



County Manager

Davie County Government

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DavieCountyNC.gov



May 22, 2025

Dear Chairman Jones and Board of Commissioners:

After thorough analysis and careful review of every funding requests, I am pleased to present the Recommended Budget for Fiscal Year 2025-2026. The budget was challenging as we worked through a revaluation process, while still advancing the budget and financial priorities for the upcoming fiscal year. These priorities included:

- Protecting the financial position of Davie County;
- Being respectful of the 2025 Revaluation Process;
- Prioritizing recruitment and retention of quality employees;
- Strengthening and securing the County technology infrastructure;
- Replacement and maintenance of capital investments

These priorities helped to shape the framework of the Recommended Budget and guided funding recommendations.

The property tax revaluation that was conducted this year resulted in an additional \$8.5M in property tax revenue equating to growth in the overall tax base of \$1.9B. North Carolina General Statute 159-11 (e), requires each taxing unit to publish a revenue-neutral property tax rate as part of its budget for the fiscal year following the revaluation of its real property. The revenue-neutral rate represents the tax rate that, when applied to the newly revalued tax base, is estimated to produce the same tax levy as would have been produced using the current year's tax rate if a revaluation had not occurred. The revenue-neutral rate is \$0.5965 per \$100 of valuation. A revenue-neutral rate can include an average annual growth factor to account for expected natural growth in the tax base and tax levy. Annual growth for Davie County is calculated at 4.53%. Even if the County were to adopt a revenue-neutral tax rate, some property owners would still see an increase in their tax bill with this growth factor due to improvements made since the 2021 revaluation. If revaluation had not occurred, maintaining acceptable services levels would be extremely difficult. Given the inflationary pressures and increases in areas such as utilities, fuel, supplies and contractual obligations. Even with making significant cuts to spending during the budget development process of nearly \$20M, the General Fund budget needed additional property tax revenue above revenue-neutral to balance the budget. The recommended property tax rate reflects a reduction in the current tax rate of 9.3 cents from \$0.733 per \$100 valuation to \$0.640 per \$100 valuation. One penny will generate \$780,113 in tax revenue; an increase of \$203,241 from Fiscal Year (FY) 2024-2025, with a tax collection rate is 98.91%, according to the 2024 Financial Audit.

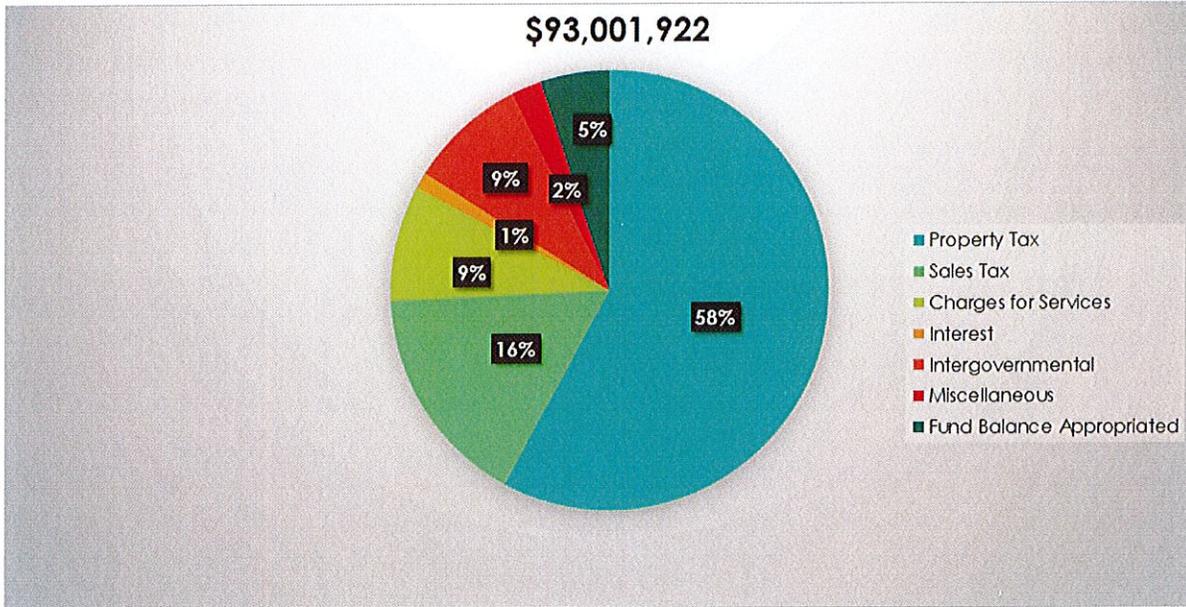
For FY25-26, revenues are increasing by \$9.1M over the current fiscal year original budget, primarily from increases in property and sales taxes. The Recommended General Fund Budget is \$93,001,922; increase of 10.9%. The General Fund provides for services funded primarily through property tax dollars. When all other funds, such as the Advance Rural Fire Protection District Fund, Countywide Fire Fund, Environmental Protection Fund, Public Utilities Fund; E-911 Fund, Opioid Mitigation Fund, and Employee Health Fund are included with the General Fund, the total Recommended Budget of ALL funds is \$113,960,444. This budget is balanced, with equal revenues and expenditures, and is prepared in accordance with the Local Government Budget and Fiscal Control Act.



Revenues:

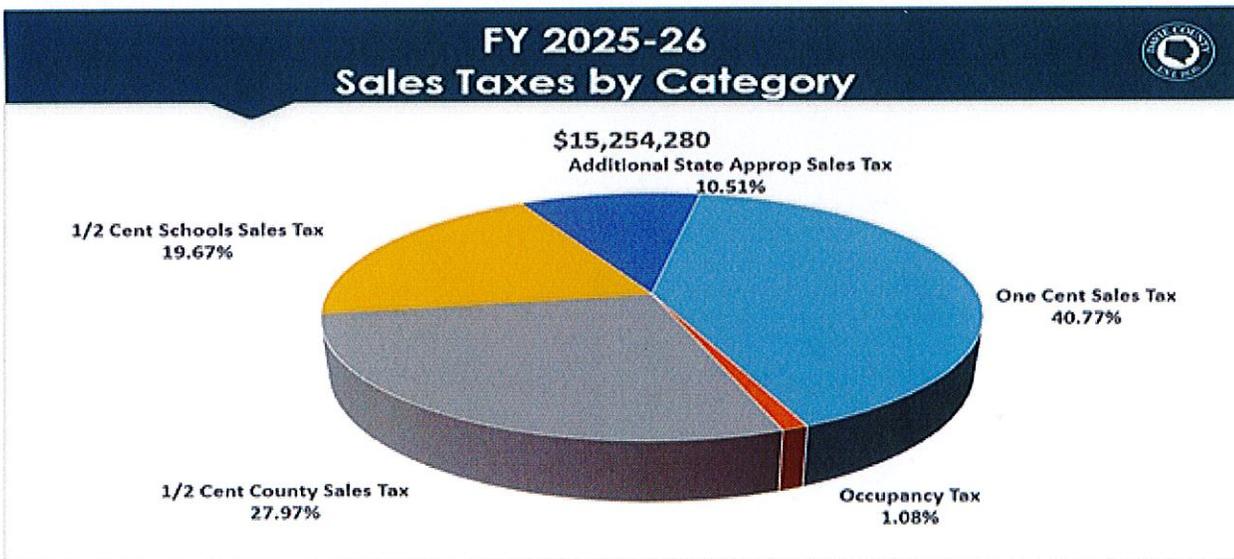
County staff track and estimate revenue using different methodologies, depending on the revenue source. Current year property taxes for real property, personal property, and vehicles are calculated according to a formula that incorporates property values, tax rate, and estimated collection.

Davie County Government’s General Fund revenues come from the following categories of source:



Property Tax: Real and personal property tax revenues are estimated at \$45.2M, an increase of \$7.3M or 19.1%. DMV vehicle revenues are estimated at \$4.7M, which is an increase of \$.3M or 7.5%.

Sales Tax: Davie County receives only two cents of the total sales tax rate of \$0.0675 per \$1. Sales tax revenues is starting to level off compared to the previous fiscal years. For FY26, sales tax is projected to grow 2.2%, providing \$15.3M in revenues.

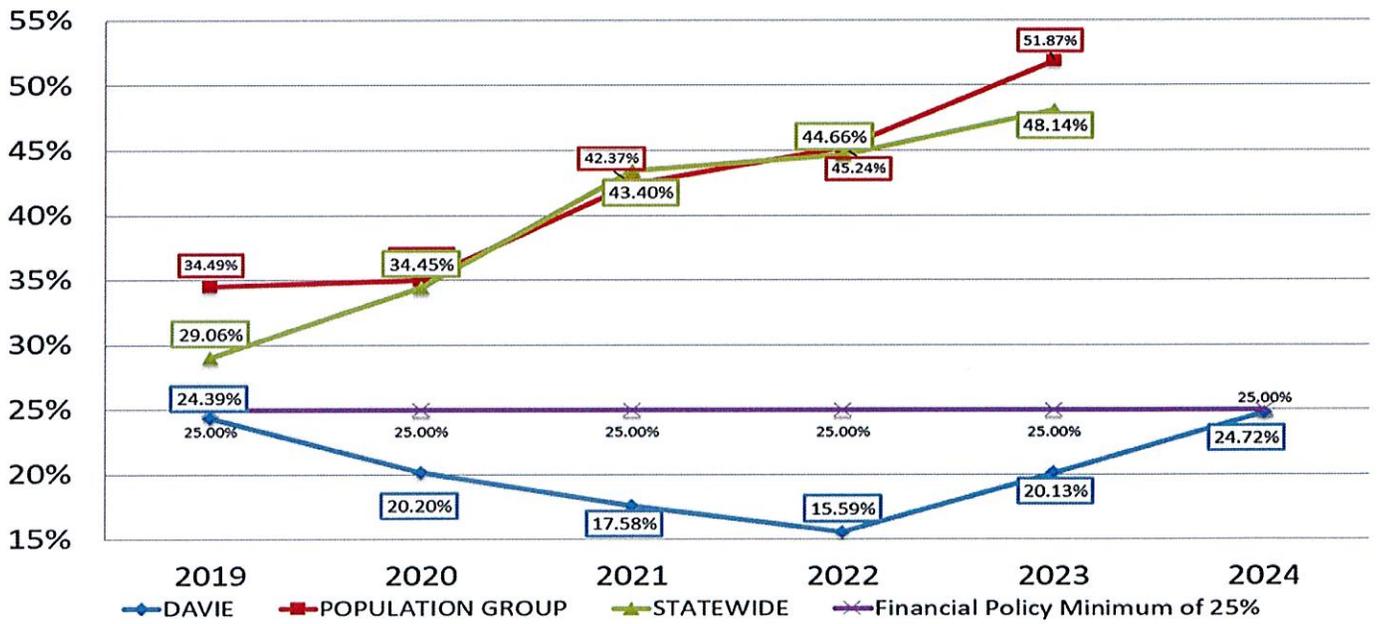


State and Federal Funding: These revenues (also termed Intergovernmental Revenues) are used to administer state and federal-based programs. These revenues primarily fund the Consolidated Health and Human Services, although many county departments rely on intergovernmental revenues.

Fees: Many county departments charge fees for services in an attempt to recoup some costs and offset the amount of tax revenues needed to support programs and services. The proposed fee changes can be found in the Fee Schedule located within the Recommended Budget Attachments.

Fund Balance:

All local governments must maintain a fund balance to provide cash flow because property taxes do not become due until January 1st of each year. Fund balance provides a safety net for unanticipated expenses and helps cover operations in the event of revenues losses. It also allows the county some flexibility in responding to fiscal emergencies and seizing opportunities. One of the strongest indicators of an organization’s financial health is the level of fund balance as a percentage of total expenditures. In addition, this is one factor contributing to our good bond rating which can lead to lower interest costs for taxpayers when the County seeks financing for major projects. Davie County’s policy is to maintain an Unassigned Fund Balance equal to at least 25% of General Fund expenditures at year-end. For FY26, the General Fund is appropriating \$4,735,108 in fund balance to balance the General Fund Budget. This is slightly less than the amount needed for FY25. The percentage of Unassigned Fund Balance is reflected in the graph below.



Expenditures:

The economy continues to present challenges with inflationary pressures, tight housing markets, mounting construction costs, contractual services escalator clauses, and the potential impact of tariffs. One measure of inflation, the Consumer Price Index, measuring the cost of goods and services for the southeastern region is up 2.0% over the past 12 months. This level of inflation is reflected in higher operating costs for Davie County departments.



Some expenditure highlights in the Recommended FY26 Budget include:

- 3% Cost-of-Living Market Adjustment for full-time and part-time positions.
- Additional 1.25% Performance Merit to reward high-performing employees.
- Capital Improvement Plan allocates spending of \$2.6M for County assets and facilities.
- Continuation of efficient and effective service levels.
- Maintains Employee Wellness Program and funds 100% of employee portion of health premiums.
- Full year funding for Peer Support program and In-house Grounds Maintenance crew.
- Funding for cultural, arts, and tourism partner agencies.

The County continues to manage the everchanging employee climate. Department leadership requested 38 new full-time positions. This Recommended Budget has 5 new positions funded through the General Fund. These new positions include (1) IT Security Analyst/System Technician and (4) Sheriff Deputies. The total Recommended Budget supports 425 full-time positions and 139 part-time hourly staffed positions.

Education:

Our education partners are recommended for funding in FY25-26 in the following amounts:

Davie County Schools – this is our 4th year of our interlocal funding agreement with Davie County Schools. The total for current and capital expenses is \$17,936,177. Of this amount \$14.9M is for current expenses and \$3M is for capital/facility needs.

Davidson-Davie Community College – Total recommended current expenses and capital is \$992,693. Of this amount \$882,693 is for current expenses and \$100,000 is for capital.

Public Utilities:

Davie County, like other rural counties, collects water and sewer fees and charges. The Utility Fund is operated as an enterprise fund, and is estimated to collect \$8.2M in fees and charges. Davie County follows a staggered rate increase to avoid any large spikes in utility services for residents, while staying at the low end of the state and national annual escalation rate average of 4-6%. This budget includes the fee schedule recommended by our rate consultant (Raftelis), as noted on the fee schedule, and includes the approved/projected escalation rate of 4.0%.

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Water								
Bi-monthly Base Charge (includes 3 kgal)	\$ 31.50	\$ 32.76	\$ 34.07	\$ 35.77	\$ 37.56	\$ 39.25	\$ 41.02	\$ 42.87
> 3,000 gallons	\$ 6.03	\$ 6.27	\$ 6.52	\$ 6.85	\$ 7.19	\$ 7.51	\$ 7.85	\$ 8.20
Average bill (10 kgal)	\$ 73.69	\$ 76.65	\$ 79.72	\$ 83.70	\$ 87.89	\$ 91.84	\$ 95.97	\$ 100.29
\$ Change in Average Bill	\$ 3.22	\$ 2.96	\$ 3.07	\$ 3.99	\$ 4.19	\$ 3.95	\$ 4.13	\$ 4.32
% Change in Average Bill	4.56%	4.01%	4.00%	5.00%	5.00%	4.50%	4.50%	4.50%
Irrigation								
Bi-monthly Base Charge (Includes 3 kgal)	\$ 31.50	\$ 32.76	\$ 34.07	\$ 35.77	\$ 37.56	\$ 39.25	\$ 41.02	\$ 42.87
> 3,000 gallons	\$ 7.84	\$ 8.15	\$ 8.48	\$ 8.90	\$ 9.34	\$ 9.77	\$ 10.20	\$ 10.66
Average bill (10 kgal)	\$ 86.35	\$ 89.81	\$ 93.40	\$ 98.07	\$ 102.98	\$ 107.61	\$ 112.45	\$ 117.51
\$ Change in Average Bill	\$ 4.54	\$ 4.01	\$ 4.00	\$ 5.00	\$ 5.00	\$ 4.50	\$ 4.50	\$ 4.50
% Change in Average Bill	4.54%	4.01%	4.00%	5.00%	5.00%	4.50%	4.50%	4.50%
All Other Sewer								
Bi-monthly Base Charge (includes 3 kgal)	\$ 28.00	\$ 29.12	\$ 30.28	\$ 31.80	\$ 33.39	\$ 34.89	\$ 36.46	\$ 38.10
> 3,000 gallons	\$ 4.61	\$ 4.80	\$ 4.99	\$ 5.24	\$ 5.50	\$ 5.75	\$ 6.01	\$ 6.28
Average bill (10 kgal)	\$ 60.30	\$ 62.72	\$ 65.23	\$ 68.49	\$ 71.91	\$ 75.15	\$ 78.53	\$ 82.07
\$ Change in Average Bill	\$ 1.84	\$ 2.42	\$ 2.51	\$ 3.26	\$ 3.42	\$ 3.24	\$ 3.38	\$ 3.53
% Change in Average Bill	3.15%	4.01%	4.00%	5.00%	5.00%	4.50%	4.50%	4.50%
East Davie Sewer								
Bi-monthly Base Charge (includes 3 kgal)	\$ 40.40	\$ 42.02	\$ 43.70	\$ 45.89	\$ 48.18	\$ 50.35	\$ 52.61	\$ 54.98
> 3,000 gallons	\$ 14.00	\$ 14.56	\$ 15.14	\$ 15.90	\$ 16.69	\$ 17.45	\$ 18.23	\$ 19.05
Average bill (10 kgal)	\$ 138.40	\$ 143.94	\$ 149.70	\$ 157.18	\$ 165.04	\$ 172.47	\$ 180.23	\$ 188.34
\$ Change in Average Bill	\$ 5.70	\$ 5.54	\$ 5.76	\$ 7.48	\$ 7.86	\$ 7.43	\$ 7.76	\$ 8.11
% Change in Average Bill	4.30%	4.00%	4.00%	5.00%	5.00%	4.50%	4.50%	4.50%

Other Funds:

The County continues to provide funding to operating funds outside of the General Fund and Public Utilities Fund. These include the Countywide Fire Fund (\$4,210,155), Advance Rural Fire Protection District Fund (\$677,837), Environmental Protection Fund (\$389,000), E-911 Fund (\$194,618), Opioid Mitigation Fund (\$500,000), and the Employee Health Fund (\$6,063,193).

The Fiscal Year 2025-2026 Recommended Budget maintains the current County Services, addresses financial priorities, and supports the outstanding workforce of Davie County Government. As required by law, the budget will be available for public inspection in the Clerk to the Board’s office for the required ten days. A public hearing will be held on Monday, June 2 during the June Commissioners’ Monthly Meeting. The recommended budget will also be available on the County’s website.

Finally, I would like to take this opportunity to thank all of our employees for their hard work and dedication. Knowing our challenges, our employees are mindful of budget constraints and continue to look for ways to improve service delivery; this strong sense of loyalty is proven daily in my interactions with staff. I would like to acknowledge the assistance from all County department heads and those staff members directly involved in the budget process. Special thanks are extended to Robin West, Assistant County Manager/CFO and Cindy Hendricks, Strategy and Budget Director for their dedication in developing, balancing and compiling the recommended budget; Brad Blackwelder for reviewing and compiling all General Fund capital and facilities request; Johnny Lambert for the Utility Fund rate and expense analysis; Tony Scarlet for reviewing all technology needs; and Stacy Moyer for the review of positions and health insurance. It will always be my desire to provide strong, stable leadership and to take a fiscally conservative approach to maintaining and improving the quality of life for our citizens. On behalf of our 400+ employees, I am honored to



present this recommended budget to the Davie County Board of Commissioners for FY 2025-2026 and I stand ready to assist you in continuing to move the County forward.

Respectfully submitted,

A handwritten signature in blue ink that reads "Brian Barnett". The signature is fluid and cursive, with a long horizontal stroke at the end.

Brian Barnett
County Manager