,914</u>	<u>497,250</u>	<u>467,914</u>	<u>965,164</u>	<u>497,250</u>
Total other financing sources (uses)	<u>887,914</u>	<u>718,983</u>	<u>1,061,773</u>	<u>1,780,756</u>	<u>892,842</u>
Appropriated fund balance	<u>236,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(236,420)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 900,677</u>	<u>73,958</u>	<u>\$ 546,235</u>	<u>\$ 1,197,655</u>
Fund balance, beginning			<u>1,496,352</u>		
Fund balance, ending			<u>\$ 1,570,310</u>		

TOWN OF DAVIDSON, NORTH CAROLINA
2023 GO Bond Issuance Fund - Capital Project
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2025 (Schedule 3)

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ -	\$ 144,839	\$ 185,960	\$ 330,799	\$ 330,799
Total revenues	-	144,839	185,960	330,799	330,799
Expenditures:					
Economic and physical development	5,101,784				
Public building - Capital outlay		125,593	-	125,593	125,593
Parks - Capital outlay		96,994	317,250	414,244	414,244
DavCon roundabout - Capital outlay	-	494,750	-	494,750	494,750
Bond issuance costs	206,353	206,353	-	206,353	-
Total expenditures	5,308,137	923,690	317,250	1,240,940	1,034,587
Revenues over (under) expenditures	(5,308,137)	(778,851)	(131,290)	(910,141)	(703,788)
Other Financing Sources (Uses)					
Bonds issued	5,135,000	5,135,000	-	5,135,000	-
Premiums on bonds issued	173,137	173,137	-	173,137	-
Transfers from (to) General Fund	-	(276,498)	-	(276,498)	(276,498)
Total other financing sources (uses)	5,308,137	5,031,639	-	5,031,639	(276,498)
Net change in fund balance	\$ -	\$ 4,252,788	(131,290)	\$ 4,121,498	\$ (980,286)
Fund balance, beginning			4,252,788		
Fund balance, ending			\$ 4,121,498		

TOWN OF DAVIDSON, NORTH CAROLINA
Mecklenburg ARPA Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
From Inception and For the Year Ended June 30, 2025 (Schedule 4)

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Grant - ARPA Funding	\$ 2,550,820	\$ 322,188	\$ 538,332	\$ 860,520	\$ (1,690,300)
Total revenues	2,550,820	322,188	538,332	860,520	(1,690,300)
Expenditures:					
Gym - Capital outlay	2,000,000	26,070	323,881	349,951	(1,650,049)
CHAP Program	550,820	296,118	214,451	510,569	(40,251)
Total expenditures	2,550,820	322,188	538,332	860,520	(1,690,300)
Revenues over (under) expenditures	-	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ (3,380,600)
Fund balance, beginning			-		
Fund balance, ending			\$ -		

TOWN OF DAVIDSON, NORTH CAROLINA
Combining Balance Sheet of Non-Major Governmental Funds
June 30, 2025 (Schedule 5)

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS			
Due from other funds	<u>\$ 407,735</u>	<u>\$ 3,712,561</u>	<u>\$ 4,120,296</u>
Total assets	<u><u>\$ 407,735</u></u>	<u><u>\$ 3,712,561</u></u>	<u><u>\$ 4,120,296</u></u>
FUND BALANCES			
Committed			
Special projects	<u>\$ 407,735</u>	<u>\$ 3,712,561</u>	<u>\$ 4,120,296</u>
Total fund balances	<u>407,735</u>	<u>3,712,561</u>	<u>4,120,296</u>
Total liabilities, deferred inflows of resources, and fund balances	<u><u>\$ 407,735</u></u>	<u><u>\$ 3,712,561</u></u>	<u><u>\$ 4,120,296</u></u>

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance of Non-Major Governmental Funds
For the Year Ended June 30, 2024 (Schedule 6)**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Restricted intergovernmental	\$ -	\$ 130,694	\$ 130,694
Investment earnings	-	31,386	31,386
Total revenues	-	162,080	162,080
EXPENDITURES			
Public safety	-	93,289	93,289
Economic and physical development	232,598	484,568	717,166
Cultural and recreational	85,515	180,124	265,639
Total expenditures	318,113	757,981	1,076,094
Excess (deficiency) of revenues over expenditures	(318,113)	(595,901)	(914,014)
OTHER FINANCING SOURCES (USES)			
Transfers in	27,500	140,000	167,500
Total other financing sources (uses)	27,500	140,000	167,500
Net changes in fund balances	(290,613)	(455,901)	(746,514)
Fund balances, beginning	698,348	4,168,462	4,866,810
Fund balances, ending	\$ 407,735	\$ 3,712,561	\$ 4,120,296

TOWN OF DAVIDSON, NORTH CAROLINA

Combining Balance Sheet of Non-major Special Revenue Funds

June 30, 2025 (Schedule 7)

	NC Directed Grant Fund	Public Art Project	Total
ASSETS			
Due from other funds	\$ 262,731	\$ 145,004	\$ 407,735
Total assets	<u>\$ 262,731</u>	<u>\$ 145,004</u>	<u>\$ 407,735</u>
FUND BALANCES			
Committed			
Special projects	262,731	145,004	407,735
Total fund balances	<u>262,731</u>	<u>145,004</u>	<u>407,735</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 262,731</u>	<u>\$ 145,004</u>	<u>\$ 407,735</u>

TOWN OF DAVIDSON, NORTH CAROLINA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances of Non-Major Special Revenue Funds
For the Year Ended June 30, 2025

	NC Directed Grant Fund	Public Art Project	Total
REVENUES			
Total revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Economic and physical development	232,598	-	232,598
Cultural and recreational	-	85,515	85,515
Total expenditures	<u>232,598</u>	<u>85,515</u>	<u>318,113</u>
Excess (deficiency) of revenues over expenditures	<u>(232,598)</u>	<u>(85,515)</u>	<u>(318,113)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from General Fund	-	27,500	27,500
Total other financing sources (uses)	<u>-</u>	<u>27,500</u>	<u>27,500</u>
Net change in fund balance	(232,598)	(58,015)	(290,613)
Fund balances, beginning	<u>495,329</u>	<u>203,019</u>	<u>698,348</u>
Fund balances, ending	<u>\$ 262,731</u>	<u>\$ 145,004</u>	<u>\$ 407,735</u>

TOWN OF DAVIDSON, NORTH CAROLINA
Non-Major Special Revenue Funds - NC Directed Grant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025, With Comparative Totals for the Year Ended June 30,
2024 (Schedule 9)

	Actual				
	Project Authorization	Prior Year	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
NC Directed Grant	\$ 1,150,000	\$ 1,150,000	\$ -	\$ (1,150,000)	
Total revenues	1,150,000	1,150,000	-	(1,150,000)	
Expenditures:					
Economic and physical development	-	-	11,186	11,186	
Public safety projects					
Public safety projects - Capital outlay	171,000	140,766	-	140,766	
Public facilities project - Capital outlay	216,000	72,216	-	72,216	
Public facilities projects	-	64,508	38,585	103,093	
Vehicles and equipment - Capital outlay	363,000	304,965	-	304,965	
Vehicles and equipment	-	1,240	43,919	45,159	
ED-Wayfinding signage	150,000	45,690	74,000	119,690	
Pedestrian safety-Griffith/Main-Capital outlay	250,000	25,287	64,908	90,195	(185,092)
Total expenditures	1,150,000	654,672	232,598	(495,328)	(917,402)
Revenues over (under) expenditures	-	495,328	(232,598)	(654,672)	(232,598)
Net change in fund balance	\$ -	\$ 495,328	(232,598)	\$ 495,328	\$ (232,598)
Fund balance, beginning			495,329		
Fund balance, ending			\$ 262,731		

TOWN OF DAVIDSON, NORTH CAROLINA
Non-Major Special Revenue Funds - Public Art Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025, With Comparative Totals for the
Year Ended June 30, 2024 (Schedule 10)

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Contributions - restricted	\$ 233,167	\$ 238,168	\$ -	\$ 238,168	\$ -
Total revenues	<u>233,167</u>	<u>238,168</u>	<u>-</u>	<u>238,168</u>	<u>-</u>
Expenditures:					
Cultural and recreational	<u>392,230</u>	<u>35,768</u>	<u>85,515</u>	<u>121,283</u>	<u>(306,715)</u>
Total expenditures	<u>392,230</u>	<u>121,283</u>	<u>85,515</u>	<u>(306,715)</u>	<u>35,768</u>
Revenues over (under) expenditures	<u>(159,063)</u>	<u>116,885</u>	<u>(85,515)</u>	<u>275,948</u>	<u>(35,768)</u>
Other Financing Sources (Uses)					
Transfers from General Fund	184,063	5,000	27,500	32,500	(156,563)
Transfers to Other Funds	(25,000)	(25,000)	-	(25,000)	25,000
Total other financing sources (uses)	<u>159,063</u>	<u>(20,000)</u>	<u>27,500</u>	<u>7,500</u>	<u>(131,563)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 96,885</u>	<u>(58,015)</u>	<u>\$ 96,885</u>	<u>\$ (167,331)</u>
Fund balance, beginning			<u>203,019</u>		
Fund balance, ending			<u>\$ 145,004</u>		

TOWN OF DAVIDSON, NORTH CAROLINA
TOWN OF DAVIDSON, NORTH CAROLINA
Combining Balance Sheet Nonmajor Capital Project Funds
June 30, 2025
(Schedule 11)

	Former ARPA Fund	Parks and Greenway Project Fund	Potts-Sloan- Beaty Corridor Project Fund	2021 GO Bond Issuance	Fire Station Project	Veteran's Monument Project Fund	Total
ASSETS							
Due from other funds	\$ 2,637,990	\$ 87,286	\$ 271,084	\$ 594,619	\$ 119,630	\$ 1,952	\$ 3,712,561
Total assets	<u>\$ 2,637,990</u>	<u>\$ 87,286</u>	<u>\$ 271,084</u>	<u>\$ 594,619</u>	<u>\$ 119,630</u>	<u>\$ 1,952</u>	<u>\$ 3,712,561</u>
FUND BALANCES							
Committed							
Special projects	2,637,990	87,286	271,084	594,619	119,630	1,952	3,712,561
Total fund balances	<u>2,637,990</u>	<u>87,286</u>	<u>271,084</u>	<u>594,619</u>	<u>119,630</u>	<u>1,952</u>	<u>3,712,561</u>
Total liabilities and fund balances	<u>\$ 2,637,990</u>	<u>\$ 87,286</u>	<u>\$ 271,084</u>	<u>\$ 594,619</u>	<u>\$ 119,630</u>	<u>\$ 1,952</u>	<u>\$ 3,712,561</u>

TOWN OF DAVIDSON, NORTH CAROLINA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2025
(Schedule 12)

	Former ARPA Fund	Parks and Greenway Project Fund	Potts-Sloan- Beaty Corridor Project Fund	2021 GO Bond Issuance	Fire Station Project	Veteran's Monument Project Fund	Total
REVENUES							
Restricted intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,694	\$ 130,694
Investment earnings	-	-	-	31,386	-	-	31,386
Total revenues	-	-	-	31,386	-	130,694	162,080
EXPENDITURES							
Public safety	72,919	-	-	-	20,370	-	93,289
Transportation	-	-	-	-	-	-	-
Economic and physical development	308,018	-	-	176,550	-	-	484,568
Cultural and recreational	-	-	-	-	-	180,124	180,124
Total expenditures	380,937	-	-	176,550	20,370	180,124	757,981
Excess (deficiency) of revenues over expenditures	(380,937)	-	-	(145,164)	(20,370)	(49,430)	(595,901)
OTHER FINANCING SOURCES (USES)							
Transfer from (to) General Fund	-	-	-	-	140,000	-	140,000
Total other financing sources (uses)	-	-	-	-	140,000	-	140,000
Net change in fund balance	(380,937)	-	-	(145,164)	119,630	(49,430)	(455,901)
Fund balances, beginning	3,018,927	87,286	271,084	739,783	-	51,382	4,168,462
Fund balances, ending	<u>\$ 2,637,990</u>	<u>\$ 87,286</u>	<u>\$ 271,084</u>	<u>\$ 594,619</u>	<u>\$ 119,630</u>	<u>\$ 1,952</u>	<u>3,712,561</u>

TOWN OF DAVIDSON, NORTH CAROLINA
Nonmajor Capital Project Fund - Former ARPA Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025, With Comparative Totals for the Year Ended June 30, 2024
(Schedule 13)

	<u>Actual</u>				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Grant - ARPA funding	\$ 3,950,250	\$ -	\$ -	\$ (3,950,250)	\$ -
Total revenues	<u>3,950,250</u>	<u>-</u>	<u>-</u>	<u>(3,950,250)</u>	<u>-</u>
Expenditures:					
Sidewalks - Capital outlay	735,042	533,430	29,745	563,175	(705,297)
Police department co-responder	204,316	94,727	72,919	167,646	(131,397)
Police department - capital outlay	5,842	5,841	-	5,841	(5,842)
Parks - Capital outlay	340,050	197,325	188,245	385,570	(151,805)
ALE community kitchen	100,000	100,000	-	100,000	(100,000)
Affordable housing	2,165,000	-	69,777	69,777	(2,095,223)
Historic storytelling	100,000	-	14,751	14,751	(85,249)
Solar panels THCC	300,000	-	5,500	5,500	(294,500)
Total expenditures	<u>3,950,250</u>	<u>931,323</u>	<u>380,937</u>	<u>(3,018,927)</u>	<u>(3,569,313)</u>
Revenues over (under) expenditures	<u>-</u>	<u>(931,323)</u>	<u>(380,937)</u>	<u>931,323</u>	<u>3,569,313</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (931,323)</u>	<u>(380,937)</u>	<u>\$ (931,323)</u>	<u>\$ 3,569,313</u>
Fund balance, beginning			<u>3,018,927</u>		
Fund balance, ending			<u>\$ 2,637,990</u>		

TOWN OF DAVIDSON, NORTH CAROLINA
Nonmajor Capital Project Fund - Parks and Greenway Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025, With Comparative Totals for the Year Ended June 30, 2024
(Schedule 14)

	Actual				
	Project Authorization	Prior Years	Current Year	Total To Date	Variance Positive (Negative)
Revenues:	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures:					
Cultural and recreation	550,000	-	-	-	-
Total expenditures	550,000	-	-	-	-
Revenues over (under) expenditures	(550,000)	-	-	-	-
Other Financing Sources (Uses)					
Transfers from General Fund	550,000	-	-	-	-
Total other financing sources (uses)	550,000	-	-	-	-
Net change in fund balance	\$ -	\$ -	-	\$ -	\$ -
Fund balance, beginning			87,286		
Fund balance, ending			\$ 87,286		

TOWN OF DAVIDSON, NORTH CAROLINA
Nonmajor Capital Project Fund - Potts-Sloan-Beaty Corridor Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025, With Comparative Totals for the Year Ended June 30, 2024
(Schedule 15)

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Streets and highways	-	-	-	-	-
Total expenditures	-	-	-	-	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			271,084		
Fund balance, ending			<u>\$ 271,084</u>		

TOWN OF DAVIDSON, NORTH CAROLINA

Nonmajor Capital Project Fund - 2021 GO Bond Issuance

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025, With Comparative Totals for the Year Ended June 30, 2024
(Schedule 16)**

		<u>Actual</u>			
	Project				Variance Positive
	Authorization	Prior Years	Current Year	Total To Date	(Negative)
Revenues:					
Grant received	\$ 285,000	285,000	\$ -	\$ 285,000	\$ -
Interest earnings	-	262,117	31,386	293,503	293,503
Total revenues	<u>285,000</u>	<u>547,117</u>	<u>31,386</u>	<u>578,503</u>	<u>293,503</u>
Expenditures:					
Economic and physical development	17,712,347	-	-	-	(17,712,347)
Public buildings - Capital outlay	-	-	-	-	-
Parks - Capital outlay	-	662,110	176,550	838,660	838,660
Pedestrian HAWK signals - Capital outlay	-	92,374	-	92,374	92,374
Bond issuance costs	206,353	211,224	-	211,224	4,871
Total expenditures	<u>17,918,700</u>	<u>965,708</u>	<u>176,550</u>	<u>1,142,258</u>	<u>(16,776,442)</u>
Revenues over (under) expenditures	<u>(17,633,700)</u>	<u>(418,591)</u>	<u>(145,164)</u>	<u>(563,755)</u>	<u>17,069,945</u>
Other Financing Sources (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	-
Transfer in (out)	(1,787,302)	(1,787,302)	-	(1,787,302)	-
Total other financing sources (uses)	<u>17,633,700</u>	<u>17,633,700</u>	<u>-</u>	<u>17,633,700</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 17,215,109</u>	<u>(145,164)</u>	<u>\$ 17,215,109</u>	<u>\$ (145,164)</u>
Fund balance, beginning			<u>739,783</u>		
Fund balance, ending			<u>\$ 594,619</u>		

TOWN OF DAVIDSON, NORTH CAROLINA
Nonmajor Capital Project Fund - Fire Station Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025, With Comparative Totals for the Year Ended June 30, 2024
(Schedule 17)

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total To Date	
Revenues:					
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-	-
Expenditures:					
Design	140,000		20,370	20,370	(119,630)
Total expenditures	140,000	-	20,370	(140,000)	(119,630)
Other Financing Sources (Uses)					
Transfer in (out)	140,000	-	140,000	140,000	-
Total other financing sources (uses)	140,000	-	140,000	140,000	140,000
Net change in fund balance	<u>\$ (140,000)</u>		119,630	<u>\$ 140,000</u>	<u>\$ 140,000</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ 119,630</u>		

TOWN OF DAVIDSON, NORTH CAROLINA
Nonmajor Capital Project Fund - Veteran's Monument Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025, With Comparative Totals for the Year Ended June 30, 2024
(Schedule 18)

	<u>Actual</u>				
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Contributions - restricted	\$ 250,000	\$ 70,115	\$ 130,694	\$ 200,809	\$ (49,191)
Total revenues	250,000	70,115	130,694	200,809	(49,191)
Expenditures:					
Cultural and recreation	275,000	43,733	180,124	223,857	(51,143)
Total expenditures	275,000	43,733	180,124	223,857	(51,143)
Revenues over (under) expenditures	(25,000)	26,382	(49,430)	23,048	1,952
Other Financing Sources (Uses)					
Transfers from General Fund	25,000	25,000	-	-	(25,000)
Total other financing sources (uses)	25,000	25,000	-	-	(25,000)
Net change in fund balance	\$ -	51,382	(49,430)	(23,048)	\$ (23,048)
Fund balance, beginning			51,382		
Fund balance, ending			\$ 1,952		

Nonmajor Enterprise Funds - Stormwater Fund
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2025, With Comparative Totals for the Year Ended June 30, 2024
(Schedule 19)

	2025			2024
	Budget	Actual	Variance Over/Under	Actual
Operating Revenues:				
Stormwater management fee	\$ 285,000	\$ 300,463	\$ 15,463	\$ 293,318
Miscellaneous revenue	-	-	-	22,574
Total revenues	285,000	300,463	15,463	315,892
Expenditures:				
Stormwater operations				
Contracted services	396,481	110,185	(286,296)	203,554
Total Stormwater operations	396,481	110,185	(286,296)	203,554
Total expenditures	396,481	110,185	(286,296)	203,554
Appropriated fund balance	111,481	-	(111,481)	-
Revenues and other financing sources over (under) expenditures	\$ -	\$ 190,278	\$ 190,278	\$ 112,338
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Reconciling items:				
Capital outlay		-		
Transfers to General Fund		-		
Interest paid		-		
Principal retirement		-		
Total reconciling items		-		
Change in net position		\$ 190,278		\$ 112,338

ADDITIONAL FINANCIAL SCHEDULES

TOWN OF DAVIDSON, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2025

Fiscal Year	Uncollected Balance June 30, 2024	Additions	Collections And Credits	Uncollected Balance June 30, 2025
2024-2025	\$ -	\$ 12,257,106	\$ 12,225,829	\$ 31,277
2023-2024	31,880	-	14,241	17,639
2023-2024	7,759	-	915	6,844
2022-2023	6,511	-	1,031	5,480
2021-2022	3,871	-	173	3,698
2019-2020	5,882	-	264	5,618
2018-2019	5,912	-	115	5,797
2017-2018	5,700	-	89	5,611
2016-2017	4,027	-	57	3,970
2015-2016	3,407	-	59	3,348
2014-2015	3,813	-	3,813	-
	<u>\$ 78,762</u>	<u>\$ 12,257,106</u>	<u>\$ 12,246,586</u>	<u>89,282</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	12,249,210
Statutory write-off	3,813
Interest and penalties collected	(9,626)
Refunds	3,189
Total collections and credits	<u>\$ 12,246,586</u>

TOWN OF DAVIDSON, NORTH CAROLINA
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2025

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current rate	\$ 4,599,738,346	0.266	\$ 12,235,304	\$ 11,231,022	\$ 1,004,282
Discoveries	8,685,338	0.266	23,103	23,103	-
Releases	<u>(489,098)</u>	0.266	<u>(1,301)</u>	<u>(1,301)</u>	<u>-</u>
Total property valuation	<u><u>\$ 4,607,934,586</u></u>				
Net Levy			12,257,106	11,252,824	1,004,282
Uncollected taxes at June 30, 2025			<u>31,277</u>	<u>31,277</u>	<u>-</u>
Current Year's Taxes Collected			<u><u>\$ 12,225,829</u></u>	<u><u>\$ 11,221,547</u></u>	<u><u>\$ 1,004,282</u></u>
Current Levy Collection Percentage			<u><u>99.74%</u></u>	<u><u>99.72%</u></u>	<u><u>100.00%</u></u>

STATISTICAL SECTION

Statistical Section

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. The data in this section has not been audited by independent auditors.

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. 107-112

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. 113-117

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. 118-121

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. 122-124

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. 125-126

Net Position by Component

Town of Davidson, NC
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<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>	<u>2025</u>
Governmental activities										
Net Investment in capital assets	\$ 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	\$ 27,117,133
Restricted	\$ 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	\$ 6,103,463
Unrestricted	\$ 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	\$ 17,237,130
Total governmental activities net position	<u>\$ 22,287,994</u>	<u>\$ 23,686,623</u>	<u>\$ 25,968,430</u>	<u>\$ 28,804,481</u>	<u>\$ 31,710,826</u>	<u>\$ 34,247,156</u>	<u>\$ 36,189,383</u>	<u>\$ 43,274,659</u>	<u>\$ 47,108,321</u>	<u>\$ 50,457,726</u>
Business-type activities										
Net Investment in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	\$ 281,409	\$ 386,585	\$ 653,283	\$ 496,665	\$ 352,002	\$ 305,571	\$ 348,546	\$ 394,197	\$ 506,534	\$ 696,812
Total business-type activities net position	<u>\$ 281,409</u>	<u>\$ 386,585</u>	<u>\$ 653,283</u>	<u>\$ 496,665</u>	<u>\$ 352,002</u>	<u>\$ 305,571</u>	<u>\$ 348,546</u>	<u>\$ 394,197</u>	<u>\$ 506,534</u>	<u>\$ 696,812</u>
Primary Government										
Net Investment in capital assets	\$ 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	\$ 27,117,133
Restricted	\$ 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	\$ 6,103,463
Unrestricted	\$ 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	\$ 17,933,942
Total primary govt. activities net position	<u>\$ 22,569,403</u>	<u>\$ 24,073,208</u>	<u>\$ 26,621,713</u>	<u>\$ 29,301,146</u>	<u>\$ 32,062,828</u>	<u>\$ 34,552,726</u>	<u>\$ 36,537,929</u>	<u>\$ 43,668,856</u>	<u>\$ 47,614,855</u>	<u>\$ 51,154,538</u>

Changes in Net Position

Town of Davidson, NC
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 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	\$ 5,042,071
Public safety	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	7,993,735
Transportation	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	2,256,265
Economic and physical development	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	2,001,351
Environmental protection	-	-	9,772	77,241	-	-	-	1,181,952	1,241,217	-
Cultural and recreational	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	2,804,487
Interest on long-term debt	161,242	268,218	142,847	90,423	231,026	186,406	729,842	722,171	-	827,565
Amortization on bond premium	-	-	-	-	-	-	(124,800)	(124,800)	(129,898)	(133,912)
Amortization on bond issuance cost	-	-	-	-	-	-	10,561	-	-	-
Total governmental activities	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	20,791,562
Business type activities:										
Solid waste fund	663,001	693,681	720,272	899,165	964,148	1,022,260	1,089,201	-	-	-
Stormwater fund	208,610	137,630	100,269	264,146	115,336	202,748	168,338	270,322	203,554	110,185
Total business type activities	871,611	831,311	820,541	1,163,311	1,079,484	1,225,008	1,257,539	270,322	203,554	110,185
Total primary governmental activities	\$ 9,736,987	\$ 10,958,158	\$ 12,681,555	\$ 13,068,236	\$ 13,729,809	\$ 13,645,643	\$ 15,062,880	\$ 16,720,344	\$ 19,850,553	\$ 20,901,747
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 20,990	\$ 48,180	\$ 9,980	\$ 25,700	\$ 22,190	\$ 330,370	\$ 3,850	\$ 25,550	\$ 15,500	\$ 74,310
Public safety	47,463	60,668	53,557	48,556	38,745	43,585	45,610	50,847	47,402	46,577
Transportation	-	-	-	-	-	-	-	-	-	-
Economic and physical development	41,715	41,806	47,433	50,540	65,345	90,932	64,075	52,705	82,982	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
Cultural and recreational	262,338	254,439	354,152	145,575	117,473	98,644	107,780	145,442	176,256	237,371
Operating grants and contributions:										
General government	-	-	84,936	278,868	50,094	-	116,723	1,581,066	43,500	-
Public safety	148,228	140,928	305,792	228,126	239,571	586,926	293,613	3,522,697	391,166	486,100
Transportation	319,925	325,385	332,212	331,789	335,378	323,767	428,286	428,962	475,159	526,944
Economic and physical development	2,000	104	-	309,784	-	-	-	-	-	-
Environmental protection	7,993	8,525	-	9,828	10,132	-	-	-	-	-
Cultural and recreational	50,750	108,229	1,054,003	1,307,959	73,100	40,000	250,000	120,000	70,115	-
Capital grants and contributions:										
General government	-	-	-	-	-	-	-	-	1,472,188	171,758
Public safety	174,994	-	32,174	202,670	341,491	-	-	-	-	-
Transportation	95,600	120,800	-	-	-	-	-	-	-	-
Economic and physical development	-	-	-	-	-	-	-	-	-	634,451
Environmental protection	-	-	-	-	-	-	-	-	-	-
Cultural and recreational	2,500	5,000	5,000	5,000	2,500	-	-	-	285,000	1,500,194
Total governmental activities program revenues	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	3,677,705
Business type activities:										
Charges for services:										
Solid waste fund	749,603	754,492	787,493	763,648	789,088	829,547	899,030	(4,080)	-	-
Stormwater fund	222,124	243,841	248,696	254,375	261,803	273,364	285,314	292,372	315,891	300,463
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	971,727	998,333	1,128,006	1,040,523	1,050,891	1,102,911	1,184,344	288,292	315,891	300,463
Total primary governmental program revenues	\$ 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	\$ 3,978,168
Net (expense)/revenue:										
Total governmental activities net (expense)/revenue	\$ (7,590,764)	\$ (8,845,761)	\$ (9,274,310)	\$ (9,083,318)	\$ (11,382,899)	\$ (11,028,508)	\$ (12,568,599)	\$ (10,504,783)	\$ (16,475,394)	\$ (16,923,579)

Changes in Net Position

Town of Davidson, NC
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes levied for general purposes	\$ 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	\$ 12,259,635
Other taxes	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	6,618,548
Unrestricted investment earnings	24,934	60,427	173,228	319,507	208,226	3,577	52,314	1,105,431	1,476,416	1,381,019
Miscellaneous	45,958	58,798	96,183	112,582	2,229,254	721,147	483,312	1,385,247	427,654	204,060
Insurance recoveries	-	-	344,883	9,673	10,659	3,528	69,141	-	20,538	-
Gain/(loss) on sale of assets	33,604	1,762	16,850	5,865	2,975	19,565	576,200	2,853	253,332	-
Total general revenues not including transfers	9,933,465	10,415,194	11,822,815	11,762,751	14,144,581	13,518,407	14,602,968	17,836,373	20,421,393	20,463,262
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	9,933,465	10,477,040	11,863,582	11,796,581	14,260,651	13,442,741	14,486,798	17,808,692	20,421,393	20,463,262
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	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
Prior period adjustment	-	58,829	-	-	-	-	(49,167)	(200,663)	-	-
LEOSSA adjustment	-	(124,457)	-	-	-	-	-	-	-	-
Change in net position	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	3,349,405
Net position-ending.	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	50,457,726
Business-type activities										
Net position-beginning	181,293	281,409	386,585	653,283	496,665	352,002	305,571	348,546	394,197	506,534
Change in net position	100,116	105,176	266,698	(156,618)	(144,663)	(46,431)	42,975	45,651	112,337	190,278
Net position-ending.	281,409	386,585	653,283	496,665	352,002	305,571	348,546	394,197	506,534	696,812
Total net position-ending	\$ 22,569,403	\$ 24,073,208	\$ 26,621,713	\$ 29,301,146	\$ 32,062,828	\$ 34,552,727	\$ 36,537,929	\$ 43,668,856	\$ 47,614,855	\$ 51,154,538

Balances of Government Funds

Town of Davidson, NC
Fund Balance of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Restricted										
Stabilization by state statute	\$ 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	\$ 1,677,897
Streets-Powell bill	501,105	813,076	31,924	364,207	413,004	141,585	270,303	298,095	369,573	304,068
Committed										
Specified purposes (Note V)	-	-	130,628	353,428	358,266	733,921	711,192	690,151	955,942	1,055,617
Community Parks Reserve Funds	420,760	399,625	-	-	-	-	-	-	-	-
Adequate public facilities	-	-	-	-	-	-	-	-	-	-
Unspendable										
Prepaid expenses	24,152	24,560	13,270	11,797	63,630	6,414	-	3,000	3,000	78,420
Assigned										
Subsequent year's expenditures	-	-	14,100	144,450	71,000	-	200,000	215,400	27,608	-
Law enforcement separation allowance	253,372	-	-	-	-	-	-	-	-	-
Community Investment Fund (CIF)	-	-	-	-	-	786,483	1,427,143	1,659,370	2,148,484	3,406,499
General Obligation Bond Debt Service	-	-	-	-	-	2,178,862	1,785,307	3,136,979	2,421,779	2,059,965
Unassigned	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	10,739,075
Total General Fund	\$ 8,864,548	\$ 9,545,889	\$ 9,259,638	\$ 10,063,475	\$ 10,523,046	\$ 13,266,797	\$ 13,536,145	\$ 17,734,553	\$ 17,448,621	\$ 19,321,541
All other governmental funds:										
MI Connection Capital Project Fund										
Restricted										
Stabilization by state statute	-	-	-	-	-	-	-	-	-	-
Streets-Powell bill	-	-	-	-	-	-	-	-	-	-
Committed										
Community Parks Reserve Funds	-	-	-	-	-	-	-	-	-	-
Special projects	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	-	-	-	-	-	-	-	-	-	-
Affordable Housing Special Revenue Fund										
Restricted										
Stabilization by state statute	-	-	-	-	117,400	-	-	-	-	-
Streets-Powell bill	-	-	-	-	-	-	-	-	-	-
Committed										
Community Parks Reserve Funds	-	-	-	-	-	-	-	-	-	-
Special projects	-	-	-	-	608,054	809,342	751,930	678,493	1,496,352	1,570,310
Unspendable										
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
Assigned										
Subsequent year's expenditures	-	-	-	-	-	185,000	-	-	-	-
Law enforcement separation allowance	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
2023 GO Bond Issuance Fund										
Restricted										
Stabilization by state statute	-	-	-	-	-	-	-	-	-	-
Streets-Powell bill	-	-	-	-	-	-	-	-	-	-
Future GO Bond Projects	-	-	-	-	-	-	-	-	4,252,788	4,121,498
Committed										
Community Parks Reserve Funds	-	-	-	-	-	-	-	-	-	-
Special projects	-	-	-	-	-	-	-	-	-	-
Non-Major Funds										
Restricted										
Stabilization by state statute	-	-	-	-	193,874	-	-	-	-	-
Streets-Powell bill	-	-	-	-	-	-	-	-	-	-
Construction of fire station	-	1,224,635	99,222	-	-	-	-	-	-	-
Committed										
Community Parks Reserve Funds	-	-	-	-	-	-	-	-	-	-
Special projects	733,598	704,646	2,557,497	3,442,564	1,458,958	624,233	817,946	1,158,076	612,771	4,120,296
Unspendable										
Prepaid expenses	-	-	-	-	-	-	-	-	-	-
Assigned										
Subsequent year's expenditures	-	-	-	-	-	-	-	-	-	-
Law enforcement separation allowance	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 1,733,598	\$ 2,929,281	\$ 3,656,719	\$ 4,442,564	\$ 4,412,010	\$ 21,638,652	\$ 14,952,755	\$ 7,813,256	\$ 10,615,949	\$ 9,812,104

Changes in Fund Balance of Governmental Funds

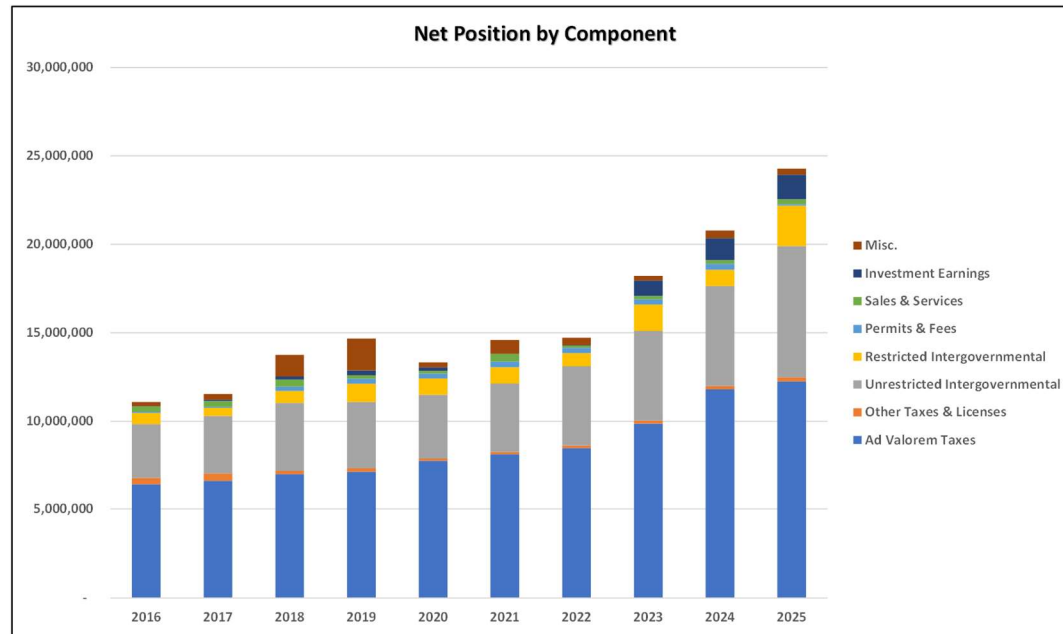
Town of Davidson, NC
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Ad valorem taxes	\$ 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	\$ 12,249,210
Other taxes and licenses	350,818	472,853	192,135	196,892	118,581	132,129	146,186	180,644	186,382	236,082
Unrestricted intergovernmental	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	7,411,347
Restricted intergovernmental	626,902	454,783	682,684	1,026,419	930,865	920,891	850,038	5,545,057	2,394,062	2,290,566
Permits and fees	57,232	58,006	250,751	297,736	269,533	322,408	299,025	295,711	328,879	83,518
Sales and services	300,274	332,088	387,294	186,663	149,041	443,082	125,249	190,830	211,099	274,740
Investment earnings	24,934	60,427	173,228	280,339	208,226	3,766	52,314	1,105,431	1,476,414	1,381,019
Miscellaneous	239,400	327,988	1,226,830	1,799,413	276,015	1,108,015	473,023	326,860	1,142,268	349,461
Total revenues	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	24,275,943
Expenditures										
Current:										
General government	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	3,493,840
Public Safety	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	8,126,224
Transportation	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	2,490,988
Economic and physical development	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	5,353,128
Environmental protection	-	-	-	-	-	-	-	1,181,952	1,241,217	1,419,455
Cultural and recreation	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	3,312,017
Debt service:										
Principal	414,966	446,538	423,518	558,979	519,076	698,652	1,470,726	1,501,180	-	-
Interest and other charges	161,242	268,218	109,021	90,429	228,758	186,406	729,842	727,970	206,353	-
Total expenditures	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	24,195,652
Excess (deficiency) of revenues over expenditures	952,764	(131,028)	(399,787)	(1,732,052)	69,252	(609,456)	(7,274,108)	(4,081,927)	(3,065,246)	80,291
Other financing sources (uses):										
Proceeds from debt	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	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)	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-	-	-	-	613,905
IT subscription agreement	-	-	-	-	-	-	-	-	-	374,878
Transfers from other funds	-	-	-	-	-	-	-	-	-	635,414
Transfer to other funds	-	-	-	33,830	(1,751,853)	(606,309)	(116,170)	(27,681)	-	(635,414)
Total other financing sources (uses)	149,284	2,008,051	840,974	3,321,733	359,766	20,579,850	857,560	1,140,836	5,582,008	988,783
Net change in fund balance	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	1,069,074
Fund balance, beginning	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
Fund balance, end of year	\$ 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	\$ 29,133,645
Ratio of Debt Service to Total Non-Capital Expenditures	6.0%	6.5%	3.9%	4.1%	6.0%	6.0%	11.0%	9.1%	0.8%	0.0%

Governmental Activities - Tax Revenue by Source

Town of Davidson, NC
Governmental Activities Tax Revenue 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
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
2025	12,249,210	236,082	7,411,347	2,290,566	83,518	274,740	1,381,019	349,461	24,275,943



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

Assessed Value and Estimated Actual Value of Taxable Property

Town of Davidson, NC

Assessed Value and Estimated Actual Value of Taxable Property

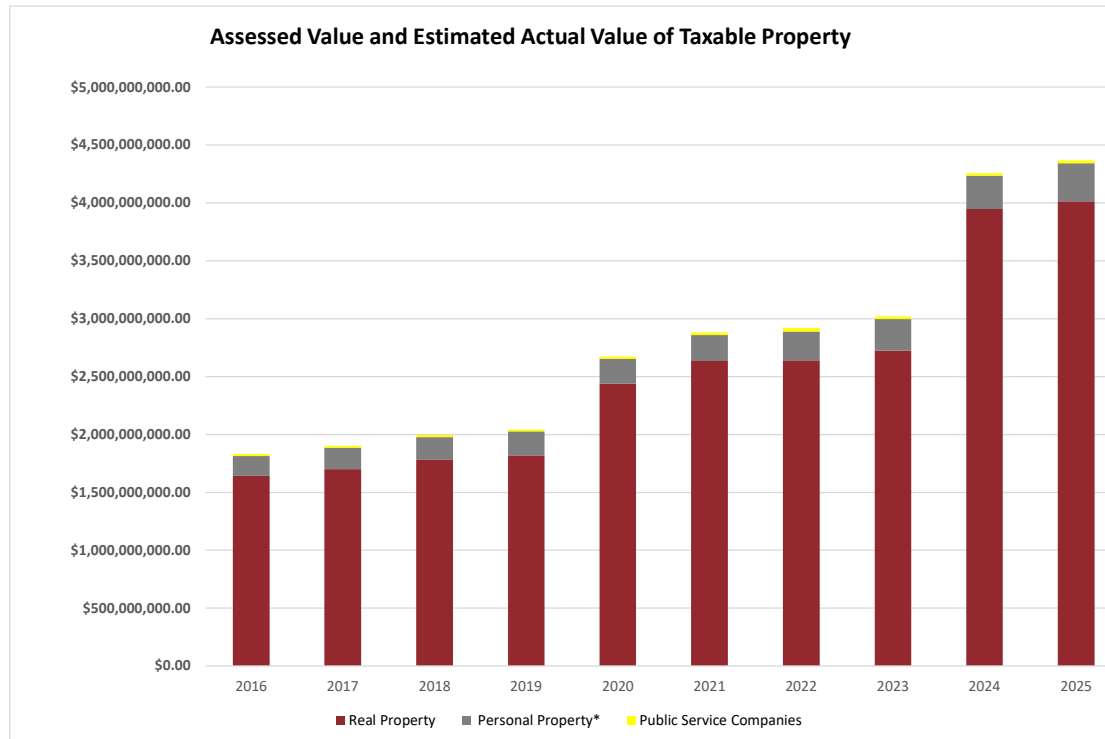
Last Ten Fiscal Years

(accrual basis of accounting)

Fiscal Year Ending June 30	Real Property	Personal Property*	Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate
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
2025	4,013,854,731	328,724,976	23,223,908	4,365,803,615	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



Property Tax Rate

Town of Davidson, NC
 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	
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
2025	0.2660	0.2660	0.4831	0.4831	0.7491

Fiscal Year	Town of Davidson		Iredell County		Total Direct and Overlapping Rate
	Operating Rate	Total Direct Rate	Operating Rate	Total Direct Rate	
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
2025	0.2660	0.2660	0.5000	0.5000	0.7660

Source: Mecklenburg and Iredell Counties

Principal Property Taxpayers

Town of Davidson, NC
Principal Property Taxpayers
For the Fiscal Year Ended June 30, 2023

Taxpayer	2025		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ingersoll Rand / Trane	\$ 45,912,792	1	1.08%
BH3 Linden Davidson	\$ 34,201,000	2	0.80%
Sid Tool Co. Inc.	\$ 33,432,200	3	0.79%
WMCI Charlott VII LLC	\$ 33,149,900	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	\$ 16,643,485	7	0.39%
Riverside Hotel LLC	\$ 14,086,787	8	0.33%
CK Davidson LLC	\$ 13,208,787	9	0.31%
CK Two Harbour Place LLC	\$ 11,334,797	10	0.27%

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

Taxpayer	2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Ingersoll Rand	\$ 39,469,486	1	1.31%
Davidson Commons	\$ 21,476,900	2	0.71%
WMCI Charlotte VII LLC	\$ 14,378,100	3	0.48%
River Run Golf Country Club Inc.	\$ 14,224,800	4	0.47%
Riverside Hotel LLC	\$ 10,924,860	5	0.36%
Four Hundred Four Armour St.	\$ 9,725,025	6	0.32%
CK Davidson #1 LLC	\$ 7,402,600	7	0.25%
Duke Energy	\$ 6,285,300	8	0.21%
705 Company LLC, The	\$ 5,724,796	9	0.19%
BellSouth	\$ 4,625,981	10	0.15%

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

Property Tax Levies and Collections

Town of Davidson, NC
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	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
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%
2025	12,235,304	12,225,829	99.92%	N/A	12,225,829	99.92%

Ratio of General Bonded Debt Outstanding

Town of Davidson, NC
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	21,554,642	0.5063%	\$ 1,363	N/A
2025	6,940,000	20,310,730	0.4652%	\$ 1,250	N/A

Ratios of Outstanding Debt by Type

Town of Davidson, NC 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	Subscription Liabilities	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	21,554,642	4,864,392	-	-	-	26,419,034	\$ 1,670	0.62%	
2025	20,310,730	4,291,941	-	-	291,247	24,893,918	\$ 1,532	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.

Direct and Overlapping Governmental Activities Debt

Town of Davidson, NC
Direct and Overlapping Governmental Activities Debt
As of June 30, 202

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.

Legal Debt Margin Information

Town of Davidson, NC
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Assessed value of property	\$ 2,673,232,059	\$ 2,880,631,989	\$ 2,920,114,299	\$ 3,019,359,682	\$ 4,257,140,817	\$ 4,365,803,615
Debt Limit, 8% of Assessed value (Statutory Limitation)	213,858,565	230,450,559	233,609,144	241,548,775	340,571,265	349,264,289
Debt applicable to debt limitations:						
Total bonded debt	-	16,925,000	16,080,000	15,235,000	19,265,000	18,155,000
Debt not evidenced by bonds	6,059,887	6,714,235	6,088,509	5,432,329	4,864,392	4,291,941
Legal debt margin	207,798,678	206,811,324	211,440,635	220,881,446	316,441,873	326,817,349
Unused Legal debt margin as a percentage of debt limit	97.2%	89.7%	90.5%	91.4%	92.9%	93.6%

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)

Demographics and Economic Statistics

Town of Davidson, NC
Demographic 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%
2025*	16,254	-	-	-	-	4.0%

Population data from LINC

Households and Income Data from United States Census Bureau

* Some data not available at time of publication.

Principal Employers

Town of Davidson, NC
Principal Employers
Current Year and Nine Years Ago

2025			2016		
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
Curtiss-Wright	5	100-500	Jay Wade Insurance	7	Under 100
Town of Davidson	6	100-500	Town of Davidson	5	Under 100
CMS Schools	7	Under 100	McIntosh Law Firm	6	Under 100
CHS Behavioral Health	8	Under 100			
McIntosh Law Firm	9	Under 100			
Davidson Family Medicine	10	Under 100			

Full-Time Equivalent Town Government Employees by Function

Town of Davidson, NC
Full-time Equivalent
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>	<u>2025</u>
Administration	8.45	7.45	8.45	9.15	7.88	8.48	8.88	8.88	10.22	11.38	11.88
Legal	0.38	0.38	0.63	0.63	0.63	0.63	1.00	1.00	1.33	1.50	0.00
Equity and Inclusion	0.25	0.38	0.38	0.38	0.37	0.37	1.00	1.00	1.33	1.00	1.00
Police	18.23	18.23	20.73	23.68	26.75	26.78	27.78	27.78	28.78	33.18	32.38
Fire	4.50	4.63	6.63	8.65	9.58	10.00	26.40	26.50	26.58	27.06	27.06
Planning	4.00	4.00	5.00	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	7.00
Parks	4.00	4.00	5.00	5.20	5.60	7.20	7.20	7.20	5.00	8.25	7.25
Economic Development	1.00	1.00	1.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	1.00
Travel & Tourism	1.75	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.00
Recreation	3.63	3.63	3.63	3.63	3.99	3.97	4.47	4.35	4.82	5.47	5.47
	51.94	51.19	58.94	64.32	67.79	69.92	88.73	88.71	92.26	100.84	99.04

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

Operating Indicators By Function

Town of Davidson Operating Indicators By Function Last Ten Fiscal Years

Fire Department	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Incidents	1,384	1,372	1,451	1,583	1,624	1,368	1,613	1,704	1,706	1,518	n/a
Medical Services	669	661	727	797	815	620	825	797	740	642	n/a
Fires	44	38	44	32	33	35	44	53	42	34	n/a
Good Intent Call	294	303	294	301	344	282	322	337	376	323	n/a
Parks and Recreation Department	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Program Participants	2,619	2,301	1,988	2,581	3,674	*2,432	2237	2038	3451	2818	n/a
Police Department	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Calls For Service	14,929	15,722	15,638	22,285	24,661	35,281	37,899	38,411	35,058	40,658	42,034
Community Event Attendees	2,365	725	1,139	1,289	1,480	**246	455	1,033	5,200	7,074	9,387
Accidents	293	308	317	301	255	150	214	229	231	238	258
Arrests	72	75	86	71	43	48	62	31	73	75	72
Parking Tickets	1,008	1,102	1,233	883	187	161	153	295	428	211	539
Citations	1,371	2,159	2,437	2,576	2,246	1,474	2,289	2,718	2,840	1,886	1,900
Incident Reports	306	334	380	474	411	439	407	313	386	374	329

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

**No community events have occurred after 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

Capital Assets Statistics by Function

Town of Davidson Capital Asset Statistics By Function Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police Stations	1	1	1	1	1	1	1	1	1	1	1	1
Fire Stations	1	1	1	1	2	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	58.02

Source: Town of Davidson Powell Bill Annual Reporting

COMPLIANCE SECTION

**Independent Auditors' 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, each major fund, and the aggregate remaining fund information of the Town of Davidson (the Town) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 23, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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 determination of financial statement. 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 instance 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.

RH CPAs, PLLC

Lexington, North Carolina
December 23, 2025

Independent Auditors' Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In Accordance with 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 the Town of Davidson's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Governmental 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, 2025. Town of Davidson's major program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Davidson complied, in all material respects, with the types of compliance requirements referred to that could have a direct and material effect on its major state program for the year ended June 30, 2025.

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 *Governmental 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, Audit Requirements for Federal Awards, and the State Single Audit Implementation Act* (Uniform Guidance). 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 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 provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Town of Davidson's compliance with the compliance requirements referred to above.

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 contract or grant agreements applicable to Town of Davidson's state program.

Auditors' Responsibility 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 generally accepted auditing standards, *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'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'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'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 combination of deficiencies, in internal control over compliance, 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 a 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 over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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.

RH CPAs, PLLC

Lexington, North Carolina
December 23, 2025



TOWN OF DAVIDSON, NORTH CAROLINA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ yes _____ ☒ no

Significant deficiency(s) identified that are not considered to be material weaknesses? _____ yes _____ ☒ none reported

Noncompliance material to financial statements noted _____ yes _____ ☒ no

State Awards

Type of report the auditor issued on whether the financial statements were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? _____ yes _____ ☒ no

Significant deficiency(s) identified that are not considered to be material weaknesses? _____ yes _____ ☒ none reported

Noncompliance material to financial statements noted _____ yes _____ ☒ no

Identification of major state program:

Program Name

Non-State System Street Aid Allocation (Powell Bill)

Dollar threshold used to distinguish between Type A and Type B programs \$ 500,000



**TOWN OF DAVIDSON, NORTH CAROLINA
Summary Schedule of Prior Year Audit Finding
For the Year Ended June 30, 2025**

Prior Year Findings

No findings disclosed in the prior year

TOWN OF DAVIDSON, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2025

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing Number	State Pass-Through Grantor's Number	Federal Direct and Pass-through Expenditures	State Expenditures	Pass-Through to Subrecipients
FEDERAL GRANTS					
<u>U.S. Department of the Treasury</u>					
Coronavirus State and Local Fiscal Recovery Funds					
Mecklenburg ARPA					
Gymnasium Renovation	21.027		323,881	-	-
CHAP	21.027		214,451	-	-
Total U.S. Department of the Treasury			538,332	-	-
U.S Department of Justice					
Domestic Violence OVW	16.590		104,459		
Total Federal Assistance			642,791	-	-
STATE GRANTS					
<u>N.C. Office of State Budget and Management</u>					
FY 2025 State Appropriations Grant (OSBM)	N/A		-	232,597	-
Total N.C. Office of State and Budget and Management			-	232,597	-
<u>N.C. Department of Transportation</u>					
Non-State System Street Aid Allocation (Powell Bill)	N/A	2000077126	-	610,836	-
Total N.C. Department of Transportation			-	610,836	-
<u>N.C. Department of Public Safety</u>					
N.C. Governor's Highway Safety Program (GHSP)	N/A		-	36,064	-
Total N.C. Department of Public Safety			-	36,064	-
<u>N.C. Department of Environmental Quality</u>					
Electric Vehicle (EV) Charging Station Grant Program	N/A	20000066579	-	15,687	-
Total N.C. Department of Environmental Quality			-	15,687	-
<u>N.C. Department of Natural and Cultural Resources</u>					
Parks and Recreation Trust Fund	N/A	2023-1041	-	171,313	-
Total N.C. Department of Natural and Cultural Resources			-	171,313	-
Total Assistance - State Programs			-	1,066,497	-
Total Assistance			\$ 642,791	\$ 1,066,497	\$ -

TOWN OF DAVIDSON, NORTH CAROLINA
Notes to the Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2025

Notes to the Schedule of Expenditures of Federal and State Awards:

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 programs of the Federal government and the State of North Carolina for the year ended June 30, 2025. The information in this SEFSA is presented in accordance with the requirements of Title 2 *US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

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. The Town of Davidson has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

ARPA Projects Tracking

Project	Budget	Amount Spent To Date	Encumbrances	Remaining Budget	Project Summary	Latest Information
Infrastructure						
Beaty Sidewalk	\$ 770,000	\$ 625,689	\$ -	\$ 144,311	This project includes the installation of sidewalk along the west side of Beaty Street, from Naples Drive to Oakhill Apartments, including a bridge section over a culvert pipe. This improvement was ranked highest in the town's Mobility Plan, due to the number of designations that will be connected by the sidewalk.	Completed
Park Improvements	\$ 345,000			\$ (59,046)		
Bradford Neighborhood Park		\$ 78,155	\$ -		Adding a shelter and paved path loop around the park.	Completed
Roosevelt Wilson Park		\$ 144,757	\$ -		Additional fund for the replacement of the shelter and the playground.	Completed
Ada Jenkins Playground		\$ 181,133			Replacing the playground play features to include two different play structures for different ages and adding poured in place surfacing.	Completed
Total Infrastructure	\$ 1,115,000	\$ 1,029,735	\$ -	\$ 85,265		
Mental Health						
Police Co-Responder Unit	\$ 250,000	\$ 207,130	\$ 42,870	\$ -	The Town of Davidson (TOD) elected leaders supported the creation of a co-responder program. The TOD contracted with Crysis for co-responder services. On March 20, 2023, the co-responder program began operations in the Town of Davidson with the identification of a clinical social worker, orientation, and deployment in the community. The co-responder has been actively engaged in a broad array of services for the community. These include addressing issues of homelessness, drug and alcohol addiction, family services, domestic violence, and other victim services. The co-responder's greatest contribution to the community is to provide follow-up services after the initial police response has ended.	The Davidson Co-responder was named CIT Mental Health Advocate of the Year on Friday February 21, 2025. The Davidson co-responder presented at the Nation Alliance on Mental Illness CIT Conference describing the benefits of a co-responder program to the community. In addition, the program is working in collaboration with various community partners, the community navigator program, and supporting our education and enforcement efforts related to the DV Grant. In September 2024, the program moved to a position employed directly by the Town. In 2024, the Town of Davidson was recognized by Centralina and received a Regional Excellence Award - Quality of Life for Co-responder program.

Affordable Living&Equity						
Affordable Housing	\$ 2,100,000	\$ 510,606	\$ 6,085	\$ 1,583,309	Staff worked with Dewberry Consultants and Give Impact to evaluate Town Owned Properties. Dewberry provided additional analysis related to existing ordinances, historical buildings, and the overall feasibility of developing housing on each site. Give Impact provided initial cost estimates including site work costs and potential funding gaps. Staff presented to the Town Board on July 9, 2024 the site analysis and funding gaps.	The Town purchased property at 248 Jetton Street with ARPA dollars allocated for affordable housing. No decision has been made about developing this site. It is adjacent to another Town owned property and this property provides road access to the adjoining parcel. The Town continues to discuss affordable development opportunities and has a development agreement with the Development Finance Initiative.
Historic Storytelling	\$ 100,000	\$ 14,751	\$ -	\$ 85,249	Develop a historic storytelling program and in particular ensure the African American history in Davidson is told. Established a stakeholder committee to tackle this project. With three meetings under their belt the stakeholder committee decided not to meet in February while they do some research to bring back to staff. In the interim, a mock-up design of historic signage was presented and a map of potential locations has been shared with the committee. Staff also continues to work with the Archives staff at the College. We are working toward adding a storytelling component to Town Day.	The storytelling committee worked together to agree on the language and location for signs marking the historic lakeside park neighborhood. Signs were fabricated in 2025. The next project related to storytelling will be working with DPAC on a Brady's Ally mural.
Community Commercial Kitchen	\$ 100,000	\$ 100,000	\$ -	\$ -	The Town is helping to fund a Community Commercial Kitchen at Ada Jenkins.	Completed
Total Affordable Living & Equity	\$ 2,300,000	\$ 625,356	\$ 6,085	\$ 1,668,559		
Sustainability						
Solar Panels for 251 South Street	\$ 300,000	\$ 235,408	\$ 22,555	\$ 42,037	We are exploring options for adding solar panels to the old roof at town hall.	Completed

Public Health					
Employee Vaccine Program	\$ 80,000	\$ 68,685	\$ -	\$ 11,315	Program has closed.
Business Grants	\$ 50,000	\$ 40,233	\$ -	\$ 9,767	The Town issued the Davidson Business Support Grant II in All grants have been awarded and the program is closed. October 2021. Twelve businesses applied with qualifying expenses and all were funded.
Critical Home Repairs	\$ 65,000	\$ 69,777	\$ -	\$ (4,777)	Staff continues to pursue a partner to administer this program. A draft emergency repair policy has been developed and will be presented to the Board of Commissioners for approval in the spring of 2024.
Total Public Health	\$ 195,000	\$ 178,695	\$ -	\$ 16,305	
GRAND TOTAL ALL PROJECTS	\$ 4,160,000	\$ 2,276,324	\$ 71,510	\$ 1,812,165	
	Budget and Expenditures through 1/5/2026				



AGENDA MEMO

To: Davidson Board of Commissioners

From: Jason Burdette, Planning Director

Date: January 13, 2026

Re: Discussion of Amendment to the Amended and Restated Land Development Services Interlocal Agreement

ITEM SUMMARY/OVERVIEW

In 2003, the Town of Davidson entered into an Interlocal Agreement with Mecklenburg County for “land development services,” not limited to engineering, land development, building code, housing code, soil erosion and sedimentation control, and floodplain within Town limits and ETJ (extraterritorial jurisdiction). Generally, these activities are divided into land development (LD) and building code enforcement (CE). Earlier this year, there was an issue with a building permit in Davidson Pointe (wholly within town limits and in Iredell County) submitted to Mecklenburg County CE. This proposed Interlocal Agreement restates that all parties (Town of Davidson, Mecklenburg County, and Iredell County) agree that Mecklenburg County will manage LD and CE activities within town limits, including those in Iredell County, as has been common practice for over 20 years.

ACTION/PROPOSED MOTION

This item is for discussion only. The Board of Commissioners will be asked to approve the amendment to the Amended and Restated Land Development Services Interlocal Agreement at the January 27 meeting on the consent agenda.

RELATED TOWN GOALS

Strategic Plan Alignment

Operational Excellence - Provide efficient and high-quality public services and facilities through thoughtful and proactive planning, responsible stewardship of Town resources and a professional and committed workforce.

Core Values

Citizens are the heart of Davidson, so town government will treat all people fairly, with courtesy and respect.

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

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

NEXT STEPS

Iredell County approved the agreement at their December 16, 2025, meeting. If there are no concerns, this would be included on the consent agenda for approval at the January 27, 2026, Davidson Board of Commissioners meeting. Subsequently, the Mecklenburg Board of County Commissioners would approve.

LAND DEVELOPMENT SERVICES INTERLOCAL AGREEMENT

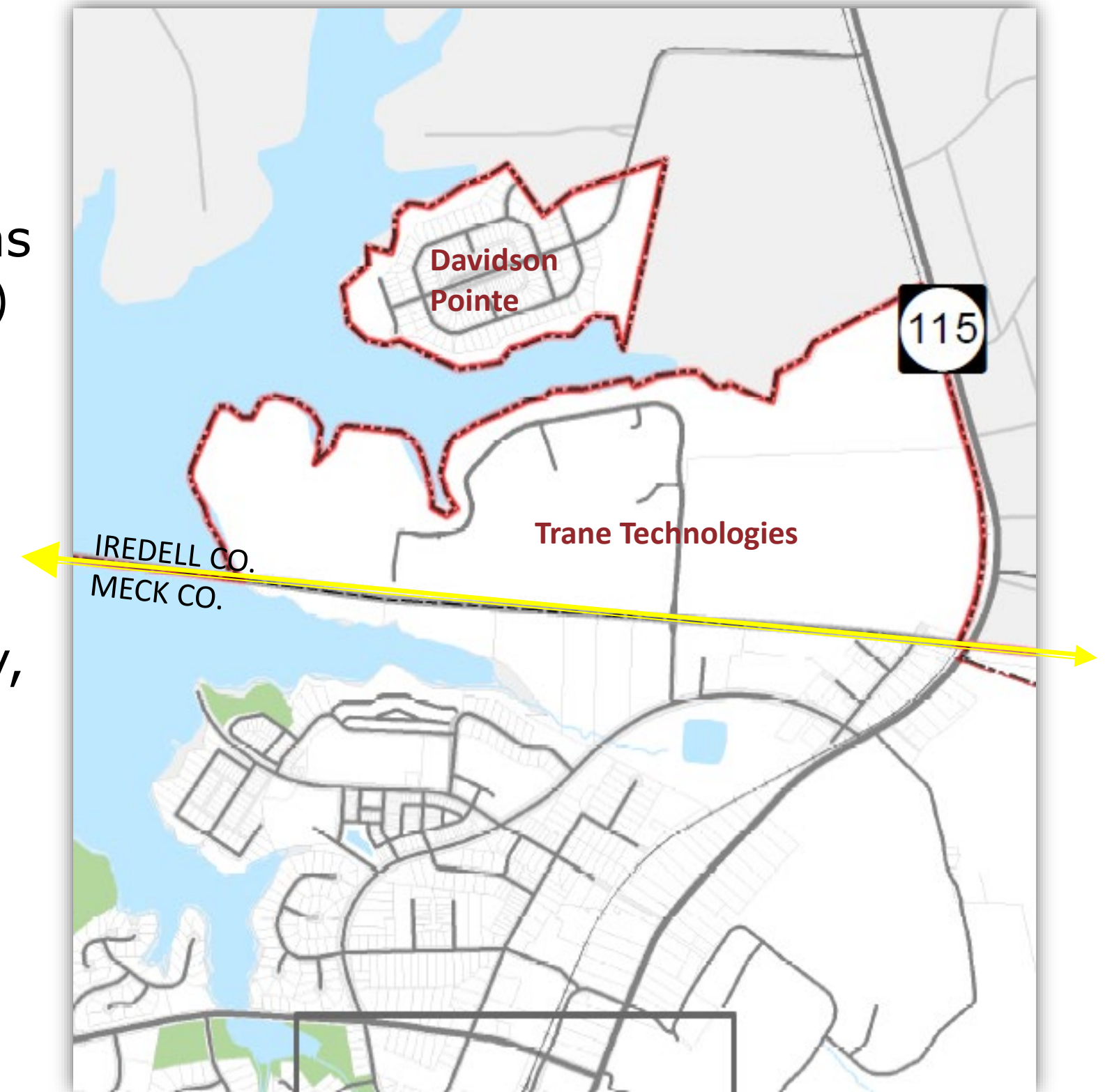


Jason Burdette, AICP
Planning Director
Board of Commissioners Meeting
January 13, 2026

TOWNOFDAVIDSON.ORG

OVERVIEW

- Town of Davidson jurisdiction includes portions in Iredell County (ex: Davidson Pointe, Trane)
- 2003 Agreement states that Mecklenburg County will provide Land Development (LD) and Building Code Enforcement (CE) within Davidson and ETJ.
- Due to an isolated permitting issue in Davidson Pointe in 2025, Mecklenburg County, Iredell County, and Davidson agreed to update the Interlocal Agreement and restate purview/responsibilities.
- **Result:** Mecklenburg County will continue to review LD and CE in Davidson.



TIMELINE & NEXT STEPS

✓ **December 16, 2025:** Iredell County approved Interlocal Agreement

□ **January 27, 2026:** Davidson BOC to consider approval of Interlocal Agreement (consent agenda)

□ **February 2026:** Mecklenburg Board of County Commissioners to consider approval



QUESTIONS?



TOWNOFDAVIDSON.ORG

CONTRACT CONTROL SHEET

CONTRACT WITH (NAME): Town of Davidson – Land Development Services Interlocal Agreement

FEDERAL ID OR SS# _____

TYPE OF SERVICE: Storm Water Services DEPARTMENT NAME: LUESA – Storm Water Services

DESCRIPTION: Amended and Restated Land Development Services Interlocal Cooperation Agreement between the County and the Town of Davidson for Mecklenburg County to exercise land development regulatory powers on behalf of the Town of Davidson

AMENDMENT INFORMATION: Agreement changed to address service level changes, including the opening of a LUESA North Office.

FUNDING: Federal _____ State _____ County _____ Other _____

CONTRACT BEGIN DATE: January 1, 2003 CONTRACT END DATE: June 30, 2006

PAYMENT AMOUNT: _____ PAYMENT TYPE: _____

NUMBER OF PAYMENTS: _____ AMOUNT OF AMENDMENT (+ / -): _____

INSURANCE ACQUIRED: _____ YES _____ NO CONTRACT MAXIMUM AMOUNT: \$ _____

DATE INSURANCE EXPIRES: _____

INDEPENDENT CONTRACTOR/EMPLOYEE CHECKLIST ATTACHED: _____ YES _____ NO

FUND	ORG	ACCOUNT	ACTIVITY	AMOUNT	EMPLOYEE CONTACT
			No revenue or expense adjustments needed.		W. Dave Canaan, Director 704-336-3736

DEADLINE FOR PROCESS: **ASAP**

UPON COMPLETION, THIS CONTRACT SHOULD BE DISTRIBUTED TO:

Vivian B. Love, Administrative Assistant

LUESA – Water & Land Resources (Land Development Services)

Hal Marshall Services Center – Second Floor I

(TO BE COMPLETED BY ASSOCIATE COUNTY ATTORNEY)

YES (NO) A. IS THIS CONTRACT TO BE APPROVED AS TO LIABILITY AND INSURANCE REQUIREMENTS BY INSURANCE AND RISK MANAGEMENT OFFICE?

(YES) NO B. DOES THIS CONTRACT REQUIRE APPROVAL BY THE BOCC? BOCC approved – March 18, 2003

(AFTER COMPLETING YOUR PROCEDURES RELATING TO THIS CONTRACT, INITIAL AND DATE THIS FORM AND RETURN TO THE CONTRACT MONITOR IN FINANCE. IF YOU HAVE PROBLEMS THAT CAUSE PROCESSING TO BE SIGNIFICANTLY DELAYED OR SPECIALLY HANDLED, NOTIFY THE CONTRACT MONITOR IN FINANCE AND ALSO EXPLAIN ON THE BACK OF THIS SHEET.)

- | | | | |
|---|--------------------------|--------------|----------------|
| 1. ASSISTANT COUNTY MANAGER | 4. FINANCE ENCUMBERING | <u>NA SR</u> | <u>4-23-03</u> |
| 2. ASSOCIATE COUNTY ATTORNEY <u>JTB</u> | 5. FINANCE CERTIFICATION | <u>JTB</u> | <u>4-25-03</u> |
| 3. INS. & RISK MGT. OFFICE | 6. COUNTY MANAGER | <u>JTB</u> | <u>4/30/03</u> |
| 4. FINANCE – GRANTS - | 7. CLERK TO THE BOARD | <u>JTB</u> | <u>4/30/03</u> |
| (IF FED. OR STATE FUNDING OR MENTAL HEALTH) | 8. FINANCE DISTRIBUTION | <u>JTB</u> | <u>4/30/03</u> |

MAILING ADDRESS FOR PAYMENT:

NAME

STREET

CITY, STATE, & ZIP

STATE OF NORTH CAROLINA

LAND DEVELOPMENT SERVICES
INTERLOCAL COOPERATION
AGREEMENT

COUNTY OF MECKLENBURG

**AMENDED AND RESTATED LAND DEVELOPMENT SERVICES
INTERLOCAL AGREEMENT**

This Amended and Restated Agreement made as of _____ 2003 by and between **MECKLENBURG COUNTY** (hereinafter the "County"), a political subdivision of the State of North Carolina, and the **TOWN OF DAVIDSON** (hereinafter the "Town"), a municipal corporation organized under the laws of the State of North Carolina.

W I T N E S S E T H:

WHEREAS, the Town and the County have the power pursuant to North Carolina General Statute 153A-445(a)(1), Article 20 of Chapter 160A of the North Carolina General Statutes, North Carolina General Statute 160A-360(d) and (g) collectively, and North Carolina General Statute 160A-411(iii) with respect to building inspection services, to contract with the other for the exercise of any governmental function which they have been granted the power to exercise alone, and to enter into interlocal cooperation agreements to specify the details of these undertakings; and

WHEREAS, the Town would like to formalize its prior arrangements with the County for the County's Land Use & Environmental Services Agency to assist in administering the Town's land development ordinances, including specifically, building inspection services.

NOW, THEREFORE, in consideration of the premises and the fulfillment of the terms of this Agreement, the Town and the County agree as follows:

1. **Purpose of Agreement.** The purpose of this Agreement is to specify the details of the operation and financing of the enforcement by the County of the following land

development ordinances and regulations and of related services which are to be provided in whole or in part by the County for the Town within the Town limits and the Town's area of extraterritorial jurisdiction.

- North Carolina State Building Code
- Town of Davidson Planning Ordinance (includes Subdivision Ordinance)
- Town of Davidson Housing Code
- Town of Davidson Soil Erosion and Sedimentation Control
- Town of Davidson Floodway Regulations

Consistent with this Agreement, the County shall enforce or assist the Town in the enforcement of such ordinances and regulations listed above as currently enacted, and as they may be amended from time to time.

Attached as Exhibit A are charts which show the allocation of responsibilities between the County and the Town with respect to the enforcement of the various ordinances and regulations and with respect to the related services.

2. **Term of Agreement.** The initial term of this Agreement shall be from January 1, 2003 to June 30, 2006, and shall be automatically renewed each fiscal year thereafter unless notice of non-renewal is given in writing at least 18 months prior to the beginning of the fiscal year when termination is intended. For example, the parties agree that if the notice of non-renewal were given prior to January 1, 2007, this Agreement would terminate on June 30, 2008.

3. **Resources.** The County shall have the power to hire, fire and supervise all County employees necessary for the services provided by the County under this Agreement. The Town designates and appoints the Mecklenburg County Zoning Administrator and those County employees supervised by him or her to act as agents of the Town's Zoning Administrator in the administration of the Town's Land Development Code as to those duties and responsibilities assigned to the County as outlined in Exhibit A. The Town's Zoning Administrator shall have the duty to rescind any notice of violation issued by a County employee which the Town's Zoning Administrator determines to be incorrectly or improperly issued, or to issue an interpretation altering the incorrectly or improperly issued notice of

violation. If the Town's Zoning Administrator does not take one of said actions with respect to a notice of violation of which the Zoning Administrator has actual knowledge, for the purposes of this Agreement it shall be conclusively presumed that in issuing the notice of violation the County employee's actions were consistent with instructions from, or interpretations of, the Town's Zoning Administrator.

4. **Costs.** The County shall pay the net local costs of the services provided pursuant to this Agreement. Net local costs is defined as expenditures minus any federal, State and/or third-party contributions applicable to the cost of the services. The County shall have the right to establish permit fee schedules for the services to be rendered and retain all revenues, provided that the associated revenues generated from the fees may not exceed the County's cost of providing services as described in Exhibit A.

5. **Real Property.** Any real property acquired by the County for the services provided pursuant to this Agreement shall be owned solely by the County and shall remain the property of the County after the termination of this Agreement.

6. **Indemnification.** The County will be solely responsible on an occurrence basis for any and all claims and actions arising from the County's enforcement of the North Carolina State Building Code, County ordinances being enforced for the Town, and other County services provided pursuant to this Agreement, and agrees to indemnify and hold the Town harmless from and against any loss or damage resulting from such County services; provided, however, the County is not responsible and does not hold the Town harmless with respect to actions taken by County employees that are consistent with instructions given by, or ordinance interpretations of, Town employees, including without limitation, the Town's Zoning Administrator. The Town will be solely responsible on an occurrence basis for any and all claims arising from the Town's enforcement of the Town's ordinances listed in Paragraph 1, and agrees to indemnify and hold the County harmless from and against any loss or damage resulting from such Town enforcement. The Town also agrees to indemnify and hold harmless the County and its employees who enforce the Town's ordinances consistent

with instructions given by, or ordinance interpretations provided by, Town employees.

7. **Amendment of Agreement.** This Agreement may be amended at any time by the parties. All amendments must be in writing and approved by the Town Board of Commissioners and the Board of County Commissioners before they shall become effective. Provided, however, the Board of County Commissioners authorizes the County Manager, on behalf of the County, and the Town Board of Commissioners authorizes the Town Manager, on behalf of the Town, to agree to revisions to the Exhibit A charts which show the allocation of responsibilities between the County and the Town with respect to the enforcement of the various ordinances and regulations and with respect to the related services.

Executed as of the day and year first above stated by authority duly granted by the Davidson Town Board of Commissioners and the Mecklenburg County Board of Commissioners.

TOWN OF DAVIDSON

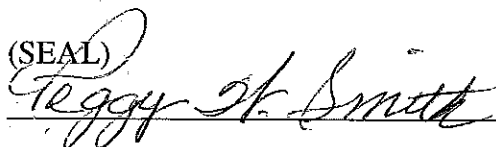
MECKLENBURG COUNTY



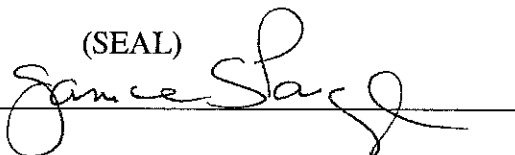
Town Manager



General Manager

(SEAL)


Town Clerk

(SEAL)


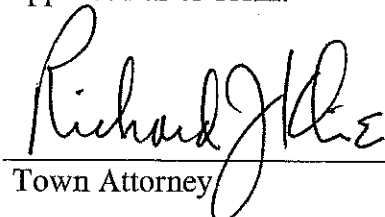
Clerk to the Board

Town Clerk

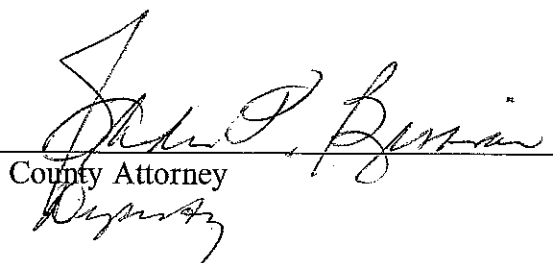
Clerk to the Board

Approved as to form:

Approved as to form:



Town Attorney



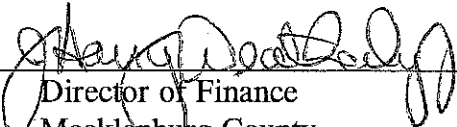
County Attorney
Deputy

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



Director of Finance
Town of Davidson

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



Director of Finance
Mecklenburg County

**EXHIBIT A
MECKLENBURG COUNTY
LAND DEVELOPMENT AND CONSTRUCTION REGULATION SERVICES CHART
TOWN OF DAVIDSON**

SERVICE(S)....	RESPONSIBILITY	COMMENTS
BUILDING - Permits (all trades)	COUNTY	All Projects ¹ Single-family permitting services to be provided from the LUESA North Office ² Commercial and multi-family permitting services will be provided from LUESA Charlotte Office
- Plan review	COUNTY	All Projects ¹ Single-family plan review services to be provided from the LUESA North Office ² Commercial and multi-family plan review services will be provided from LUESA Charlotte Office
- Final Inspection	COUNTY	All Projects ³
LAND DEVELOPMENT/ WATER QUALITY Subdivision review process ⁴ and commercial sites -Permits; -Plan Review: Preliminary and Final Plats; and -Inspections for: erosion control, grading, storm water, site civil, driveway access ⁵ , tree protection ⁶ – infrastructure except water & sewer) -Bonds	COUNTY	All Projects ¹ These services to be provided from the LUESA North Office ² Towns will review plans for compliance with other Land Development regulations that were not mentioned, such as landscaping, open space, etc.
ZONING -Permit	COUNTY/TOWN STAFF	County reviews /approves all single-family permits that are part of a Town-approved master plan development ⁷ Town reviews /approves zoning for all other permits, except change of use ⁷ County related services to be provided from the LUESA North Office ²

-Final Inspection (new development)	COUNTY STAFF	All Projects ^{3 and 8} Service to be provided from the LUESA North Office ²
-Complaints (existing development)	COUNTY/TOWN STAFF	Town and County staff share this responsibility ⁹ Water Quality related issues are handled by the County County related services to be provided from the LUESA North Office ²
-Board of Adjustment	TOWN STAFF	Town Staff administer Zoning Board of Adjustment (ZBA) County to testify at ZBA Hearings, as needed
TRANSPORTATION PLANNING	COUNTY/TOWN STAFF	Traffic Impact and Road Alignment Analysis, as requested
MINIMUM HOUSING CODE	COUNTY/TOWN	County to enforce Town Ordinance ¹⁰ . County related services to be provided from the LUESA North Office ²
FLOODPLAIN-FLOODWAY REGS.	COUNTY	All Projects ¹⁰ Service to be provided from the LUESA North Office ^{2 and 11}

1. The Town will review master plans, sketch plans for minor subdivisions, and site plans for compliance with all Davidson development regulations including the Davidson Planning Ordinance, APFO, and historic district regulations.
2. Opened no later than July 1, 2003. The North Office may be opened earlier; however single-family permitting and plan review services will not be available until July 1, 2003.
3. The Town will be notified when Temporary Certificate of Occupancies are issued
4. Subdivision review process is coordinated by Town Planner and Mecklenburg County LUESA - Water & Land Resources (W&LR). W&LR reviews Streets, Drainage and Erosion Control Design. LUESA - assigns addresses and verifies street names, coordinates w/CMPC as necessary.
5. Town has authorized W&LR to sign and issue permits for NCDOT acceptance.
6. Inspection services only. Plan Review to be conducted by the Town.
7. W&LR to track impervious area calculations related to watershed regulations.
8. W&LR to ensure the plans approved by the Towns are consistent to what is permitted by LUESA.
9. W&LR to communicate with Town prior to violations and/or citations being issued.
10. Variances and appeals to be heard by Town ZBA
11. A separate interlocal agreement exists for other Storm Water Services.

**AMENDMENT TO THE AMENDED AND RESTATED LAND DEVELOPMENT
SERVICES INTERLOCAL AGREEMENT**

This AMENDMENT TO THE AMENDED AND RESTATED LAND DEVELOPMENT SERVICES INTERLOCAL AGREEMENT (“Amendment”) is made and entered into to be effective _____, 2025 by and between Mecklenburg County, North Carolina (“County”), the Town of Davidson, North Carolina (“Town”), and Iredell County, North Carolina (“Iredell”).

WITNESSETH:

WHEREAS, in 2003 the Town of Davidson and Mecklenburg County executed an "Amended and Restated Land Development Services Interlocal Cooperation Agreement" (the “Agreement”), and

WHEREAS, the Agreement outlines Mecklenburg County enforcement of certain of the Town’s ordinances within the Town’s corporate limits and the Town’s extraterritorial jurisdiction pursuant to General Statute 153A-445(a)(1) and Article 20 of Chapter 160A of the North Carolina General Statutes; and

WHEREAS, the Town has annexed certain land located in Iredell County into its corporate limits; and

WHEREAS, the parties now wish to amend the Agreement to clarify the area over which Mecklenburg County will enforce land development regulations on behalf of the Town; and

WHEREAS, Iredell County desires to join this Amendment and consent to the terms and conditions of the Agreement, as amended.

NOW THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, Mecklenburg County, Town of Davidson, and Iredell County agree for themselves, their heirs, personal representatives, successors and assigns and follows:

1. **Land Development Jurisdiction.** As used in this Amendment the Town’s “Land Development Jurisdiction” shall be deemed to include all lands within the Town’s corporate limits, including corporate limits that are located within Iredell County, and within the Town’s areas of extraterritorial jurisdiction.
2. **Definition of Contract; Capitalized Terms.** All capitalized terms not otherwise defined in this Amendment shall have the meanings given to them in the Agreement.
3. **Unmodified Terms.** Terms and provisions of the Agreement which are not expressly modified by this Amendment shall remain in full force and effect.

4. **Counterparts.** This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise but one and the same instrument.

IN WITNESS WHEREOF, the parties do hereby execute this Amendment for the purposes above stated.

Town of Davidson, North Carolina

By: _____
Town Manager

ATTEST:

Clerk to the Board

Mecklenburg County, North Carolina

By: _____
County Manager

ATTEST:

Clerk to the Board

Iredell County, North Carolina

By: _____
County Manager

ATTEST:

Clerk to the Board



AGENDA MEMO

To: Davidson Board of Commissioners

From: Kim Fleming, Economic Development Director

Date: January 13, 2026

Re: Discussion of Proposed Expansion of Main Street Social District

ITEM SUMMARY/OVERVIEW

The new businesses at Sadler Square and 201 South Street have asked to become a part of the Main Street Social District. In 2021, the North Carolina General Assembly passed Session Law 2021-150 which allowed cities to create “social districts” in which individuals over 21 can buy an alcoholic beverage from licensed establishments (i.e. bars, breweries, restaurants) and consume to-go drinks within a designated common area and within participating businesses. The action needed would be for the town board to approve adding them to the existing Main Street Social District Map.

ACTION/PROPOSED MOTION

This item is for discussion only. The Board of Commissioners will be asked to approve the expansion of the Main Street Social District at the January 27 meeting on the consent agenda.

RELATED TOWN GOALS

Strategic Plan Alignment

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

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

The Board will be asked to amend Ordinance 2023-04 at their January 27, 2026 meeting on the consent agenda.

EXPANSION OF MAIN STREET SOCIAL DISTRICT



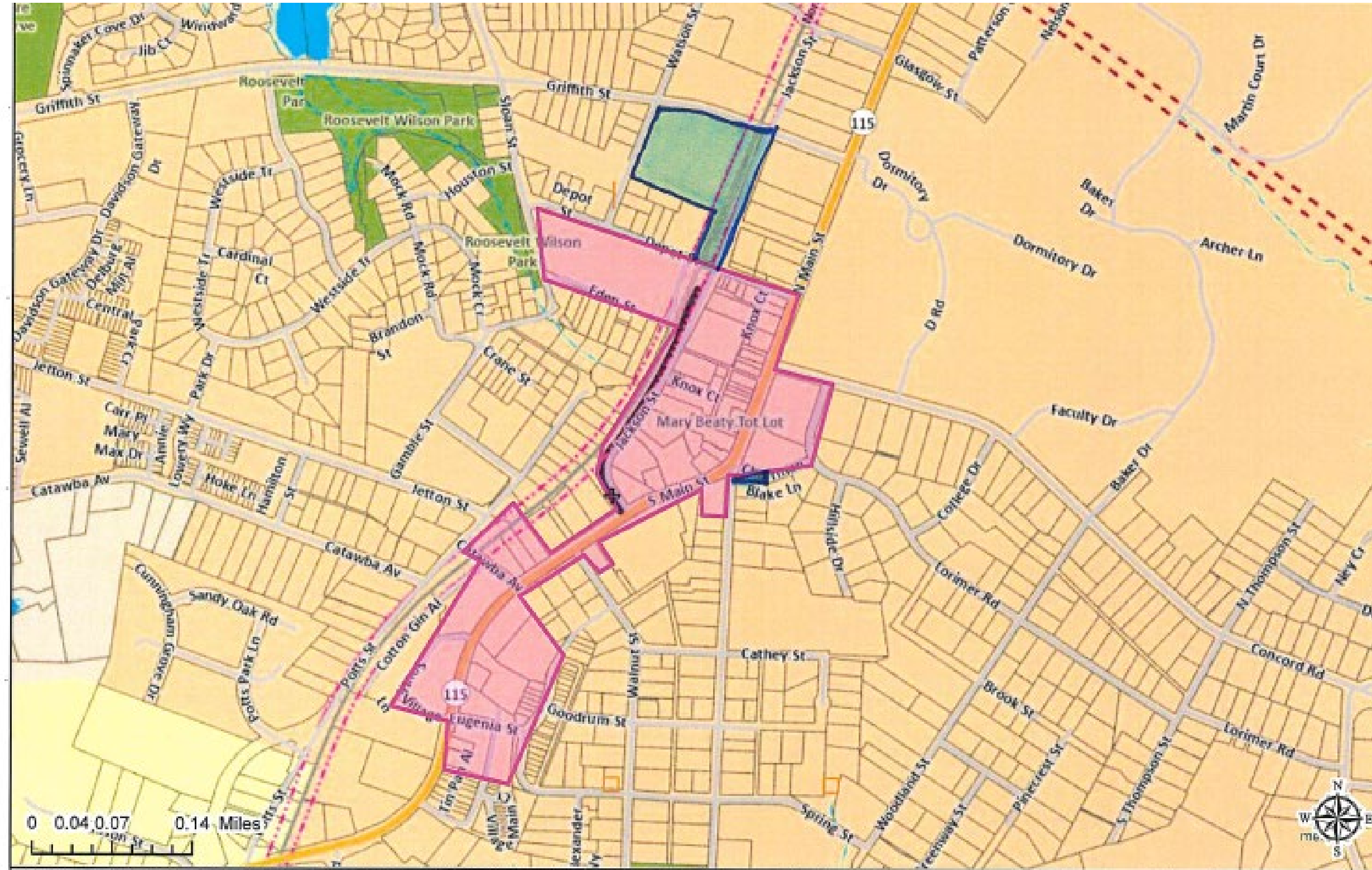
Kim Fleming
Economic Development Director
Board of Commissioners Meeting
January 13, 2026

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EXPANSION OF MAIN STREET SOCIAL DISTRICT

- Two Social Districts in Davidson – Main Street and Circles @ 30.
- Proposed expansion is for the Main Street Social District to include Sadler Square and 201 South Street, as requested by new businesses.
- Strategic Plan alignment with Economic Development.
- Update on existing Social District – No Police Calls for Service, increased sales for businesses.





This map or report is prepared for the inventory of real property within Mecklenburg County and is compiled from recorded deeds, plats, tax maps, surveys, planimetric maps, and other public records and data. Users of this map or report are hereby notified that the aforementioned public primary information sources should be consulted for verification. Mecklenburg County and its mapping contractors assume no legal responsibility for the information contained herein.



EXPANSION OF MAIN STREET SOCIAL DISTRICT

EXPANSION OF MAIN STREET SOCIAL DISTRICT PROCESS

- Consider approval at the January 27, 2026 Town Board Meeting.
- If approved, amend the ordinance with a map revision and send it to the NC ABC Commission.
- Staff will update maps, signage, and secure appropriate documentation from new participating businesses.
- Expansion effective March 1, 2026.



QUESTIONS?



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AGENDA MEMO

To: Davidson Board of Commissioners

From: Jamie Justice, Town Manager

Date: January 13, 2026

Re: Discussion of Proposed Updates to Code of Ethics and Conflict of Interest Policies

ITEM SUMMARY/OVERVIEW

Public officials are charged with upholding the trust of the citizens of the Town and with obeying all applicable laws. NC law requires all towns to adopt a code of ethics policy. Adoption of a Conflict of Interest Policy is required for federal grant participation (like American Rescue Plan Act) and is a best practice. The Town of Davidson General Principles and Code of Ethics Policy became effective December, 2010 and was amended January, 2020 as the Code of Ethics Policy. The Conflict of Interest policy was adopted July, 2023 as a requirement for the Town to accept federal ARPA dollars from Mecklenburg County. The Town Attorney and Town staff conducted a review of the current policies and current practices and determined that minor amendments are needed.

ACTION/PROPOSED MOTION

This item is for discussion only. The Board of Commissioners will be asked to approve the amended Code of Ethics and Conflict of Interest Policy at the January 27 meeting on the consent agenda.

RELATED TOWN GOALS

Strategic Plan Alignment 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.

Operational Excellence - Provide efficient and high-quality public services and facilities through thoughtful and proactive planning, responsible stewardship of Town resources and a professional and committed workforce.

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.

NEXT STEPS

PROPOSED UPDATES TO CODE OF ETHICS & CONFLICT OF INTEREST POLICIES



Jamie Justice
Town Manager
Board of Commissioners Meeting
January 13, 2026

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CODE OF ETHICS & CONFLICT OF INTEREST

BACKGROUND

- Public officials are charged with upholding the trust of the citizens of the Town and with obeying all applicable laws.
- NC law requires all towns to adopt a code of ethics policy.
- Adoption of a Conflict of Interest Policy is required for federal grant participation (like American Rescue Plan Act) and is a best practice.
- The Town of Davidson General Principles and Code of Ethics Policy became effective December, 2010 and was amended January, 2020 as the Code of Ethics Policy.
- The Conflict of Interest policy was adopted July, 2023 as a requirement for the Town to accept federal ARPA dollars from Mecklenburg County.
- The Town Attorney and Town staff conducted a review of the current policies and current practices and determined that amendments are needed.



CODE OF ETHICS

- After reviewing other codes and seeking to add clarity, Staff and Attorney recommend amending the policy adding the following language:
 - Section 6. Board members should inform themselves concerning conflict of interest and other appropriate state and federal laws and should scrupulously comply with the provisions of such laws.

Board members should refrain from financial and business dealings that tend to reflect adversely on the Town Board or on town government or to interfere with the proper performance of official duties.

Board members should manage their personal financial interests to minimize the number of cases in which they must abstain from voting on matters coming before the Town Board.

Information acquired by Board members in their official capacity should not be used or disclosed in financial dealings or for any other purpose not related to official duties.



CONFLICT OF INTEREST

- Amended to ensure the policy is comprehensive.
- Based on UNC School of Government model policy.
- The terms set forth in the original Conflict of Interest policy (ARPA) remain intact with the revised policy.
- Broadened to encompass federal, state, and local funds/contracts; this clarifies current practice and state law requirements.
 - In 2021, the NC General Assembly expanded the conflict laws to strictly regulate transactions between Towns and non-profit entities if elected officials are directors, officers or governing board members (Section 14-234.3).
- An additional section was added to include the existing state law regarding planning and zoning decisions.
- Clarifies the policy applies to advisory board members as agents of the town.



DISCUSSION

The Board of Commissioners will be asked to approve the amended Code of Ethics and Conflict of Interest Policies at the January 27 town board meeting on the consent agenda.



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Resolution 2026-XX
Code of Ethics
Town of Davidson Board of Commissioners

PREAMBLE

WHEREAS, the Constitution of North Carolina, Article I, Section 35, reminds us that a “frequent recurrence to fundamental principles is absolutely necessary to preserve the blessings of liberty,” and

WHEREAS, a spirit of honesty and forthrightness is reflected in North Carolina’s state motto, *Esse quam videri*, “To be rather than to seem,” and

WHEREAS, Section 160A-86 of the North Carolina General Statutes requires local governing boards to adopt a code of ethics, and

WHEREAS, as public officials we are charged with upholding the trust of the citizens of the town and with obeying the law, and

NOW, THEREFORE, in recognition of our blessings of liberty and obligations as citizens of the State of North Carolina and as public officials representing the citizens of the Town of Davidson of Davidson , North Carolina, and acting pursuant to the requirements of Section 160A-86 of the North Carolina General Statutes, we the board of commissioners of the Town of Davidson do hereby adopt the following General Principles and Code of Ethics to guide the board of commissioners in its lawful decision-making.

GENERAL PRINCIPLES UNDERLYING THE CODE OF ETHICS

- The stability and proper operation of democratic representative government depend upon public confidence in the integrity of the government and upon reasonable exercise of the trust conferred by the people upon their elected officials.
- Governmental decisions and policy must be made and implemented through proper channels and processes of the governmental structure.
- Board members must be able to act in a manner that maintains their integrity and independence, yet is responsive to the interests and needs of those they represent.
- Board members must always remain aware that at various times they play different roles:
 - As advocates, who must strive to advance the legitimate needs of their citizens
 - As legislators, who balance the public interest and private rights in considering and enacting ordinances, orders and resolutions
 - As decision-makers, who arrive at fair and impartial quasi-judicial and administrative determinations.
- Board members must know how to distinguish among these roles to determine when each role is appropriate, and to act accordingly.

- Board members must be aware of their obligations to conform their behavior to standards of ethical conduct that warrant the trust of their constituents.

CODE OF ETHICS

The purpose of this Code of Ethics is to establish guidelines for ethical standards of conduct for the board of commissioners of the Town of Davidson and to help determine what conduct is appropriate in particular cases. It should not be considered a substitute for the law or for a board member's best judgment.

Section 1. Board members should obey all laws applicable to their official actions as members of the board. Board members should be guided by the spirit as well as the letter of the law in whatever they do.

At the same time, board members should feel free to assert policy positions and opinions without fear of reprisal from fellow board members or citizens. To declare that a board member is behaving unethically because one disagrees with that board member on a question of policy (and not because of the board member's behavior) is unfair, dishonest, irresponsible, and itself unethical.

Board members should endeavor to keep up to date, through the board's attorney and other sources, about ongoing legal or ethical issues they may face in their official positions. This educational function is in addition to the day-to-day advice the board may receive concerning specific situations that arise.

Section 2. Board members should act with integrity and independence from improper influence as they exercise the duties of their offices. Characteristics and behaviors consistent with this standard include the following:

- Adhering firmly to a code of sound values
- Behaving consistently and with respect toward everyone with whom they interact
- Exhibiting trustworthiness
- Living as if they are on duty as elected officials regardless of where they are or what they are doing
- Using their best independent judgment to pursue the common good as they see it, presenting their opinions to all in a reasonable, forthright, consistent manner
- Remaining incorruptible, self-governing, and unaffected by improper influence while at the same time being able to consider the opinion and ideas of others
- Disclosing contacts and information about issues that they receive outside of public meetings and refraining from seeking or receiving information about quasi-judicial matters outside of the quasi-judicial proceedings themselves
- Treating other board members and the public with respect and honoring the opinions of others even when the board members disagree with those opinions
- Not reaching conclusions on issues until all sides have been heard
- Showing respect for their offices and not behaving in ways that reflect badly on those offices
- Recognizing that they are part of a larger group and acting accordingly
- Recognizing that individual board members are not generally allowed to act on behalf of the board but may only do so if the board specifically authorizes it, and that the board must take official action as a body

Section 3.a Board members should avoid impropriety in the exercise of their official duties. Their official actions should be above reproach. Although opinion may vary about what behavior is inappropriate, this board will consider impropriety in terms of whether a reasonable person who is aware of all of the relevant

facts and circumstances surrounding the board member's action would conclude that the action was inappropriate.

Section 3.b. If a board member believes that his or her actions, while legal and ethical, may be misunderstood, the member should seek the advice of the board's attorney and should consider publicly disclosing the facts of the situation and the steps taken to resolve it (such as consulting with the attorney).

Section 4. Board members should faithfully perform the duties of their offices. They should act as the especially responsible citizens whom others can trust and respect. They should set a good example for others in the community, keeping in mind that trust and respect must continually be earned.

Board members should faithfully attend and prepare for meetings. They should carefully analyze all credible information properly submitted to them, mindful of the need not to engage in communications outside the meeting in quasi-judicial matters. They should demand full accountability from those over whom the board has authority.

Board members should be willing to bear their fair share of the board's workload. To the extent appropriate, they should be willing to put the board's interests ahead of their own.

Section 5. Board members should conduct the affairs of the board in an open and public manner. They should comply with all applicable laws governing open meetings and public records, recognizing that doing so is an important way to be worthy of the public's trust. They should remember when they meet that they are conducting the public's business. They should also remember that local government records belong to the public and not to board members or their employees.

Section 6. Board members should inform themselves concerning conflict of interest and other appropriate state and federal laws and should scrupulously comply with the provisions of such laws.

Board members should refrain from financial and business dealings that tend to reflect adversely on the Town Board or on town government or to interfere with the proper performance of official duties.

Board members should manage their personal financial interests to minimize the number of cases in which they must abstain from voting on matters coming before the Town Board.

Information acquired by Board members in their official capacity should not be used or disclosed in financial dealings or for any other purpose not related to official duties.

In order to ensure strict compliance with the laws concerning openness, board members should make clear that an environment of transparency and candor is to be maintained at all times in the government unit. They should prohibit unjustified delay in fulfilling public records requests. They should take deliberate steps to make certain that any closed sessions held by the board are lawfully conducted and that such sessions do not stray from the purposes for which they were called.

This General Principles and Code of Ethics Policy became effective December 1, 2010. Adopted and further endorsed by the current Board of Commissioners this the ____ day of ____.

Attest:

Rusty Knox, Mayor

Elizabeth K. Shores, Town Clerk

TOWN OF DAVIDSON CONFLICT OF INTEREST POLICY

SECTION 1. APPLICABLE TO CONTRACTS AND SUBAWARDS OF THE TOWN OF DAVIDSON SUPPORTED BY FEDERAL FINANCIAL ASSISTANCE

* * * * *

I. Scope of Policy

- a. Purpose of Policy. This Conflict of Interest Policy (“*Policy*”) establishes conflict of interest standards that (1) apply when the Town of Davidson (“*Unit*”) enters into a Contract (as defined in Section II hereof) or makes a Subaward (as defined in Section II hereof), and (2) meet or exceed the requirements of North Carolina law and 2 C.F.R. § 200.318(c).
- b. Application of Policy. This Policy shall apply when the Town (1) enters into a Contract to be funded, in part or in whole, by (1) **Town funds**; (2) **State funds**, or (3) Federal Financial Assistance to which 2 C.F.R. § 200.318(c) applies, or (2) makes any Subaward to be funded by Federal Financial Assistance to which 2 C.F.R. § 200.318(c) applies. If a **town, state or** federal statute, regulation, or the terms of a financial assistance agreement applicable to a particular form of Financial Assistance conflicts with any provision of this Policy, such **town, state or** federal statute, regulation, or terms of the financial assistance agreement shall govern.

II. Definitions

Capitalized terms used in this Policy shall have the meanings ascribed thereto in this Section II: Any capitalized term used in this Policy but not defined in this Section II shall have the meaning set forth in 2 C.F.R. § 200.1.

a. ~~“COI Point of Contact” means the individual identified in Section III(a) of this Policy.~~

a. “*Contract*” means, for the purpose of **all contracts including those receiving** Federal Financial Assistance, a legal instrument by which the Town purchases property or services needed to carry out a program or project **whether** under a Federal award **or otherwise**.

b. “*Contractor*” means an entity or individual that receives a Contract.

c. “*Covered Individual*” means a Public Officer, employee, or agent of the Unit.

d. “*Covered Nonprofit Organization*” means a nonprofit corporation, organization, or association, incorporated or otherwise, that is organized or operating in the State of North Carolina primarily for religious, charitable, scientific, literary, public health and safety, or educational purposes, excluding any board, entity, or other organization created by the State of North Carolina or any political subdivision of the State (including the Unit).

e. “*Direct Benefit*” means, with respect to a Public Officer or employee of the Unit, or the spouse of any such Public Officer or employee, (i) having a ten percent (10%) ownership interest or other interest in a Contract or Subaward; (ii) deriving any income or commission

directly from a Contract or Subaward; or (iii) acquiring property under a Contract or Subaward.

- f. “*Federal Financial Assistance*” means Federal financial assistance that the Unit receives or administers in the form of grants, cooperative agreements, non-cash contributions or donations of property (including donated surplus property), direct appropriations, food commodities, and other Federal financial assistance (except that the term does not include loans, loan guarantees, interest subsidies, or insurance).
- g. “*Governing Board*” means the Town of Davidson Board of Commissioners.
- h. “*Immediate Family Member*” means, with respect to any Covered Individual, (i) a spouse, and parents thereof, (ii) a child, and parent thereof, (iii) a parent, and spouse thereof, (iv) a sibling, and spouse thereof, (v) a grandparent and grandchild, and spouses thereof, (vi) domestic partners and parents thereof, including domestic partners of any individual in (ii) through (v) of this definition; and (vii) any individual related by blood or affinity whose close association with the Covered Individual is the equivalent of a family relationship.
- i. “*Involved in Making or Administering*” means (i) with respect to a Public Official or employee, (a) overseeing the performance of a Contract or Subaward or having authority to make decisions regarding a Contract or Subaward or to interpret a Contract or Subaward, or (b) participating in the development of specifications or terms or in the preparation or award of a Contract or Subaward, (ii) only with respect to a Public Official, being a member of a board, commission, or other body of which the Public Official is a member, taking action on the Contract or Subaward, whether or not the Public Official actually participates in that action.
- j. “*Pass-Through Entity*” means a non-Federal entity that provides a Subaward to a Subrecipient to carry out part of a Federal program.
- k. “*Public Officer*” means an individual who is elected or appointed to serve or represent the Unit (including, without limitation, any member of the Governing Board), other than an employee or independent contractor of the Unit.
- l. “*Recipient*” means an entity, usually but not limited to a non-Federal entity, that receives a Federal award directly from a Federal awarding agency. The term does not include Subrecipients or individuals that are beneficiaries of the award.
- m. “*Related Party*” means (i) an Immediate Family Member of a Covered Individual, (ii) a partner of a Covered Individual, or (iii) a current or potential employer (other than the Unit) of a Covered Individual, of a partner of a Covered Individual, or of an Immediate Family Member of a Covered Individual.
- n. “*Subaward*” means an award provided by a Pass-Through Entity to carry out part of a Federal award received by the Pass-Through Entity. It does not include payments to a contractor or payments to a contractor or payments to an individual that is a beneficiary of a Federal program.

- o. “*Subcontract*” means mean any agreement entered into by a Subcontractor to furnish supplies or services for the performance of a Contract or a Subcontract. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders.
- p. “*Subcontractor*” means an entity that receives a Subcontract.
- q. “*Subrecipient*” means an entity, usually but not limited to a non-Federal entity, that receives a subaward from a Pass-Through Entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.
- r. “*Unit*” has the meaning specified in Section I hereof.

III. COI Point of Contact.

- a. Appointment of COI Point of Contact. The Town Manager, shall have primary responsibility for managing the disclosure and resolution of potential or actual conflicts of interest arising under this Policy. In the event that The Town Manager is unable to serve in such capacity, the Assistant Town Manager shall assume responsibility for managing the disclosure and resolution of conflicts of interest arising under this Policy. The individual with responsibility for managing the disclosure and resolution of potential or actual conflicts of interest under this Section III(a) shall be known as the “*COI Point of Contact*”.
- b. Distribution of Policy. The COI Point of Contact shall ensure that each Covered Individual receives a copy of this Policy.

IV. Conflict of Interest Standards in Contracts and Subawards

- a. North Carolina Law. North Carolina law restricts the behavior of Public Officials and employees of the Unit involved in contracting on behalf of the Unit. The Unit shall conduct the selection, award, and administration of Contracts and Subawards in accordance with the prohibitions imposed by the North Carolina General Statutes and restated in this Section III.
 - i. G.S. § 14-234(a)(1). A Public Officer or employee of the Unit Involved in Making or Administering a Contract or Subaward on behalf of the Unit shall not derive a Direct Benefit from such a Contract or Subaward.
 - ii. G.S. § 14-234(a)(3). No Public Officer or employee of the Unit may solicit or receive any gift, favor, reward, service, or promise of reward, including but not limited to a promise of future employment, in exchange for recommending, influencing, or attempting to influence the award of a Contract or Subaward by the Unit.

- iii. G.S. § 14-234.3. If a member of the Governing Board of the Unit serves as a director, officer, or governing board member of a Covered Nonprofit Organization, such member shall not (1) deliberate or vote on a Contract or Subaward between the Unit and the Covered Nonprofit Corporation, (2) attempt to influence any other person who deliberates or votes on a Contract or Subaward between the Unit and the Covered Nonprofit Corporation, or (3) solicit or receive any gift, favor, reward, service, or promise of future employment, in exchange for recommending or attempting to influence the award of a Contract or Subaward to the Covered Nonprofit Organization.
- iv. G.S. § 14-234.1. A Public Officer or employee of the Unit shall not, in contemplation of official action by the Public Officer or employee, or in reliance on information which was made known to the public official or employee and which has not been made public, (1) acquire a pecuniary interest in any property, transaction, or enterprise or gain any pecuniary benefit which may be affected by such information or other information, or (2) intentionally aid another in violating the provisions of this section.

b. Federal Standards.

- i. Prohibited Conflicts of Interest in Contracting. Without limiting any specific prohibition set forth in Section IV(a), a Covered Individual may not participate in the selection, award, or administration of a Contract or Subaward if such Covered Individual has a real or apparent conflict of interest.
 - 1. Real Conflict of Interest. A real conflict of interest shall exist when the Covered Individual or any Related Party has a financial or other interest in or a tangible personal benefit from a firm considered for a Contract or Subaward. Exhibit A attached hereto provides a non-exhaustive list of examples of (i) financial or other interests in a firm considered for a Contract or Subaward, and (ii) tangible personal benefits from a firm considered for a Contract or Subaward.
 - 2. Apparent Conflict of Interest. An apparent conflict of interest shall exist where a real conflict of interest may not exist under Section IV(b)(i)(1), but where a reasonable person with knowledge of the relevant facts would find that an existing situation or relationship creates the appearance that a Covered Individual or any Related Party has a financial or other interest in or a tangible personal benefit from a firm considered for a Contract or Subaward.
- ii. Identification and Management of Conflicts of Interest.
 - 1. Duty to Disclose and Disclosure Forms
 - a. Each Covered Individual expected to be or actually involved in the selection, award, or administration of a Contract or Subaward

has an ongoing duty to disclose to the COI Point of Contact potential real or apparent conflicts of interest arising under this Policy.

- b. Prior to the Unit's award of a Contract or Subaward, the COI Point of Contact shall advise Covered Individuals expected to be involved in the selection, award, or administration of the Contract or Subaward of such duty.
- c. If the value of a proposed Contract or Subaward exceeds \$250,000, the COI Point of Contact shall collect a Conflict of Interest Disclosure Form contained in Exhibit C (for Contracts) and Exhibit E (for Subawards) from each Covered Individual and file such Conflict of Interest Disclosure Form in records of the Unit.

2. Identification Prior to Award of Contract or Subaward.

- a. Prior to the Unit's award of a Contract or Subaward, the COI Point of Contact shall complete the appropriate Compliance Checklist contained in Exhibit B (for Contracts) and Exhibit D (for Subawards) attached hereto and file such Compliance Checklist in the records of the Unit.

3. Management Prior to Award of Contract or Subaward

- a. If, after completing the Compliance Checklist, the COI Point of Contact identifies a potential real or apparent conflict of interest relating to a proposed Contract or Subaward, the COI Point of Contact shall disclose such finding in writing to each member of the Governing Board. If the Governing Board desires to enter into the proposed Contract or Subaward despite the identification by the COI Point of Contact of a potential real or apparent conflict of interest, it may either:
 - i. accept the finding of the COI Point of Contact and direct the COI Point of Contact to obtain authorization to enter into the Contract or Subaward from (a) if Unit is a Recipient of Federal Financial Assistance, the Federal awarding agency with appropriate mitigation measures, or (b) if Unit is a Subrecipient of Federal Financial Assistance, from the Pass-Through Entity that provided a Subaward to Unit; or
 - ii. reject the finding of the COI Point of Contact and enter into the Contract or Subaward. In rejecting any finding of the COI Point of Contact, the Governing Board shall in

writing document a justification supporting such rejection.

- b. If the COI Point of Contact does not identify a potential real or apparent conflict of interest relating to a proposed Contract or Subaward, the Unit may enter into the Contract or Subaward in accordance with the Unit's purchasing or subaward policy.

4. Identification After Award of Contract or Subaward.

- a. If the COI Point of Contact discovers that a real or apparent conflict of interest has arisen after the Unit has entered into a Contract or Subaward, the COI Point of Contact shall, as soon as possible, disclose such finding to each member of the Governing Board. Upon discovery of such a real or apparent conflict of interest, the Unit shall cease all payments under the relevant Contract or Subaward until the conflict of interest has been resolved.

5. Management After Award of Contract or Subaward.

- a. Following the receipt of such disclosure of a potential real or apparent conflict of interest pursuant to Section IV(b)(ii)(4), the Governing Board may reject the finding of the COI Point of Contact by documenting in writing a justification supporting such rejection. If the Governing Board fails to reject the finding of the COI Point of Contact within 15 days of receipt, the COI Point of Contact shall:
 - i. if Unit is a Recipient of Federal Financial Assistance funding the Contract or Subaward, disclose the conflict to the Federal awarding agency providing such Federal Financial Assistance in accordance with 2 C.F.R. § 200.112 and/or applicable regulations of the agency, or
 - ii. if Unit is a Subrecipient of Federal Financial Assistance, disclose the conflict to the Pass-Through Entity providing a Subaward to Unit in accordance with 2 C.F.R. § 200.112 and applicable regulations of the Federal awarding agency and the Pass-Through Entity.

V. **Oversight of Subrecipient's Conflict of Interest Standards**

- a. Subrecipients of Unit Must Adopt Conflict of Interest Policy. Prior to the Unit's execution of any Subaward for which the Unit serves as a Pass-Through Entity, the COI Point of Contact shall ensure that the proposed Subrecipient of Federal Financial Assistance has

adopted a conflict of interest policy that satisfies the requirements of 2 C.F.R. § 200.318(c)(1), 2 C.F.R. § 200.318(c)(2), and all other applicable federal regulations.

- b. Obligation to Disclose Subrecipient Conflicts of Interest. The COI Point of Contact shall ensure that the legal agreement under which the Unit makes a Subaward to a Subrecipient shall require such Subrecipient to disclose to the COI Point of Contact any potential real or apparent conflicts of interest that the Subrecipient identifies. Upon receipt of such disclosure, the COI Point of Contact shall disclose such information to the Federal awarding agency that funded the Subaward in accordance with that agency's disclosure policy.

VI. Gift Standards

- a. Federal Standard. Subject to the exceptions set forth in Section VI(b), a Covered Individual may not solicit or accept gratuities, favors, or anything of monetary value from a Contractor or a Subcontractor.
- b. Exception. Notwithstanding Section VI(a), a Covered Individual may accept an unsolicited gift from a Contractor or Subcontractor of one or more types specified below if the gift has an aggregate market value of \$20 or less per source per occasion, provided that the aggregate market value of all gifts received by the Covered Individual pursuant to this Section VI(b) does not exceed \$50 in a calendar year:
 - i. honorariums for participating in meetings;
 - ii. advertising items or souvenirs of nominal value; or
 - iii. meals furnished at banquets.
- c. Internal Reporting. A Covered Individual shall report any gift accepted under Section VI(b) to the COI Point of Contact. If required by regulation of a Federal awarding agency, the COI Point of Contact shall report such gifts to the Federal awarding agency or a Pass-Through Entity for which the Unit is a Subrecipient.

SECTION 2: Applicable to Planning and Zoning Regulation

BE IT RESOLVED, That the governing board of the Town of Davidson hereby adopts and enacts the following Conflict of Interest policy, which shall apply to administrative, advisory and legislative decisions related to planning, zoning and land development governed by Chapter 160D of the North Carolina General Statutes.

I. Compliance with GS 160D-109 Required.

- a. **A governing board member shall not vote on any legislative decision regarding a development regulation adopted pursuant to Chapter 160D of the North Carolina General Statutes where the outcome of the matter being considered is reasonably likely to have a direct, substantial, and readily identifiable financial impact on the member.**

b. A governing board member shall not vote on any zoning amendment if the landowner of the property subject to a rezoning petition or the applicant for a text amendment is a person with whom the member has a close familial, business, or other associational relationship.

c. Appointed Boards.--Members of appointed boards shall not vote on any advisory or legislative decision regarding a development regulation adopted pursuant to Chapter 160D of the North Carolina General Statutes where the outcome of the matter being considered is reasonably likely to have a direct, substantial, and readily identifiable financial impact on the member. An appointed board member shall not vote on any zoning amendment if the landowner of the property subject to a rezoning petition or the applicant for a text amendment is a person with whom the member has a close familial, business, or other associational relationship.

d. Administrative Staff.--No staff member shall make a final decision on an administrative decision required by Chapter 160D of the North Carolina General Statutes if the outcome of that decision would have a direct, substantial, and readily identifiable financial impact on the staff member or if the applicant or other person subject to that decision is a person with whom the staff member has a close familial, business, or other associational relationship. If a staff member has a conflict of interest under this section, the decision shall be assigned to the supervisor of the staff person or such other staff person as may be designated by the development regulation or other ordinance.

SECTION 3: Violations of Policy

- a. Disciplinary Actions for Covered Individuals. Any Covered Individual that fails to disclose a real, apparent, or potential real or apparent conflict of interest arising with respect to the Covered Individual or Related Party may be subject to disciplinary action, including, but not limited to, an employee's termination or suspension of employment with or without pay, removal of an appointed member of an advisory board, the consideration or adoption of a resolution of censure of a Public Official by the Governing Board, or termination of an agent's contract with the Unit.
- b. Disciplinary Actions for Contractors and Subcontractors. The Unit shall terminate any Contract with a Contractor or Subcontractor that violates any provision of this Policy.
- c. Protections for Whistleblowers. In accordance with 41 U.S.C. § 4712, the Unit shall not discharge, demote, or otherwise discriminate against an employee in reprisal for disclosing to any of the list of persons or entities provided below, information that the employee reasonably believes is evidence of gross mismanagement of a federal contract or grant, a gross waste of federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant: (i) a member of Congress or a representative of a committee of Congress;

(ii) an Inspector General; (iii) the Government Accountability Office; (iv) a Treasury or other federal agency employee responsible for grant oversight or management; (v) an authorized official of the Department of Justice or other law enforcement agency; (vi) a court or grand jury; of (vii) a management official or other employee of the Unit, a Contractor, or Subcontractor who has the responsibility to investigate, discover, or address misconduct.

* * * * *

Adopted this the [] day of [], [].

EXHIBIT A

Examples

<i>Potential Examples of a “Financial or Other Interest” in a Firm or Organization Considered for a Contract or Subaward</i>	<i>Potential Examples of a “Tangible Personal Benefit” From a Firm or Organization Considered for a Contract or Subaward</i>
Direct or indirect equity interest in a firm or organization considered for a Contract or Subaward, which may include: - Stock in a corporation. - Membership interest in a limited liability company. - Partnership interest in a general or limited partnership. - Any right to control the firm or organization’s affairs. For example, a controlling equity interest in an entity that controls or has the right to control a firm considered for a contract. - Option to purchase any equity interest in a firm or organization.	Opportunity to be employed by the firm considered for a contract, an affiliate of that firm, or any other firm with a relationship with the firm considered for a Contract. A position as a director or officer of the firm or organization, even if uncompensated.
Holder of any debt owed by a firm considered for a Contract or Subaward, which may include: - Secured debt (e.g., debt backed by an asset of the firm (like a firm’s building or equipment)) - Unsecured debt (e.g., a promissory note evidencing a promise to repay a loan). - o Holder of a judgment against the firm.	A referral of business from a firm considered for a Contract or Subaward.
Supplier or contractor to a firm or organization considered for a Contract or Subaward.	Political or social influence (e.g., a promise of appointment to an local office or position on a public board or private board).

Transportation Sales Tax Update



Andrew Golden, Transportation Planner
Piet Swart, Finance Director
Board of Commissioners Meeting
January 13, 2026

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Background

- PAVE Act signed into law July 1, 2025 by NC Governor Josh Stein.
- Enabled Mecklenburg County to place one-cent sales tax referendum on November 4, 2025 ballot.
- The referendum was approved by voters and enables the revenue generated to be used for transportation improvements.
- 40% for Rail and 20% for Bus will be overseen by the newly established Metropolitan Public Transportation Authority (MPTA).
- The remaining 40% for Roads will be distributed to the Towns and used to fund priority projects identified in adopted plans.
- Funds may be used for roadways, intersections, sidepaths, and other roadway infrastructure.



Projected Sales Tax for Davidson Roads

- Approximate first-year revenue projections include \$3.125 million for Davidson.
- The Town of Davidson anticipates receiving \$174.5 million for roadway projects over 30 years.
- It is anticipated that revenues will increase annually as the economy grows.
- The sales tax is collected in perpetuity.



Sales Tax Guiding Principles

- 1. Comply with the PAVE Act** - Ensure funding goes to eligible projects.
- 2. Ensure Alignment with Adopted Plans** - Confirm that proposed projects support and advance the goals outlined in the Town's Mobility Plan, Parks & Recreation Master Plan, Strategic Plan, Comp Plan, and other relevant adopted plans and policies.
- 3. Avoid Issuance of GO Bond Debt for Existing Projects** – The planned General Obligation bond debt is not necessary due to the new revenue source.



Sales Tax Guiding Principles (cont.)

- 4. **Honor Existing Commitments** - Advance previously approved or committed transportation projects before initiating new ones.
- 5. **Assess Project Feasibility Before Advancing** - Move projects forward only when sufficient information, analysis, and clarity exists.



Sales Tax Guiding Principles (cont.)

6. Respond to Material Changes in Conditions - Reevaluate project priorities when significant new information, external factors, or community needs emerge.

7. Ensure Transparency – Continue to provide opportunities for public engagement and regular communication through project updates and financial reporting.



Projected Sales Tax Allocation

- Sales tax requested start date is July 1, 2026; projected start date is October 1, 2026.
- Projected annual amount remains flat; expected growth over time.
- Projected revenue from the transportation sales tax for roadways is about \$14.85 million from FY2027 to FY2031.
- Projected cost of projects already scheduled is \$9.45 million.
- Funds available to accelerate and add new projects is \$5.4 million.



Projected Funding for Existing Projects

	FY2027	FY2028	FY2029	FY2030	FY2031
Projected Revenue	\$ 2,343,750	\$ 3,125,000	\$ 3,125,000	\$ 3,125,000	\$ 3,125,000
	October Start				
	FY2027	FY2028	FY2029	FY2030	FY2031
Existing Projects on CIP					
Potts Sloan Beaty Project	\$ 761,250				
Potts Sloan Beaty Pedestrian Safety	\$ 200,000				
Beaty Street Sidepath	\$ 425,000				
Intersection improvements					
Concord/Pine/Grey Road		\$ 1,750,000			
North Main/Beaty Street			\$ 1,375,600		
Main/Griffith	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Davidson-Concord Road Sidepath	\$ 170,000	\$ 180,000		\$ 715,000	
Sidewalk Projects	\$ 100,000	\$ 440,000	\$ 186,000	\$ 350,000	
Total Existing CIP Projects	\$ 2,056,250	\$ 2,770,000	\$ 1,961,600	\$ 1,465,000	\$ 400,000
Recurring Projects on CIP					
Sidewalk Modernization	\$ 150,000	\$ 150,000			
Resurfacing	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Total All Projects	\$ 2,306,250	\$ 3,020,000	\$ 2,061,600	\$ 1,565,000	\$ 500,000
Annual Unallocated Funds	\$ 37,500	\$ 105,000	\$ 1,063,400	\$ 1,560,000	\$ 2,625,000
Cumulative Funds	\$ 37,500	\$ 142,500	\$ 1,205,900	\$ 2,765,900	\$ 5,390,900

Avoid Issuance of GO Bond Debt

- Current Capital Improvement Plan (CIP) includes issuance of over \$6.5 million in 2017 GO Bonds in Spring 2026.
 - Mobility \$4,220,000
 - Greenways \$2,315,000
- Town will no longer plan to issue this debt as the mobility portion will be covered by the transportation sales tax, and the greenways will be funded from the Community Investment Fund (CIF).



Development of the FY2027-2031 CIP

- The process remains unchanged; the change is a new revenue source.
- Development of the CIP includes the available sources of funding and prioritization of capital projects.
- Major sources of funds will include the CIF, transportation sales tax, general fund, Powell Bill and grants.
- Projects are prioritized by staff from the comprehensive, mobility, parks and recreation master, and strategic plans which were all based on significant amount of public engagement and input.



Development of the FY2027-2031 CIP

- Focus will continue to be on the first 2 years of the 5-year CIP; further planning needed for years 3-5 and beyond.
- The Mobility and Vision Zero Sub-Committee will review and provide input/present recommendations for CIP/budget.
- The CIP will be finalized and recommended with the annual budget in May 2026; public input opportunities included with the budget process.
- CIP can be amended as needed.



Next Steps

- Late January Review projects with Mobility & Vision Zero Sub-Committee for feedback.
- February/March Mobility & Vision Zero Sub-Committee report to the Board.
- May - June Budget Process includes projects in proposed CIP for Board approval.



QUESTIONS?



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