

**DAVIE COUNTY
NORTH CAROLINA**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

DAVIE COUNTY NORTH CAROLINA

BOARD OF COUNTY COMMISSIONERS

Mark S. Jones, Chair

Benita Finney, Vice-Chair

Terry N. Renegar

Richard Poindexter

M. Brent Shoaf

COUNTY OFFICIALS

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County Manager

Robin M. West

Assistant County Manager/CFO

E. Edward Vogler, Jr.

County Attorney

Kelly C. Funderburk

Register of Deeds

DAVIE COUNTY, NORTH CAROLINA

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FINANCIAL SECTION

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davie County, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Davie County, North Carolina, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Opioid Mitigation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Davie County Watershed Improvement Commission, which represents 100%, 100%, and 100%, respectively, of the assets, net position, and revenues of the discretely presented component unit as of June 30, 2025. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Davie County Watershed Improvement Commission, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Davie County Watershed Improvement Commission were not audited in accordance with *Government Auditing Standards*.

Change in Accounting Principle

As discussed in Note 9 to the financial statements, in 2025 the County adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 County'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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County'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 County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Davie County's basic financial statements. The combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, based on our audit and the report of the other auditors, the combining and individual fund financial statements, budget and actual schedules, and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2026 on our consideration of Davie County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of Davie County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Davie County's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.

Hickory, North Carolina

February 9, 2026

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Management's Discussion and Analysis

As management of Davie County, we offer readers of Davie County's financial statements this narrative overview and analysis of the financial activities of Davie County for the fiscal year ended June 30, 2025. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follows this narrative.

Financial Highlights

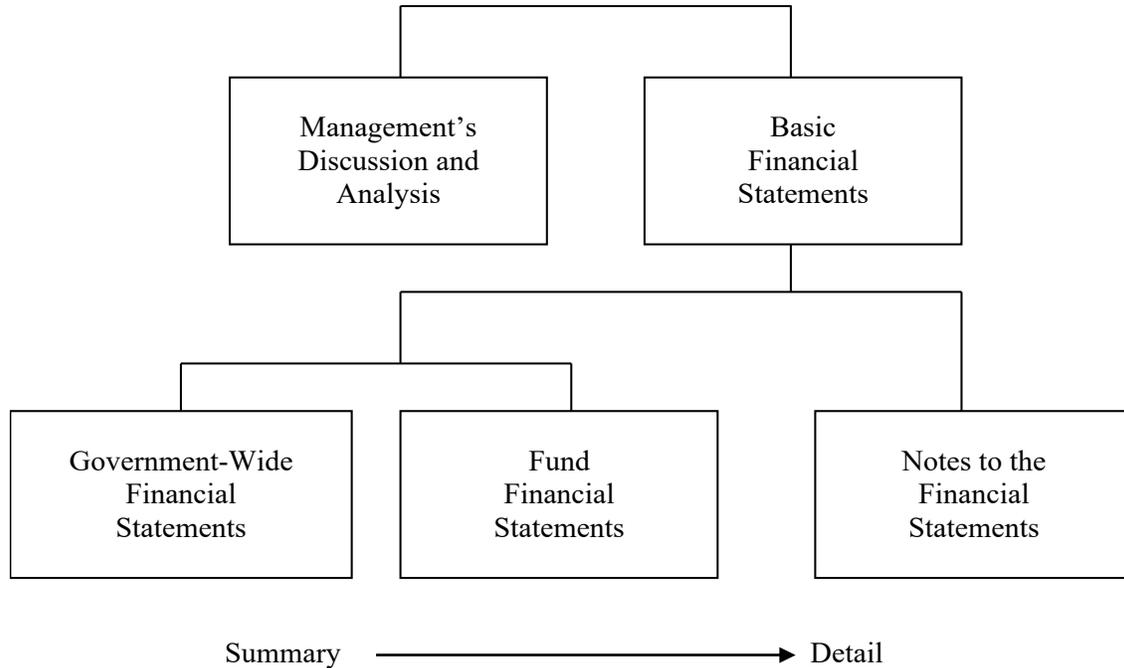
- The assets and deferred outflows of resources of Davie County exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$70,934,530 (*net position*).
- The government's total net position increased by \$5,096,615 in the current year, primarily due to the increase in net position in the governmental activities. Principal payments for General Fund debt, increases in sales tax revenue, and Grants from the State of NC in the Water and Sewer fund increased net position.
- As of the close of the current fiscal year, Davie County's governmental funds reported combined ending fund balances of \$42,105,350 an increase of \$1,857,282 in comparison with the prior year. Approximately 45.4% of this total amount, or \$19,100,748, is restricted or non-spendable.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,073,123, or 9.8%, of total General Fund expenditures for the fiscal year.
- Davie County has general obligation bond ratings of AA+ from Standard and Poor's and Aa2 from Moody's Investors Service.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 30 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning Davie County's progress in funding its obligation to provide pension benefits to its employees. Required supplemental information can be found beginning on page 81 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of Davie County exceeded its liabilities and deferred inflows of resources by \$70,934,530 as of June 30, 2025. The County's net position increased by \$5,096,615 for the fiscal year ended June 30, 2025. One of the largest portions of net position, \$80,940,000, reflects the County's net investment in capital assets (e.g., land, buildings, machinery, and equipment). Davie County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Davie County's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Davie County's net position, \$15,370,952, represents resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted.

Davie County's Net Position
Figure 2

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Assets:						
Current and other assets	\$ 48,035,754	\$ 49,387,301	\$ 13,919,784	\$ 7,701,165	\$ 61,955,538	\$ 57,088,466
Capital assets	44,216,853	44,664,953	86,635,459	66,859,217	130,852,312	111,524,170
Total assets	<u>92,252,607</u>	<u>94,052,254</u>	<u>100,555,243</u>	<u>74,560,382</u>	<u>192,807,850</u>	<u>168,612,636</u>
Deferred Outflows of Resources						
	<u>11,259,729</u>	<u>11,783,767</u>	<u>721,300</u>	<u>725,728</u>	<u>11,981,029</u>	<u>12,509,495</u>
Liabilities:						
Long-term liabilities	72,757,446	73,137,959	34,433,293	14,718,371	107,190,739	87,856,330
Other liabilities	15,959,378	20,450,961	8,952,616	4,876,688	24,911,994	25,327,649
Total liabilities	<u>88,716,824</u>	<u>93,588,920</u>	<u>43,385,909</u>	<u>19,595,059</u>	<u>132,102,733</u>	<u>113,183,979</u>
Deferred Inflows of Resources						
	<u>1,670,614</u>	<u>1,280,442</u>	<u>81,002</u>	<u>63,555</u>	<u>1,751,616</u>	<u>1,343,997</u>
Net Position:						
Net investment in capital assets	29,585,790	27,918,194	51,354,210	52,824,243	80,940,000	80,742,437
Restricted	15,370,952	15,270,263	-	-	15,370,952	15,270,263
Unrestricted	<u>(31,831,844)</u>	<u>(32,221,798)</u>	<u>6,455,422</u>	<u>2,803,253</u>	<u>(25,376,422)</u>	<u>(29,418,545)</u>
Total net position	<u>\$ 13,124,898</u>	<u>\$ 10,966,659</u>	<u>\$ 57,809,632</u>	<u>\$ 55,627,496</u>	<u>\$ 70,934,530</u>	<u>\$ 66,594,155</u>

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

- Continued diligence in the collection of property taxes by maintaining a collection percentage of 99.10%
- Increase of 4.79% in Ad Valorem Taxes
- Continued low cost of debt due to the County's high bond rating
- Continued implementation of financial policy guidelines, including Cash Management and Investment Policy, General Fund Balance Policy, Debt Policy, Cyber Security Policy, and Enterprise/Utility Policies
- Implemented Performance Based Budgets for departments focused on outcome attainment focused on historical/actual spending, prioritizing outcomes, using data to make informed decisions.
- The County continues each year to update the Strategic Plan that was initially adopted in FY 2018. The Plan has five focus areas: Safe & Healthy Community, Education, Quality of Life & Place, Business Operations, and Growth & Infrastructure.

Davie County's Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	\$ 6,147,703	\$ 7,262,838	\$ 9,614,395	\$ 9,202,575	\$ 15,762,098	\$ 16,465,413
Operating grants and contributions	12,987,572	12,423,570	-	-	12,987,572	12,423,570
Capital grants and contributions	2,252,085	4,366,909	4,820,739	7,966,799	7,072,824	12,333,708
General revenues:						
Property taxes	47,833,909	45,720,748	-	-	47,833,909	45,720,748
Other taxes	15,625,383	15,394,332	-	-	15,625,383	15,394,332
Other	1,215,123	1,208,799	26,589	286,381	1,241,712	1,495,180
Total revenues	<u>86,061,775</u>	<u>86,377,196</u>	<u>14,461,723</u>	<u>17,455,755</u>	<u>100,523,498</u>	<u>103,832,951</u>
Expenses:						
General government	22,203,459	19,212,357	-	-	22,203,459	19,212,357
Public safety	27,958,896	26,665,834	-	-	27,958,896	26,665,834
Environmental protection	130,602	101,959	-	-	130,602	101,959
Economic and physical development	540,821	512,650	-	-	540,821	512,650
Human services	11,012,147	10,383,605	-	-	11,012,147	10,383,605
Culture and recreation	1,909,862	1,875,816	-	-	1,909,862	1,875,816
Education	18,197,822	17,658,644	-	-	18,197,822	17,658,644
Interest and fiscal changes	1,332,782	1,555,833	-	-	1,332,782	1,555,833
Solid waste	-	-	387,474	399,832	387,474	399,832
Water and sewer	-	-	11,753,018	8,051,326	11,753,018	8,051,326
Total expenses	<u>83,286,391</u>	<u>77,966,698</u>	<u>12,140,492</u>	<u>8,451,158</u>	<u>95,426,883</u>	<u>86,417,856</u>
Change in net position before transfers	2,775,384	8,410,498	2,321,231	9,004,597	5,096,615	17,415,095
Transfers, net	<u>(79,914)</u>	<u>(181,670)</u>	<u>79,914</u>	<u>181,670</u>	<u>-</u>	<u>-</u>
Change in net position	<u>2,695,470</u>	<u>8,228,828</u>	<u>2,401,145</u>	<u>9,186,267</u>	<u>5,096,615</u>	<u>17,415,095</u>
Net position, July 1	10,966,659	2,737,831	55,627,496	46,441,229	66,594,155	49,179,060
Restatement	<u>(537,231)</u>	<u>-</u>	<u>(219,009)</u>	<u>-</u>	<u>(756,240)</u>	<u>-</u>
Beginning of year - July 1, restated	<u>10,429,428</u>	<u>2,737,831</u>	<u>55,408,487</u>	<u>46,441,229</u>	<u>65,837,915</u>	<u>49,179,060</u>
End of year - June 30	<u>\$ 13,124,898</u>	<u>\$ 10,966,659</u>	<u>\$ 57,809,632</u>	<u>\$ 55,627,496</u>	<u>\$ 70,934,530</u>	<u>\$ 66,594,155</u>

Governmental Activities. Governmental activities increased the County's net position by \$2,695,470. A key element for this increase was continued investment in County capital projects through grants and General fund pay as you go contributions for construction in progress over the prior year.

Business-Type Activities. Business-type activities increased Davie County's net position by \$2,401,145. A key element for this increase was the increase in Water and Sewer revenues in preparation for construction of the new Water Treatment plant.

Financial Analysis of the County's Funds

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

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

The General Fund is the chief operating fund of Davie County. At the end of the current fiscal year, fund balance available in the General Fund was \$18,491,961, while total fund balance reached \$31,107,095. Fund balance available represents 22.3% of total General Fund expenditures (plus transfers out and less debt issued), while total fund balance represents 37.5% of that same amount.

The Capital Projects Fund accounts for the activities of several capital projects going on within the County. The majority of the revenue to support these projects comes from federal and state grants as well as debt issuance. At June 30, 2025, the net change in fund balance was an increase of \$1,441,126 with an ending fund balance of \$9,203,866. Expenditures were mostly for renovations for the courthouse project.

At June 30, 2025, the Opioid Settlement Fund has received \$1,842,818 as part of the nationwide opioid settlement. The County has recognized \$3,482,433 as receivable, net of an allowance for doubtful accounts. The fund balance of \$1,543,838 is restricted for opioid abatement and remediation activities.

At June 30, 2025, the governmental funds of Davie County reported a combined fund balance of \$42,105,350 an increase of \$1,857,282 from the prior year. The primary reasons for the increase is the ad valorem increase over the prior year and intergovernmental revenue from Federal and State grants.

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

Total amendments to the General Fund increased revenues by \$2,375,002. A major portion of this increase was attributable to changes in amounts of funding received from the State of North Carolina and other grants.

Proprietary Funds. Davie County's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Solid Waste Fund at the end of the fiscal year was \$301,056, and those for the Water and Sewer Fund was \$6,154,366. The Solid Waste Fund net position remained the same, and the Water and Sewer Fund net position increased \$2,401,145. Other factors concerning the finances of these two funds have already been addressed in the discussion of Davie County's business-type activities.

Capital Assets and Debt Administration

Capital Assets. Davie County’s capital assets for its governmental and business-type activities as of June 30, 2025 total \$130,852,312 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, and vehicles.

Major capital asset transactions during the year include:

- Community Park Baseball Field Lighting
- Large generator for Health and Human Services
- Renovations to the Courthouse and multiple parking lots
- Vehicles added to the County Fleet including ambulances

Davie County's Capital Assets
Figure 4

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Land	\$ 1,535,046	\$ 1,535,046	\$ 552,624	\$ 552,624	\$ 2,087,670	\$ 2,087,670
Buildings	40,820,198	40,597,833	16,615,671	16,615,671	57,435,869	57,213,504
Furniture, equipment and computer	12,856,079	12,201,191	3,549,387	3,362,580	16,405,466	15,563,771
Vehicles and motor equipment	9,910,545	8,948,969	-	-	9,910,545	8,948,969
Water/sewer lines	-	-	39,414,926	39,414,926	39,414,926	39,414,926
Right to use assets	6,971,594	6,913,034	-	-	6,971,594	6,913,034
Construction in progress	3,569,221	3,147,266	53,156,882	32,291,513	56,726,103	35,438,779
	<u>75,662,683</u>	<u>73,343,339</u>	<u>113,289,490</u>	<u>92,237,314</u>	<u>188,952,173</u>	<u>165,580,653</u>
Less:						
Accumulated depreciation and amortization	<u>31,445,830</u>	<u>28,678,386</u>	<u>26,654,031</u>	<u>25,378,097</u>	<u>58,099,861</u>	<u>54,056,483</u>
Capital assets, net	<u>\$ 44,216,853</u>	<u>\$ 44,664,953</u>	<u>\$ 86,635,459</u>	<u>\$ 66,859,217</u>	<u>\$ 130,852,312</u>	<u>\$ 111,524,170</u>

Additional information on Davie County’s capital assets can be found beginning on page 47 of the basic financial statements.

Long-Term Debt. As of June 30, 2025, Davie County had total debt outstanding of \$85,490,448, including \$32,095,000 of bonded debt, which is debt backed by the full faith and credit of the County.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
General obligation debt	\$ 32,095,000	\$ 35,750,000	\$ -	\$ -	\$ 32,095,000	\$ 35,750,000
COPS	-	820,000	-	-	-	820,000
Installment loans	9,797,501	10,748,501	-	-	9,797,501	10,748,501
Unamortized premiums	2,973,953	3,399,895	-	-	2,973,953	3,399,895
Lease liabilities	4,825,365	4,878,035	-	-	4,825,365	4,878,035
Subscription liabilities	517,380	627,998	-	-	517,380	627,998
Notes from direct borrowing	-	-	35,281,249	14,034,974	35,281,249	14,034,974
Total	<u>\$ 50,209,199</u>	<u>\$ 56,224,429</u>	<u>\$ 35,281,249</u>	<u>\$ 14,034,974</u>	<u>\$ 85,490,448</u>	<u>\$ 70,259,403</u>

Davie County's total debt increased by \$15,231,045 during the fiscal year, due to various debt service payments and significantly less installment purchases in the current year.

As mentioned in the financial highlights section of this document, Davie County has an AA+ from Standard and Poor's and Aa2 from Moody's Investors Service. This achievement is a primary factor in keeping interest costs low on the County's outstanding debt.

The state of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Davie County is approximately \$459,511,085. The County has no authorized, unissued bonds at June 30, 2025.

Additional information regarding Davie County's long-term debt can be found beginning on page 71 of this audited financial report.

Economic Factors and Next Year's Budgets and Rates

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

- The County and the Town of Mocksville have agreed to a joint venture with a new Water Treatment Plant. This plant will service the southern portion of the County, include the Town of Mocksville. The project is expected to be complete in Spring 2026.
- The County received a grant from the State of North Carolina for Courthouse renovations, equipment for the Detention Center and Sheriff's Office, and ballfield lights and generators for the Davie Community Park.

Budget Highlights for the Fiscal Year Ending June 30, 2026

Governmental Activities. The property tax rate was reduced to 68.86 cents per \$100 of valuation for fiscal year 2025-2026. The Advance Rural Fire Protection District remained the same (2.438 cents), as did the county-wide fire tax of four cents. Sales and Use tax was budgeted at a slight increase. The County's budget includes the five focus areas as outlined in the County's Strategic Plan and Performance Based Budget. Budgeted expenditures in the General Fund are increased to \$93,687,286.

Business-Type Activities. An increase in water and sewer rates of 4.0% was adopted effective July 1, 2025 to fund the water and sewer system, while keeping customer rates competitive as compared to other systems throughout the state.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Davie County Watershed Improvement Commission
Assets:				
Current assets:				
Cash and cash equivalents	\$ 27,754,697	\$ 9,769,420	\$ 37,524,117	\$ 383,568
Taxes receivable, net	524,214	-	524,214	-
Accounts receivable, net	1,090,299	1,757,047	2,847,346	-
Lease receivable, current	7,087	-	7,087	-
Due from other governments	6,209,468	1,570,443	7,779,911	-
Accrued interest	2,353	-	2,353	-
Restricted cash and cash equivalents	8,951,127	490,675	9,441,802	-
Inventories	290	332,199	332,489	-
Prepays	100,000	-	100,000	-
Net pension asset	46,651	-	46,651	-
Total current assets	<u>44,686,186</u>	<u>13,919,784</u>	<u>58,605,970</u>	<u>383,568</u>
Non-current assets:				
Long-term receivable	3,074,333	-	3,074,333	-
Lease receivable, non-current	<u>275,235</u>	<u>-</u>	<u>275,235</u>	<u>-</u>
Capital assets:				
Land and construction in progress	5,104,267	53,709,506	58,813,773	-
Other capital assets, net of depreciation	<u>39,112,586</u>	<u>32,925,953</u>	<u>72,038,539</u>	<u>-</u>
Total capital assets	<u>44,216,853</u>	<u>86,635,459</u>	<u>130,852,312</u>	<u>-</u>
Total non-current assets	<u>47,566,421</u>	<u>86,635,459</u>	<u>134,201,880</u>	<u>-</u>
Total assets	<u>92,252,607</u>	<u>100,555,243</u>	<u>192,807,850</u>	<u>383,568</u>
Deferred Outflows of Resources:				
Deferred charges on refunding	79,554	-	79,554	-
Pension deferrals	8,213,713	498,018	8,711,731	-
OPEB deferrals	<u>2,966,462</u>	<u>223,282</u>	<u>3,189,744</u>	<u>-</u>
Total deferred outflows of resources	<u>11,259,729</u>	<u>721,300</u>	<u>11,981,029</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	4,459,011	5,405,855	9,864,866	23
Accrued interest	307,831	33,460	341,291	-
Advances from grantors	2,959,895	-	2,959,895	-
Customer deposits	-	490,675	490,675	-
Due within one year	8,232,641	3,022,626	11,255,267	-
Non-current liabilities:				
Net pension liability (LGERS)	14,839,317	945,703	15,785,020	-
Total pension liability (LEOSSA)	2,268,525	-	2,268,525	-
Total OPEB liability	10,687,145	804,409	11,491,554	-
Due in more than one year	<u>44,962,459</u>	<u>32,683,181</u>	<u>77,645,640</u>	<u>-</u>
Total liabilities	<u>88,716,824</u>	<u>43,385,909</u>	<u>132,102,733</u>	<u>23</u>

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2025

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Davie County Watershed Improvement Commission</u>
Deferred Inflows of Resources:				
Prepaid property taxes	79,981	-	79,981	-
Lease deferrals	239,847	-	239,847	-
Pension deferrals	777,620	37,860	815,480	-
OPEB deferrals	573,166	43,142	616,308	-
Total deferred inflows of resources	<u>1,670,614</u>	<u>81,002</u>	<u>1,751,616</u>	<u>-</u>
Net Position:				
Net investment in capital assets	29,585,790	51,354,210	80,940,000	-
Restricted for:				
Stabilization by state statute	12,518,613	-	12,518,613	-
Register of Deeds	249,383	-	249,383	-
Register of Deeds' pension plan	46,651	-	46,651	-
Public safety	206,802	-	206,802	-
Human services	1,543,838	-	1,543,838	-
Economic and physical development	805,665	-	805,665	-
Unrestricted (deficit)	<u>(31,831,844)</u>	<u>6,455,422</u>	<u>(25,376,422)</u>	<u>383,545</u>
Total net position	<u>\$ 13,124,898</u>	<u>\$ 57,809,632</u>	<u>\$ 70,934,530</u>	<u>\$ 383,545</u>

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 22,203,459	\$ 777,927	\$ 1,483,824	\$ 2,252,085
Public safety	27,958,896	3,702,796	4,016,428	-
Environmental protection	130,602	-	-	-
Economic and physical development	540,821	31,382	214,268	-
Human services	11,012,147	1,635,598	7,009,560	-
Cultural and recreational	1,909,862	-	263,492	-
Education	18,197,822	-	-	-
Interest and fiscal charges	1,332,782	-	-	-
Total governmental activities	<u>83,286,391</u>	<u>6,147,703</u>	<u>12,987,572</u>	<u>2,252,085</u>
Business-Type Activities:				
Water and Sewer Fund	11,753,018	9,306,835	-	4,820,739
Solid Waste Fund	387,474	307,560	-	-
Total business-type activities	<u>12,140,492</u>	<u>9,614,395</u>	<u>-</u>	<u>4,820,739</u>
Total primary government	<u>\$ 95,426,883</u>	<u>\$ 15,762,098</u>	<u>\$ 12,987,572</u>	<u>\$ 7,072,824</u>
Component Unit:				
Davie County Watershed Improvement Commission	<u>\$ 22,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Net (Expense) Revenue and Changes in Net Position</u>			<u>Component Unit</u>
	<u>Primary Government</u>			<u>Davie County Watershed Improvement Commission</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ (17,689,623)	\$ -	\$ (17,689,623)	
Public safety	(20,239,672)	-	(20,239,672)	
Environmental protection	(130,602)	-	(130,602)	
Economic and physical development	(295,171)	-	(295,171)	
Human services	(2,366,989)	-	(2,366,989)	
Cultural and recreational	(1,646,370)	-	(1,646,370)	
Education	(18,197,822)	-	(18,197,822)	
Interest and fiscal charges	(1,332,782)	-	(1,332,782)	
Total governmental activities	<u>(61,899,031)</u>	<u>-</u>	<u>(61,899,031)</u>	
Business-Type Activities:				
Water and Sewer Fund	-	2,374,556	2,374,556	
Solid Waste Fund	-	(79,914)	(79,914)	
Total business-type activities	<u>-</u>	<u>2,294,642</u>	<u>2,294,642</u>	
Total primary government	<u>(61,899,031)</u>	<u>2,294,642</u>	<u>(59,604,389)</u>	
Component Unit:				
Davie County Watershed Improvement Commission				\$ <u>(22,551)</u>
General Revenues:				
Taxes:				
Property taxes, levied for general purpose	47,833,909	-	47,833,909	-
Local option sales tax	15,473,242	-	15,473,242	-
Other taxes	152,141	-	152,141	-
Investment earnings, unrestricted	1,215,123	1,774	1,216,897	4,284
Other unrestricted intergovernmental revenue	-	-	-	33,000
Miscellaneous	-	24,815	24,815	-
Total general revenues, excluding transfers	<u>64,674,415</u>	<u>26,589</u>	<u>64,701,004</u>	<u>37,284</u>
Transfers	<u>(79,914)</u>	<u>79,914</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>64,594,501</u>	<u>106,503</u>	<u>64,701,004</u>	<u>37,284</u>
Change in net position	<u>2,695,470</u>	<u>2,401,145</u>	<u>5,096,615</u>	<u>14,733</u>
Net Position:				
Beginning of year - July 1	10,966,659	55,627,496	66,594,155	368,812
Restatement	<u>(537,231)</u>	<u>(219,009)</u>	<u>(756,240)</u>	<u>-</u>
Beginning of year, restated	<u>10,429,428</u>	<u>55,408,487</u>	<u>65,837,915</u>	<u>368,812</u>
End of year - June 30	<u>\$ 13,124,898</u>	<u>\$ 57,809,632</u>	<u>\$ 70,934,530</u>	<u>\$ 383,545</u>

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

DAVIE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Capital Projects Fund	Opioid Mitigation Fund	Coronavirus Relief Fund	Other Governmental Funds	
Assets:						
Cash and cash equivalents	\$ 17,834,584	\$ 9,704,769	\$ -	\$ -	\$ 215,344	\$ 27,754,697
Taxes receivable, net	524,214	-	-	-	-	524,214
Accounts receivable, net	680,778	-	3,482,433	-	-	4,163,211
Lease receivable	282,322	-	-	-	-	282,322
Prepays	100,000	-	-	-	-	100,000
Due from other governments	6,163,224	-	-	-	46,244	6,209,468
Due from other funds	6,141,949	-	-	-	-	6,141,949
Accrued interest	2,353	-	-	-	-	2,353
Restricted cash and cash equivalents	4,439,347	2,959,895	1,551,885	-	-	8,951,127
Inventories	290	-	-	-	-	290
Total assets	<u>\$ 36,169,061</u>	<u>\$ 12,664,664</u>	<u>\$ 5,034,318</u>	<u>\$ -</u>	<u>\$ 261,588</u>	<u>\$ 54,129,631</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Accounts payable and accrued liabilities	\$ 3,210,041	\$ 500,903	\$ 8,047	\$ -	\$ 8,542	\$ 3,727,533
Due to other funds	-	-	-	2,495	-	2,495
Advances from grantors	-	2,959,895	-	-	-	2,959,895
Total liabilities	<u>3,210,041</u>	<u>3,460,798</u>	<u>8,047</u>	<u>2,495</u>	<u>8,542</u>	<u>6,689,923</u>
Deferred Inflows of Resources:						
Prepaid property taxes	79,981	-	-	-	-	79,981
Property taxes receivable	524,214	-	-	-	-	524,214
Lease deferrals	239,847	-	-	-	-	239,847
Other receivables	1,007,883	-	3,482,433	-	-	4,490,316
Total deferred inflows of resources	<u>1,851,925</u>	<u>-</u>	<u>3,482,433</u>	<u>-</u>	<u>-</u>	<u>5,334,358</u>
Fund Balances:						
Non-spendable:						
Inventories	290	-	-	-	-	290
Leases	42,475	-	-	-	-	42,475
Prepays	100,000	-	-	-	-	100,000
Restricted:						
Stabilization by state statute	12,472,369	-	-	-	46,244	12,518,613
Restricted, all other	4,688,730	-	1,543,838	-	206,802	6,439,370
Committed	995,000	9,203,866	-	-	-	10,198,866
Assigned	4,735,108	-	-	-	-	4,735,108
Unassigned	8,073,123	-	-	(2,495)	-	8,070,628
Total fund balances	<u>31,107,095</u>	<u>9,203,866</u>	<u>1,543,838</u>	<u>(2,495)</u>	<u>253,046</u>	<u>42,105,350</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 36,169,061</u>	<u>\$ 12,664,664</u>	<u>\$ 5,034,318</u>	<u>\$ -</u>	<u>\$ 261,588</u>	<u>\$ 54,129,631</u>

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

DAVIE COUNTY, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	Total Governmental Funds
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Total fund balances	\$ 42,105,350
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	44,216,853
Deferred outflows related to long-term debt issue refunding	79,554
Deferred inflows of resources in the governmental funds are used to offset accounts receivable not expected to be available within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	5,014,530
Net pension asset (ROD)	46,651
Net pension liability (LGERS)	(14,839,317)
Deferred inflows of resources related to pensions	(777,620)
Deferred outflows of resources related to pensions	8,213,713
Deferred inflows of resources related to OPEB	(573,166)
Deferred outflows of resources related to OPEB	2,966,462
Total OPEB liability	(11,175,734)
Total pension liability (LEOSSA)	(2,376,388)
Accrued vacation payable	(2,389,449)
The assets and liabilities of the Internal Service Fund are included in governmental activities in the Statement of Net Position.	(6,869,511)
Some liabilities, including interest payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(50,517,030)</u>
Net position of governmental activities, per Exhibit A	<u>\$ 13,124,898</u>

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General Fund	Capital Projects Fund	Opioid Mitigation Fund	Coronavirus Relief Fund	Other Governmental Funds	
Revenues:						
Taxes	\$ 62,863,736	\$ -	\$ -	\$ -	\$ 570,114	\$ 63,433,850
Intergovernmental	11,011,520	2,252,085	507,197	-	155,044	13,925,846
Charges for services	4,836,183	-	-	-	-	4,836,183
Permits and fees	1,367,735	-	-	-	-	1,367,735
Interest on investments	1,205,279	6,276	3,349	-	219	1,215,123
Miscellaneous	1,510,442	-	-	-	33,324	1,543,766
Total revenues	<u>82,794,895</u>	<u>2,258,361</u>	<u>510,546</u>	<u>-</u>	<u>758,701</u>	<u>86,322,503</u>
Expenditures:						
General government	12,111,011	626,521	-	-	-	12,737,532
Public safety	28,417,686	2,066,799	-	-	736,282	31,220,767
Environmental protection	94,662	32,447	-	-	-	127,109
Economic and physical development	541,115	-	-	-	-	541,115
Human services	11,723,200	-	137,712	-	-	11,860,912
Cultural and recreational	2,365,488	-	-	-	-	2,365,488
Education	18,197,822	-	-	-	-	18,197,822
Debt service:						
Principal	7,211,110	-	-	-	-	7,211,110
Interest and fees	1,768,485	-	-	-	-	1,768,485
Total expenditures	<u>82,430,579</u>	<u>2,725,767</u>	<u>137,712</u>	<u>-</u>	<u>736,282</u>	<u>86,030,340</u>
Revenues over (under) expenditures	<u>364,316</u>	<u>(467,406)</u>	<u>372,834</u>	<u>-</u>	<u>22,419</u>	<u>292,163</u>
Other Financing Sources (Uses):						
Transfers in	118,978	2,525,815	-	-	660	2,645,453
Transfers out	(2,108,084)	(617,283)	-	-	-	(2,725,367)
Lease liability issued	500,142	-	-	-	-	500,142
Subscription liabilities issued	117,680	-	-	-	-	117,680
Proceeds from installment debt	1,004,000	-	-	-	-	1,004,000
Proceeds from sale of capital assets	23,211	-	-	-	-	23,211
Total other financing sources (uses)	<u>(344,073)</u>	<u>1,908,532</u>	<u>-</u>	<u>-</u>	<u>660</u>	<u>1,565,119</u>
Net change in fund balances	20,243	1,441,126	372,834	-	23,079	1,857,282
Fund Balances:						
Beginning of year - July 1	<u>31,086,852</u>	<u>7,762,740</u>	<u>1,171,004</u>	<u>(2,495)</u>	<u>229,967</u>	<u>40,248,068</u>
End of year - June 30	<u>\$ 31,107,095</u>	<u>\$ 9,203,866</u>	<u>\$ 1,543,838</u>	<u>\$ (2,495)</u>	<u>\$ 253,046</u>	<u>\$ 42,105,350</u>

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

DAVIE COUNTY, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

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

Net change in fund balances - total governmental funds (Exhibit D)	\$ 1,857,282
Governmental funds report capital outlays and 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 outlay exceeded depreciation in the current period.	1,326,696
Pension expense - LEOSSA	(214,585)
Pension expense - LGERS and ROD	(1,396,722)
OPEB plan expense	(818,909)
Net book value of capital assets disposed of during the year, not recognized on modified accrual basis.	(1,774,796)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction has any effect on net position. This amount includes principal payments and premium amortization.	
Principal payments	7,211,110
Debt proceeds	(1,004,000)
Lease and subscription liabilities issued	(617,822)
Expenses that do not require current financial resources and are not reported as expenditures in the governmental funds statements.	
Amortization of deferred charge on refunding	(28,555)
Amortization of bond premium	425,942
Change in accrued interest	38,316
Change in compensated absences	(342,746)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(636,769)
The net revenue (expense) of the internal service fund is reported with governmental activities.	<u>(1,328,972)</u>
Change in net position of governmental activities per Exhibit B	<u>\$ 2,695,470</u>

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

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With Final Budget Over/Under
	Original	Final		
Revenues:				
Taxes	\$ 60,242,273	\$ 60,752,276	\$ 62,863,736	\$ 2,111,460
Intergovernmental	9,375,963	11,016,668	11,011,520	(5,148)
Charges for sales and services	4,960,416	5,046,459	4,836,183	(210,276)
Permits and fees	1,393,430	1,429,296	1,367,735	(61,561)
Interest on investments	1,025,000	1,025,000	1,205,279	180,279
Miscellaneous	1,190,446	1,292,831	1,510,442	217,611
Total revenues	<u>78,187,528</u>	<u>80,562,530</u>	<u>82,794,895</u>	<u>2,232,365</u>
Expenditures:				
General government	11,019,871	13,564,675	12,111,011	1,453,664
Public safety	28,428,608	29,755,999	28,417,686	1,338,313
Environmental protection	116,152	116,152	94,662	21,490
Economic and physical development	659,367	727,750	541,115	186,635
Human services	12,453,351	13,798,920	11,723,200	2,075,720
Cultural and recreational	2,577,388	2,695,601	2,365,488	330,113
Education	17,763,192	18,463,192	18,197,822	265,370
Debt service:				
Principal	5,310,000	7,250,000	7,211,110	38,890
Interest and fees	3,370,713	2,205,476	1,768,485	436,991
Contingency	-	30,326	-	30,326
Total expenditures	<u>81,698,642</u>	<u>88,608,091</u>	<u>82,430,579</u>	<u>6,177,512</u>
Revenues over (under) expenditures	<u>(3,511,114)</u>	<u>(8,045,561)</u>	<u>364,316</u>	<u>8,409,877</u>
Other Financing Sources (Uses):				
Transfers (to) other funds	(2,177,510)	(2,378,049)	(2,108,084)	269,965
Transfers from other funds	-	118,978	118,978	-
Proceeds from sale of capital assets	-	-	23,211	23,211
Lease liability issued	-	500,142	500,142	-
Subscription liability issued	-	74,780	117,680	42,900
Proceeds from installment debt	947,685	1,004,000	1,004,000	-
Total other financing sources (uses)	<u>(1,229,825)</u>	<u>(680,149)</u>	<u>(344,073)</u>	<u>336,076</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>(4,740,939)</u>	<u>(8,725,710)</u>	<u>20,243</u>	<u>8,745,953</u>
Appropriated fund balance	<u>4,740,939</u>	<u>8,725,710</u>	<u>-</u>	<u>(8,725,710)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>20,243</u>	<u>\$ 20,243</u>
Fund Balance:				
Beginning of year - July 1			<u>31,086,852</u>	
End of year - June 30			<u>\$ 31,107,095</u>	

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

DAVIE COUNTY, NORTH CAROLINA

OPIOID MITIGATION FUND - ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Over/Under</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Restricted intergovernmental	\$ 430,923	\$ 430,923	\$ 507,197	\$ 76,274
Interest on investments	-	-	3,349	3,349
Total revenues	<u>430,923</u>	<u>430,923</u>	<u>510,546</u>	<u>79,623</u>
Expenditures:				
Public safety:				
Salaries and employee benefits	177,019	177,019	135,236	41,783
Other operating expense	253,904	253,904	2,476	251,428
Total expenditures	<u>430,923</u>	<u>430,923</u>	<u>137,712</u>	<u>293,211</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	372,834	<u>\$ 372,834</u>
Fund Balance:				
Beginning of year - July 1			<u>1,171,004</u>	
End of year - June 30			<u>\$ 1,543,838</u>	

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities			Governmental
	Major	Nonmajor	Total	Self-Insurance
	Water and Sewer Fund	Fund		Internal Service Fund
Assets:				
Current assets:				
Cash and cash equivalents	\$ 9,547,984	\$ 221,436	\$ 9,769,420	\$ -
Accounts receivable, net	1,757,047	-	1,757,047	1,421
Due from other governments	1,422,514	147,929	1,570,443	-
Inventory, at cost	332,199	-	332,199	-
Cash and cash equivalents, restricted	490,675	-	490,675	-
Total current assets	<u>13,550,419</u>	<u>369,365</u>	<u>13,919,784</u>	<u>1,421</u>
Non-current assets:				
Capital assets:				
Land and other non-depreciable assets	53,495,403	214,103	53,709,506	-
Other capital assets, net of depreciation	<u>32,785,015</u>	<u>140,938</u>	<u>32,925,953</u>	-
Capital assets, net	<u>86,280,418</u>	<u>355,041</u>	<u>86,635,459</u>	-
Total non-current assets	<u>86,280,418</u>	<u>355,041</u>	<u>86,635,459</u>	-
Total assets	<u>99,830,837</u>	<u>724,406</u>	<u>100,555,243</u>	<u>1,421</u>
Deferred Outflows of Resources:				
OPEB deferrals	223,282	-	223,282	-
Pension deferrals	<u>498,018</u>	-	<u>498,018</u>	-
Total deferred outflows of resources	<u>721,300</u>	-	<u>721,300</u>	-
Liabilities:				
Current liabilities:				
Accounts payable and accrued liabilities	5,337,546	68,309	5,405,855	731,478
Accrued interest	33,460	-	33,460	-
Due to other funds	-	-	-	6,139,454
Liabilities to be paid from restricted assets:				
Customer deposits	490,675	-	490,675	-
Current portion of compensated absences	213,165	-	213,165	-
Current portion of long-term debt	<u>2,809,461</u>	-	<u>2,809,461</u>	-
Total current liabilities	<u>8,884,307</u>	<u>68,309</u>	<u>8,952,616</u>	<u>6,870,932</u>

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities			Governmental Activities
	Major	Nonmajor	Total	Self-Insurance Internal Service Fund
	Water and Sewer Fund	Fund		
Non-current liabilities:				
Compensated absences payable	174,618	-	174,618	-
Total OPEB liability	804,409	-	804,409	-
Net pension liability	945,703	-	945,703	-
Non-current portion of long-term debt	32,508,563	-	32,508,563	-
Total non-current liabilities	34,433,293	-	34,433,293	-
Total liabilities	43,317,600	68,309	43,385,909	6,870,932
Deferred Inflows of Resources:				
Pension deferrals	37,860	-	37,860	-
OPEB deferrals	43,142	-	43,142	-
Total deferred inflows of resources	81,002	-	81,002	-
Net Position:				
Net investment in capital assets	50,999,169	355,041	51,354,210	-
Unrestricted	6,154,366	301,056	6,455,422	(6,869,511)
Total net position	\$ 57,153,535	\$ 656,097	\$ 57,809,632	\$ (6,869,511)

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities			Governmental
				Activities
	Major	Nonmajor	Total	Self-Insurance
	Water and Sewer Fund	Fund		Internal Service Fund
Operating Revenues:				
Charges for sales and services	\$ 9,071,533	\$ 307,560	\$ 9,379,093	\$ 5,421,327
Miscellaneous	235,302	-	235,302	-
Total operating revenues	<u>9,306,835</u>	<u>307,560</u>	<u>9,614,395</u>	<u>5,421,327</u>
Operating Expenses:				
Salaries and benefits	2,623,092	-	2,623,092	-
Administration	-	-	-	1,866,495
Insurance claims paid	-	-	-	4,883,804
Other operating expenses	7,657,780	372,469	8,030,249	-
Depreciation	1,260,929	15,005	1,275,934	-
Total operating expenses	<u>11,541,801</u>	<u>387,474</u>	<u>11,929,275</u>	<u>6,750,299</u>
Operating income (loss)	<u>(2,234,966)</u>	<u>(79,914)</u>	<u>(2,314,880)</u>	<u>(1,328,972)</u>
Non-Operating Revenues (Expenses):				
Miscellaneous	1,000	-	1,000	-
Interest and fees	(211,217)	-	(211,217)	-
Interest on investments	1,774	-	1,774	-
Sale of capital assets	23,815	-	23,815	-
Total non-operating revenues (expenses)	<u>(184,628)</u>	<u>-</u>	<u>(184,628)</u>	<u>-</u>
Income (loss) before capital contributions and transfers	<u>(2,419,594)</u>	<u>(79,914)</u>	<u>(2,499,508)</u>	<u>(1,328,972)</u>
Capital contributions	4,820,739	-	4,820,739	-
Transfer from General Fund	-	79,914	79,914	-
Total contributions and transfers	<u>4,820,739</u>	<u>79,914</u>	<u>4,900,653</u>	<u>-</u>
Change in net position	<u>2,401,145</u>	<u>-</u>	<u>2,401,145</u>	<u>(1,328,972)</u>
Net Position:				
Beginning of year - July 1	54,971,399	656,097	55,627,496	(5,540,539)
Restatement	(219,009)	-	(219,009)	-
Beginning of year - July 1, as restated	<u>54,752,390</u>	<u>656,097</u>	<u>55,408,487</u>	<u>(5,540,539)</u>
End of year - June 30	<u>\$ 57,153,535</u>	<u>\$ 656,097</u>	<u>\$ 57,809,632</u>	<u>\$ (6,869,511)</u>

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

DAVIE COUNTY, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-Type Activities			Governmental
	Major	Nonmajor	Total	Self-Insurance
	Water and Sewer			Fund
Cash Flows from Operating Activities:				
Cash received from customers	\$ 9,614,295	\$ 194,004	\$ 9,808,299	\$ -
Cash received from interfund services provided	-	-	-	5,420,874
Cash paid for goods and services	(5,399,031)	(372,379)	(5,771,410)	(6,618,090)
Cash paid to employees for services	(2,453,897)	-	(2,453,897)	-
Customer deposits paid, net	58,674	-	58,674	-
Net cash provided (used) by operating activities	1,820,041	(178,375)	1,641,666	(1,197,216)
Cash Flows from Non-Capital Financing Activities:				
Payments to/from other funds	-	-	-	1,197,216
Interfund transfer in (out)	-	79,914	79,914	-
Net cash provided (used) by non-capital financing activities	-	79,914	79,914	1,197,216
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(21,221,698)	-	(21,221,698)	-
Capital contributions	4,820,739	-	4,820,739	-
Gain/loss on sale of asset	23,815	-	23,815	-
Proceeds from revolving loans	22,066,380	-	22,066,380	-
Payments on revolving loans	(820,105)	-	(820,105)	-
Proceeds from insurance settlement	1,000	-	1,000	-
Federal and state grants	(1,588,014)	-	(1,588,014)	-
Interest paid on bond maturities and installment purchases	(213,309)	-	(213,309)	-
Net cash provided (used) by capital and related financing activities	3,068,808	-	3,068,808	-
Cash Flows from Investing Activities:				
Interest on investments	1,774	-	1,774	-
Net increase (decrease) in cash and cash equivalents	4,890,623	(98,461)	4,792,162	-
Cash and Cash Equivalents:				
Beginning of year - July 1	5,148,036	319,897	5,467,933	-
End of year - June 30	\$ 10,038,659	\$ 221,436	\$ 10,260,095	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (2,234,966)	\$ (79,914)	\$ (2,314,880)	\$ (1,328,972)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,260,929	15,005	1,275,934	-
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	307,460	(113,556)	193,904	(453)
(Increase) decrease in inventory	(32,347)	-	(32,347)	-
Increase (decrease) in accounts payable and accrued liabilities	2,291,096	90	2,291,186	132,209
Increase (decrease) in net pension liability	(45,738)	-	(45,738)	-
Increase (decrease) in deferred inflows of resources for pensions	27,761	-	27,761	-
(Increase) decrease in deferred outflows of resources for pensions	106,917	-	106,917	-
Increase (decrease) in deferred inflows of resources for OPEB	(10,314)	-	(10,314)	-
(Increase) decrease in deferred outflows of resources for OPEB	(102,489)	-	(102,489)	-
Increase (decrease) in customer deposits	58,674	-	58,674	-
Increase (decrease) in other post-employment benefits	174,443	-	174,443	-
Increase (decrease) in compensated absences payable	18,615	-	18,615	-
Net cash provided (used) by operating activities	\$ 1,820,041	\$ (178,375)	\$ 1,641,666	\$ (1,197,216)

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

DAVIE COUNTY, NORTH CAROLINA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025**

	<u>Custodial Funds</u>
Assets:	
Taxes receivable, net	<u>\$ 71,611</u>
Net Position:	
Restricted for:	
Other governments	<u>\$ 71,611</u>

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

DAVIE COUNTY, NORTH CAROLINA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Custodial Funds</u>
Additions:	
Property taxes collected for other governments	\$ 5,493,113
Deductions:	
Tax distributions to other governments	<u>5,476,687</u>
Net increase (decrease) in fiduciary net position	16,426
Net Position:	
Beginning of year - July 1	<u>55,185</u>
End of year - June 30	<u>\$ 71,611</u>

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

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DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Davie County Watershed Improvement Commission

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

Davie County Industrial Facilities and Pollution Control Financing Authority

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

Basis of Presentation, Basis of Accounting

Basis of Presentation, Measurement Focus – Basis of Accounting

Government-Wide Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

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

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

The County reports the following major governmental funds:

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

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

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

Opioid Mitigation Fund – The special revenue fund is used to account for the Opioid settlement funding from the North Carolina Department of Justice.

The County reports the following major enterprise fund:

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

The County reports the following nonmajor enterprise fund:

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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The County reports the following fund types:

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

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

The County reports the following nonmajor governmental funds:

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County enterprise funds are charges to customers for sales and

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

services. The County also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

B. Budgetary Data

The County's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Opioid Mitigation Fund, the Emergency Telephone System Fund, the Fire District Fund, and the enterprise funds. All annual appropriations lapse at

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

fiscal year-end. Project ordinances are adopted for the Capital Projects Fund, Coronavirus Relief Fund, and the Enterprise Capital Projects Fund. The Enterprise Capital Projects Fund is consolidated with the enterprise operating fund for reporting purposes. The County operates under a financial plan for the Self Insurance Internal Service Fund. The financial plan is adopted by the governing board at the time the budget ordinance is approved, as required by the General Statutes.

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

C. Use of Estimates

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

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

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the County to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the state of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high-quality issues of commercial paper and bankers' acceptances, and mutual fund shares when the mutual fund is certified by the Local Government Commission.

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC-registered money market fund that is currently certified by the Local Government Commission

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 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.

Cash and Cash Equivalents

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

Restricted Assets

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

Governmental Activities:

General Fund	Reserve for debt service	\$ 805,665
General Fund	Unexpended debt proceeds	3,633,682
Opioid Mitigation Fund	Unexpended opioid settlement proceeds	1,551,885
Capital Projects Fund	Advance from grantors	<u>2,959,895</u>
Total		<u>8,951,127</u>

Business-Type Activities:

Water and Sewer Fund	Customer deposits	<u>490,675</u>
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Total restricted cash \$ 9,441,802

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the County levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2024.

Lease Receivable

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. There are no variable components under the lease agreement. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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. For the Opioid Settlement receivable, the County has estimated an uncollectible allowance using the term over which the amounts are to be paid and the possibility of bankruptcies or going concern issues of the corporations' party to the settlement. The estimate is established as a flat 20% of the outstanding receivable balance.

Inventories

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

Prepaid items for the County's governmental funds are treated using the consumption method.

Capital Assets

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

The County's capital assets also include certain right-to-use assets. These right-to-use assets arise in association with agreements where the County reports a lease (only applies when the County is the lessee) or agreements where the County reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, plus ancillary charges necessary to place the lease asset into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

The right-to-use IT subscription 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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

subscription term, less any incentives received from the IT subscription 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 should be amortized on a straight-line basis over the subscription term.

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

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

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of*

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The County has several items that meet the criteria for this category – prepaid property taxes, lease deferrals, OPEB deferrals, and pension related deferrals.

Long-Term Obligations

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

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

Compensated Absences

The County recognizes a liability of compensated absences for leave time that has been earned for services previously rendered by employees, accumulates and is allowed to be carried over to subsequent years, and is more likely than not to be used as time off based on the criteria listed below.

The vacation policy of the County provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. The County’s liability for accumulated earned vacation and the salary-related payments as of June 30, 2025, are recorded in the governmental activities of the government-wide financial statements and in the proprietary funds as the leave is earned. The County has assumed a last-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 sick leave policies of the County provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. The County has accrued for sick leave in accordance with GASB 101 and is based on historical usage.

Opioid Settlement Funds

In April 2022, drug manufacturer Johnson & Johnson, and three drug distributors, McKesson, AmerisourceBergen, and Cardinal Health, finalized a \$26 billion-dollar nationwide settlement related to multiple opioid lawsuits. These funds will be disbursed to each participating state over an 18-year period according to an allocation agreement reached with all participating states. The majority of these funds are intended for opioid abatement and the distribution of the funds will be front loaded.

North Carolina’s Memorandum of Agreement (MOA) between the state and local governments for the settlement funds allocates the funds as follows:

- 15% directly to the state (“State Abatement Fund”)
- 80% to abatement funds established by Local Governments (“Local Abatement Funds”)
- 5% to a County Incentive Fund.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The County has received \$1,842,818 as part of this settlement as of June 30, 2025. Per the terms of the MOA, the County created a special revenue fund, the Opioid Settlement Fund, to account for these funds. All funds are to be used for opioid abatement and remediation activities. Funds are restricted until expended. The County has expended \$309,628 as of June 30, 2025. The MOA offered the County two options of expending the funds. The County opted for Option A, which allows the County to fund one or more high-impact strategies from a list of evidence-based strategies to combat the opioid epidemic. The County has recognized a receivable net of allowance for doubtful accounts in the Opioid Settlement Fund.

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

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

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

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Restricted Fund Balance

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

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

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

Restricted for Human Services – portion of fund balance restricted by the revenue source for opioid abatement and remediation activities.

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

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

Restricted fund balance at June 30, 2025, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Opioid Mitigation Fund</u>	<u>Other Governmental Funds</u>
Restricted, All Other:			
Register of Deeds	\$ 249,383	\$ -	\$ -
Human services	-	1,543,838	-
Public safety	3,633,682	-	206,802
Economic and physical development	805,665	-	-
Total	<u>\$ 4,688,730</u>	<u>\$ 1,543,838</u>	<u>\$ 206,802</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Restricted net position on Exhibit A differs from restricted fund balance on Exhibit C by the amount restricted for Register of Deeds' pension plan of \$46,651 as well as unexpended debt proceeds of \$3,633,682 for a net difference of \$3,587,031 at June 30, 2025.

Committed Fund Balance

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

Committed for future capital projects is the portion of fund balance committed for future facility improvements or future construction projects.

Committed fund balance at June 30, 2025, is as follows:

<u>Purpose</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>
Future capital projects	\$ 995,000	\$ 9,203,866

Assigned Fund Balance

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

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

Assigned fund balance at June 30, 2025, is as follows:

<u>Purpose</u>	<u>General Fund</u>
Subsequent year's expenditures	\$ 4,735,108

Unassigned Fund Balance

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

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

Davie County has also adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the County in such a manner that available fund balance is at least greater than or equal to 25% of the General Fund expenditures of the County. Monies in excess of the 25% target may be used to fund one-time capital expenditures or other one-time costs or may be transferred to a Capital Reserve Fund for future use for a specific purpose within a specified time frame. The Board of Commissioners may, from time to time, appropriate available fund balances that will reduce the available fund balances below the 25% threshold for the purposes of a declared fiscal emergency or other such global purpose as to protect the long-term fiscal security of the County. In such circumstances, the Commissioners will adopt a plan to restore the available fund balance to or above the threshold within 36 months from the date of the appropriation. If restoration cannot be accomplished within such time period without severe hardship to the County, then the Commissioners will establish a different but appropriate time period.

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

Total fund balance - General Fund	\$ 31,107,095
Less:	
Inventories	290
Leases	42,475
Prepays	100,000
Stabilization by state statute	<u>12,472,369</u>
Fund balance available for appropriation	<u>\$ 18,491,961</u>

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

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Water and Sewer Fund</u>	<u>W&S Capital Project Fund</u>
Encumbrances	<u>\$ 491,948</u>	<u>\$ 3,270,480</u>	<u>\$ 9,006</u>	<u>\$ 11,483,022</u>

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Defined Benefit Cost-Sharing Plans

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

2. Detail Notes On All Funds

A. Assets

Deposits

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

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

At June 30, 2025, the County's deposits had a carrying amount of \$21,061,702 and a bank balance of \$21,693,205. Of the bank balance, \$750,000 was covered by federal depository insurance and \$20,943,205 was covered by collateral held under the Pooling Method. Cash on hand was \$2,800.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Investments

As of June 30, 2025, the County had \$25,901,417 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM rating from S&P and AAA-mf by Moody's Investor Services.

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

Credit Risk. The County limits investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). The County's investments in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investor Services as of June 30, 2025.

Property Tax-Use-Value Assessment on Certain Lands

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

<u>Year Levied</u>	<u>Tax</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,216,239	\$ 1,053,318	\$ 4,269,557
2023	3,229,681	767,049	3,996,730
2024	3,226,142	475,856	3,701,998
2025	3,187,261	183,268	3,370,529
Total	<u>\$ 12,859,323</u>	<u>\$ 2,479,491</u>	<u>\$ 15,338,814</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Receivables

Receivables at the government-wide level at June 30, 2025, were as follows:

	<u>Accounts</u>	<u>Taxes</u>	<u>Due from Other Governments</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:					
General	\$ 2,192,199	\$ 982,984	\$ 6,163,224	\$ 2,353	\$ 9,340,760
Other governmental	<u>4,353,041</u>	<u>-</u>	<u>46,244</u>	<u>-</u>	<u>4,399,285</u>
Total receivables	6,545,240	982,984	6,209,468	2,353	13,740,045
Allowance for doubtful accounts	<u>(2,380,608)</u>	<u>(458,770)</u>	<u>-</u>	<u>-</u>	<u>(2,839,378)</u>
Total governmental activities	<u>\$ 4,164,632</u>	<u>\$ 524,214</u>	<u>\$ 6,209,468</u>	<u>\$ 2,353</u>	<u>\$ 10,900,667</u>
Business-Type Activities:					
Solid Waste Fund	\$ -	\$ -	\$ 147,929	\$ -	\$ 147,929
Water and Sewer Fund	<u>1,823,047</u>	<u>-</u>	<u>1,422,514</u>	<u>-</u>	<u>3,245,561</u>
Total receivables	1,823,047	-	1,570,443	-	3,393,490
Allowance for doubtful accounts	<u>(66,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,000)</u>
Total business-type activities	<u>\$ 1,757,047</u>	<u>\$ -</u>	<u>\$ 1,570,443</u>	<u>\$ -</u>	<u>\$ 3,327,490</u>

Due from other governments consisted of the following:

Governmental Activities:	
Sales tax refund reimbursement	\$ 1,010,934
Local option sales tax	3,924,968
Due from state - DMV MV taxes	554,068
Other	<u>719,498</u>
Total governmental activities	<u>\$ 6,209,468</u>
Business-Type Activities:	
Scrap tire tax and white goods disposal tax	\$ 147,929
Grants	<u>1,422,514</u>
Total business-type activities	<u>\$ 1,570,443</u>

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Lease Receivable

As of June 30, 2025, Davie County had one active lease. The lease had receipts of \$35,000 and an interest rate of 10%. As of June 30, 2025, the total value of the lease receivable is \$282,322 and the value of the deferred inflow of resources is \$239,847.

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2026	\$ 7,087	\$ 27,913	\$ 35,000
2027	7,829	27,171	35,000
2028	8,649	26,351	35,000
2029	9,554	25,446	35,000
2030	10,555	24,445	35,000
2031-2035	71,857	103,144	175,001
2036-2040	118,226	56,774	175,000
2041-2042	48,565	3,935	52,500
Total	<u>\$ 282,322</u>	<u>\$ 295,179</u>	<u>\$ 577,501</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Capital Assets

Governmental Capital Assets

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

	<u>Balance</u>				<u>Balance</u>
	<u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2025</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Construction in progress	\$ 3,147,266	\$ 2,712,232	\$ 1,692,277	\$ (598,000)	\$ 3,569,221
Land	<u>1,535,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,535,046</u>
Total non-depreciable capital assets	<u>4,682,312</u>	<u>2,712,232</u>	<u>1,692,277</u>	<u>(598,000)</u>	<u>5,104,267</u>
Depreciable Capital Assets:					
Buildings	40,597,833	32,018	66,653	257,000	40,820,198
Furniture and equipment, computer equipment, and software	12,201,191	552,890	239,002	341,000	12,856,079
Vehicles and motor equipment	<u>8,948,969</u>	<u>1,419,554</u>	<u>457,978</u>	<u>-</u>	<u>9,910,545</u>
Total depreciable capital assets	<u>61,747,993</u>	<u>2,004,462</u>	<u>763,633</u>	<u>598,000</u>	<u>63,586,822</u>
Right-to-Use Assets:					
Leased vehicles, equipment, buildings, and infrastructure	5,886,792	500,142	460,796	-	5,926,138
IT subscriptions	<u>1,026,242</u>	<u>124,618</u>	<u>105,404</u>	<u>-</u>	<u>1,045,456</u>
Total right to use assets	<u>6,913,034</u>	<u>624,760</u>	<u>566,200</u>	<u>-</u>	<u>6,971,594</u>
Less Accumulated Depreciation:					
Buildings	13,706,737	1,038,647	48,555	-	14,696,829
Furniture and equipment, computer equipment, and software	7,171,545	1,138,868	239,002	-	8,071,411
Vehicles and motor equipment	<u>6,252,062</u>	<u>1,086,538</u>	<u>457,978</u>	<u>-</u>	<u>6,880,622</u>
Total accumulated depreciation	<u>27,130,344</u>	<u>3,264,053</u>	<u>745,535</u>	<u>-</u>	<u>29,648,862</u>
Less Accumulated Amortization:					
Leased vehicles, equipment, buildings, and infrastructure	1,216,441	484,855	405,137	-	1,296,159
IT subscriptions	<u>331,601</u>	<u>265,850</u>	<u>96,642</u>	<u>-</u>	<u>500,809</u>
Total accumulated amortization	<u>1,548,042</u>	<u>750,705</u>	<u>501,779</u>	<u>-</u>	<u>1,796,968</u>
Total depreciable capital assets	<u>39,982,641</u>				<u>39,112,586</u>
Governmental activity capital assets, net	<u>\$ 44,664,953</u>				<u>\$ 44,216,853</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

Governmental Activities:	
General government	\$ 2,058,351
Public safety	1,804,748
Environmental protection	3,493
Human services	85,752
Cultural and recreation	<u>62,414</u>
Total	<u><u>\$ 4,014,758</u></u>

Proprietary Capital Assets

The capital asset activity of the proprietary funds for the year ended June 30, 2025 was as follows:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2025</u>
Business-Type Activities:				
Solid Waste:				
Non-Depreciable Capital Assets:				
Land	\$ <u>214,103</u>	\$ -	\$ -	\$ <u>214,103</u>
Depreciable Capital Assets:				
Buildings	603,213	-	-	603,213
Equipment	<u>31,436</u>	-	-	<u>31,436</u>
Total depreciable capital assets	<u>634,649</u>	-	-	<u>634,649</u>
Less Accumulated Depreciation:				
Buildings	447,270	15,005	-	462,275
Equipment	<u>31,436</u>	-	-	<u>31,436</u>
Total accumulated depreciation	<u>478,706</u>	<u>15,005</u>	-	<u>493,711</u>
Total capital assets being depreciated, net	<u>155,943</u>			<u>140,938</u>
Solid waste capital assets, net	<u>370,046</u>			<u>355,041</u>

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Water and Sewer Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 338,521	\$ -	\$ -	\$ 338,521
Construction-in-progress	32,291,513	20,865,369	-	53,156,882
Total non-depreciable capital assets	32,630,034	20,865,369	-	53,495,403
Depreciable Capital Assets:				
Water/sewer lines	39,414,926	-	-	39,414,926
Buildings	16,012,458	-	-	16,012,458
Equipment and vehicles	3,331,144	186,807	-	3,517,951
Total depreciable capital assets	58,758,528	186,807	-	58,945,335
Less Accumulated Depreciation:				
Water/sewer lines	13,179,257	787,013	-	13,966,270
Buildings	8,958,946	315,103	-	9,274,049
Equipment and vehicles	2,761,188	158,813	-	2,920,001
Total accumulated depreciation	24,899,391	1,260,929	-	26,160,320
Total capital assets being depreciated, net	33,859,137			32,785,015
Water/Sewer capital assets, net	66,489,171			86,280,418
Business-type activities capital assets, net	\$ 66,859,217			\$ 86,635,459

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2025, is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 44,216,853	\$ 86,635,459
Long-term debt	(50,209,199)	(35,281,249)
Unexpended debt proceeds	3,633,682	-
Long-term debt for assets not owned by the County	31,944,454	-
Net investment in capital assets	\$ 29,585,790	\$ 51,354,210

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

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2025, were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General	\$ 2,486,484	\$ 1,455,035	\$ 3,941,519
Other governmental	509,445	8,047	517,492
Total	\$ 2,995,929	\$ 1,463,082	\$ 4,459,011
Business-Type Activities:			
Solid waste	\$ 68,309	\$ -	\$ 68,309
Water and sewer	5,227,894	109,652	5,337,546
Total	\$ 5,296,203	\$ 109,652	\$ 5,405,855

Pension Plan and Other Post-Employment Obligations

Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement, disability 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. General employee plan members are eligible to retire with unreduced 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. General employee plan members are eligible to retire with reduced retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

service (age 55 for firefighters and rescue squad workers). Disabled members may qualify for disability benefits at earlier ages. Survivor benefits are available to eligible beneficiaries of general employee plan 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 workers 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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members. The plan does not provide for automatic post-retirement benefit increases. Cost of living benefit increases are contingent upon investment gains of the plan at the discretion of the LGERS Board of Trustees, except as authorized by the General Assembly.

LGERS plan members who are LEOs are eligible to retire with unreduced 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 reduced retirement benefits at age 50 with 15 years of creditable service as an officer. LEOs who complete 25 years of creditable service with 15 years as an officer are eligible to retire with reduced retirement benefits. 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 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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. County employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The County's contractually required contribution rate for the year ended June 30, 2025, was 16.10% of compensation for law enforcement officers and 14.35% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the County were \$3,217,324 for the year ended June 30, 2025.

Refunds of Contributions. County employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members include interest (currently 4% per year) regardless of the number of years of retirement service credit or for the reason for separation from service. 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.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

At June 30, 2025, the County reported a liability of \$15,785,020 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 was then rolled forward to the measurement date of June 30, 2024, utilizing update procedures incorporating the actuarial assumptions. The County’s proportion of the net pension liability was based on a projection of the County’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2025, the County’s proportion was .23415% (measured as of June 30, 2024), which was a decrease of .01569% from its proportion as of June 30, 2024 (measured as of June 30, 2023).

For the year ended June 30, 2025, the County recognized pension expense of \$4,699,648. At June 30, 2025, the County 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	\$ 2,766,133	\$ 18,598
Net difference between projected and actual earnings on pension plan investments	2,145,964	-
Changes in proportion and differences between County contributions and proportionate share of contributions	154,639	612,389
County contributions subsequent to the measurement date	3,217,324	-
Total	\$ 8,284,060	\$ 630,987

\$3,217,324 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2026	\$ 1,445,944
2027	2,900,934
2028	331,518
2029	(242,647)
Total	\$ 4,435,749

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

Inflation	2.5 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2023 actuarial valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

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 returns 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.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.0%	2.4%
Global equity	38.0%	6.9%
Real estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic fixed income	7.0%	5.3%
Inflation protection	<u>6.0%</u>	4.3%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with an investment consulting firm as part of a study that was completed in early 2022, and is part of the asset, liability, and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 benefits payments to determine the total pension liability.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the County's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
County's proportionate share of the net pension liability (asset)	\$ 27,971,518	\$ 15,785,020	\$ 5,759,950

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

Law Enforcement Officers' Special Separation Allowance

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

All full-time County law enforcement officers are covered by the Separation Allowance. At December 31, 2024 the Separation Allowance's membership consisted of:

Retirees receiving benefits	9
Terminated plan members entitled to, but not yet, receiving benefits	-
Active plan members	81
Total	90

Summary of Significant Accounting Policies

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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

Actuarial Assumptions. The entry age normal actuarial cost method was used in the June 30, 2024 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Payroll Growth Assumption	3.25 percent
Discount rate	4.28 percent

The actuarial assumptions used in the June 30, 2024 valuation was based on the results of an experience study for the Local Governmental Employees' Retirement System for the five-year period January 1, 2015 through December 31, 2019.

Pursuant to GASB 73, the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Fidelity GO AA Bond index is often cited as an appropriate benchmark. The 20-year bond rate from that index was 4.28% on December 31, 2024. A discount rate of 3.77% was used at the prior measurement date.

Valuation Payroll - Reported compensation adjusted to reflect the assumed rate of pay as of the valuation date. Members are assumed to receive their first salary increase on the valuation date.

Pay Increase Timing - Beginning of the year. Payroll amounts stated in the valuation data are amounts projected to be paid during the upcoming year.

Leave Conversion - Creditable service for unreduced retirement from NCLGERS has been increased by one year. Credited service for benefit calculation purposes has been increased by 1.1 years. The service conversions are based on the service totals received from the Local Government Employees' Retirement System.

Actuarial Funding Method - Entry Age Normal, level percent of payroll.

Deaths Before Retirement: Pub-2010 Safety Employees Male and Female Mortality tables projected generationally with MP-2019.

Deaths After Retirement (Healthy): Pub-2010 Safety Retirees Mortality Table projected generationally using MP- 2019. The male and female rates are set forward 1 year and adjusted by 97% for all ages.

Deaths After Retirement (Disabled): Pub-2010 General Disabled Retirees Mortality Table projected generationally using MP-2019. The male and female rates are set back 3 years.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Contributions. The County is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The County's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The County paid \$107,863 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 County reported a total pension liability of \$2,376,388. The total pension liability was measured as of December 31, 2024 based on a June 30, 2024, actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the County recognized pension expense of \$321,648.

At June 30, 2025, the County 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	\$ 252,996	\$ 33,071
Changes of assumptions	99,002	149,027
County benefit payments and plan administrative expense made subsequent to the measurement date	51,407	-
Total	\$ 403,405	\$ 182,098

\$51,407 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date that are reported as deferred outflows of resources related to pensions which will be recognized as a decrease of the total pension liability in the year ending June 30, 2026. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2026	\$ 78,539
2027	78,539
2028	35,844
2029	(18,232)
2030	(4,790)
Total	\$ 169,900

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Sensitivity of the County’s Total Pension Liability to Changes in the Discount Rate. The following presents the County’s total pension liability calculated using the discount rate of 4.28 percent, as well as what the County’s total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total pension liability	\$ 2,576,675	\$ 2,376,388	\$ 2,194,889

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

	2025
Beginning balance	\$ 2,404,228
Service cost	119,298
Interest on the total pension liability	88,043
Difference between expected and actual experience in the measurement of the total pension liability	(27,558)
Changes of assumptions or other inputs	(99,760)
Benefit payments	(107,863)
Ending balance of the total pension liability	\$ 2,376,388

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.77 percent at December 31, 2023 to 4.28 percent at December 31, 2024.

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

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the Local Governmental Employees’ Retirement System for the five-year period ended December 31, 2019.

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The County contributes to the Supplemental Retirement Income Plan (the “Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the County. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Plan for Law 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 Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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

The County contributed \$260,258 for the reporting year. No amounts were forfeited.

Deferred Compensation Plan

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

401(k) Deferred Compensation Plan

The County also has an approved 401(k) retirement plan covering substantially all employees not engaged in law enforcement. For the year ended June 30, 2025, the County contributed 3% of participating full-time employees’ salaries for those employees who voluntarily contributed at least 1% of their salary. The County’s contributions were calculated using a covered payroll of \$14,290,859; the County’s total payroll was \$23,424,343. The total contribution for the fiscal year ended was \$1,063,368, which consisted of \$456,492 from the County and \$606,876 from the employees. The County’s required contribution and the employees’ voluntary contributions represented 3.00% and 4.25%, respectively, of the covered payroll amount.

Register of Deeds’ Supplemental Pension Fund

Plan Description. The County also contributes to the Registers of Deeds’ Supplemental Pension Fund (RODSPF), a non-contributory, cost-sharing multiple-employer defined benefit plan administered by the North Carolina Department of State Treasurer. RODSPF provides supplemental pension benefits to any eligible county register of deeds who is retired under the Local Governmental Employees’ Retirement System (LGERS) or an equivalent locally sponsored plan and has met the statutory eligibility requirements. Article 3 of G.S. Chapter 161 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Registers of Deeds’ Supplemental Pension Fund is included in the

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Annual Comprehensive Financial Report for the state of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Registers of Deeds' Supplemental Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Benefits and administrative expenses are funded by investment income and 1.5% of the receipts collected by each County Commission under Article 1 of Chapter 161 of the North Carolina General Statutes. The statutory contribution currently has no relationship to the actuary's required contribution. The actuarially determined contribution this year and for the foreseeable future is zero. Registers of Deeds do not contribute. Contribution provisions are established by General Statute 161-50 and may be amended only by the North Carolina General Assembly. Contributions to the pension plan from the County were \$3,740 for the year ended June 30, 2025.

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

At June 30, 2025, the County reported an asset of \$46,651 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024. The total pension liability used to calculate the net pension asset 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 County's proportion of the net pension asset was based on the County's share of contributions to the pension plan, relative to contributions to the pension plan of all participating RODSPF employers. At June 30, 2025, the County's proportion was .40485% (measured as of June 30, 2024), which was a decrease of .01268% from its proportion measured as of June 30, 2024 (measured as of June 30, 2023).

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

For the year ended June 30, 2025, the County recognized pension expense of \$7,076. At June 30, 2025, the County 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	\$ 1,024	\$ 834
Net difference between projected and actual earnings on pension plan investments	18,016	-
Changes in proportion and differences between County contributions and proportionate share of contributions	1,486	1,561
County contributions subsequent to the measurement date	3,740	-
Total	\$ 24,266	\$ 2,395

\$3,740 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ending June 30, 2026. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2026	\$ 7,927
2027	8,504
2028	1,636
2029	64
Total	\$ 18,131

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

Inflation	2.50 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	3.00 percent, net of pension plan investment expense, including inflation

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The plan currently uses mortality tables that vary by age, gender, 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 actuarial experience review of LGERS for the period January 1, 2015 through December 31, 2019.

Future ad hoc cost of living adjustment 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 adopted asset allocation policy for the RODSPF is 99.8% in the fixed income asset class. The best estimate of arithmetic real rate of return for the fixed income asset class as of June 30, 2024 is 2.4%.

The information above is based on 30-year expectations developed with an investment consulting firm. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. Return projections do not include any excess return expectations over benchmark averages for public markets. All rates of return and inflation are annual amounts.

Discount Rate. The discount rate used to measure the total pension liability was 3.00%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension asset is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 benefits payments to determine the total pension liability.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Sensitivity of the County's Proportionate Share of the Net Pension Asset to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension asset calculated using the discount rate of 3.00%, as well as what the County's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (2.00%) or 1-percentage-point higher (4.00%) than the current rate:

	1% Decrease	Discount Rate	1% Increase
	(2.00%)	(3.00%)	(4.00%)
County's proportionate share of the net pension liability (asset)	\$ (30,910)	\$ (46,651)	\$ (59,910)

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.

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

The net pension liability (asset) for LGERS and ROD was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of December 31, 2023. The total pension liability for LEOSSA was measured as of December 31, 2024, with an actuarial valuation date of December 31, 2023. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	ROD	LEOSSA	Total
Proportionate share of net pension liability (asset)	\$ 15,785,020	\$ (46,651)	\$ -	\$ 15,738,369
Proportion of the net pension liability (asset)	0.23415%	0.40485%	n/a	-
Total pension liability	-	-	2,376,388	2,376,388
Pension expense	4,699,648	7,076	321,648	5,028,372

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

	LGERS	ROD	LEOSSA	Total
Deferred Outflows of Resources:				
Differences between expected and actual experience	\$ 2,766,133	\$ 1,024	\$ 252,996	\$ 3,020,153
Changes of assumptions	-	-	99,002	99,002
Net difference between projected and actual earnings on pension plan investments	2,145,964	18,016	-	2,163,980
Changes in proportion and differences between County contributions and proportionate share of contributions	154,639	1,486	-	156,125
County contributions (LGERS, ROD)/benefit payments and administration costs (LEOSSA) subsequent to the measurement date	3,217,324	3,740	51,407	3,272,471
	<u>\$ 8,284,060</u>	<u>\$ 24,266</u>	<u>\$ 403,405</u>	<u>\$ 8,711,731</u>
Deferred Inflows of Resources:				
Differences between expected and actual experience	\$ 18,598	\$ 834	\$ 33,071	\$ 52,503
Changes of assumptions	-	-	149,027	149,027
Changes in proportion and differences between County contributions and proportionate share of contributions	612,389	1,561	-	613,950
	<u>\$ 630,987</u>	<u>\$ 2,395</u>	<u>\$ 182,098</u>	<u>\$ 815,480</u>

Other Post-Employment Benefits – Healthcare Benefits

Plan Description

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

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

County Contributions Based on Years of Creditable Service		
Years of Service	Age at Retirement	Percent Paid
Less than 20	Any	0%
20 - 24	Less than 60	0%
20 – 24	60 or older	50%
25 or more	Any	100%

Plan Membership. At June 30, 2024 (valuation date), the HCB Plan membership consisted of the following:

Members	
Retirees and dependents receiving benefits	17
Active members	376
Total	393

Total OPEB Liability

The County’s total OPEB liability of \$12,016,918 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Payroll growth assumption	3.25 percent
Leave Conversion	Creditable service for unreduced retirement from NCLGERS has been increased by one year
Spouse Age Difference	Wives are assumed to be four years younger than husbands
Actuarial Funding Method	Entry age normal, level percent of payroll
Salary increases, including wage inflation	
General Employees	3.30 - 8.30 percent
Law Enforcement Officers	3.30 - 7.80 percent
Municipal Bond Index Rate	
Prior Measurement Date	3.86 percent
Measurement Date	4.21 percent
Health Care Cost Trends	
Pre-Medicare medical and Prescription Drug	8.00 percent for 2024 decreasing to an ultimate rate of 4.50 percent by 2033

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Pursuant to GASB 75, for unfunded plans the discount rate should be a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). The Fidelity GO AA Bond index is often cited as an appropriate benchmark. The 20-year bond rate from that index was 4.21% June 30, 2024.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2024	\$ 9,524,884
Changes for the year:	
Service cost at end of year	571,039
Interest	361,982
Difference between expected and actual experience	1,636,381
Changes of assumptions or other inputs	447,996
Benefit payments and implicit subsidy credit	(525,364)
Net change in total OPEB liability	2,492,034
Balance at June 30, 2025	\$ 12,016,918

Changes in assumptions and other inputs reflect a change in the discount rate from 3.86% to 4.21%.

Deaths Before Retirement: Pub-2010 All Employees Male and Female Mortality tables projected generationally with MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2024 valuation were based on the North Carolina Local Governmental Employees' Retirement System (NCLGERS) experience study for the five year period January 1, 2015 through December 31, 2019.

Deaths After Retirement (Healthy): Pub-2010 General Retirees Mortality table projected generationally with MP-2019. The male rates are set forward 2 years and adjusted with the following factors: 80 and younger, 96.0%; age 81, 96.8%; age 82, 97.6%; age 83, 98.4%; age 84, 99.2%; age 85 and older, 100.0%. The female rates are adjusted with the following factors: 91 and younger, 100.0%; age 92, 102.5%; age 93, 105.0%; age 94, 107.5%; age 95 and older, 110.0%. Pub-2010 Safety Retirees Mortality Table projected generationally using MP-2019. The male and female rates are set forward 1 year and adjusted by 97% for all ages.

Deaths After Retirement (Disabled): Pub-2010 General Disabled Retirees Mortality table projected generationally with MP-2019. The male rates are set forward 3 years, and the female rates are set back 1 year. Pub-2010 Safety Disabled Retirees Mortality Table projected generationally using MP-2019. The male and female rates are set back 3 years.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the County, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21 percent) or 1-percentage-point higher (5.21 percent) than the current discount rate:

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Total OPEB liability	\$ 13,305,684	\$ 12,016,918	\$ 10,870,624

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

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 10,592,445	\$ 12,016,918	\$ 13,720,593

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

For the year ended June 30, 2025, the County recognized OPEB expense of \$1,350,539. At June 30, 2025, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,891,087	\$ 19,329
Changes of assumptions or other inputs	849,256	596,979
Benefit payments and administrative costs made subsequent to the measurement date	449,401	-
Total	\$ 3,189,744	\$ 616,308

\$449,401 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a decrease in the total OPEB liability in the year ending June 30, 2026.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

Year Ending	
June 30	Amount
2026	\$ 428,628
2027	356,328
2028	292,920
2029	279,195
2030	203,218
Thereafter	<u>563,746</u>
Total	<u>\$ 2,124,035</u>

Other Employment Benefits

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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Deferred Outflows and Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Charge on refunding of debt	\$ 79,554	\$ -
Pension deferrals	8,711,731	815,480
OPEB deferrals	3,189,744	616,308
Lease deferrals	-	239,847
Prepaid taxes not yet earned (General Fund)	-	79,981
Taxes receivable, net (General Fund)	-	524,214
Other receivables (General Fund)	-	1,007,883
Other receivables (Opioid Mitigation Fund)	-	3,482,433
Total	<u>\$ 11,981,029</u>	<u>\$ 6,766,146</u>

Closure and Post-Closure Care Costs – Landfill Facilities

Federal and state laws and regulations require the County to place a final cover on its landfill facility when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County closed its landfill prior to April 4, 1994. The County continues the required monitoring during the post-closure care period for up to thirty years. Post-closure costs consist of water quality monitoring, maintenance of the landfill surface and vegetation, mowing, inspections, and recordkeeping. Costs during the monitoring period are estimated to be \$20,000 per year. The liability recorded on the books in the Solid Waste Fund to provide for future post-closure costs has been paid in full as of June 30, 2025. Actual post-closure costs may be higher due to inflation, changes in technology, or changes in regulations.

Risk Management

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

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

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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

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

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

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

In accordance with G.S. 159-29, the County's employees that have access to \$100 or more at any given time of the County's funds are performance bonded through a commercial crime coverage with a \$250,000 occurrence limit. The Finance Director is bonded for \$1,000,000, and all other individuals holding positions requiring statutory bonds are covered elsewhere.

The County self-insures for employee health coverage, which is administered by a private company, with a stop loss provision of \$130,000 per member per plan year. The maximum lifetime benefit is unlimited, in accordance with healthcare reform. The County carries commercial insurance coverage above these limits. There have been no significant reductions in insurance coverage from the previous year and in the plan year from July 1, 2023 through June 30, 2024, the County did not have any stop-loss claims resulting in stop-loss credits. The County carries commercial coverage for all other risks of loss.

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

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

	<u>2025</u>
Unpaid claims, beginning	\$ 599,269
Incurred claims	5,016,013
Claim payments	<u>(4,883,804)</u>
Unpaid claims, ending	<u>\$ 731,478</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Claims and Judgments

At June 30, 2025, the County was defendant to various lawsuits. In the opinion of the County's management and the County Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the County's financial position.

Long-Term Obligations

General Obligation Bonds Payable

All general obligation bonds serviced by the County's General Fund are collateralized by the full faith, credit, and taxing power of the County. Principal and interest payments are appropriated when due. The following bonds were issued to refund Series 1996 GO Bonds and 2004 GO bonds, respectively. General obligation bonds payable at June 30, 2025 are comprised of the following individual issues:

Serviced by the General Fund:

\$54,500,000 School Building Serial bond due on November 1 and May 1, in installments of \$2,285,000 to \$4,655,000 through May 1, 2032; interest at 2.00% to 5.00%	\$ 28,595,000
\$5,000,000 Parks & Recreation Serial bond due on April 1 and October 1, in installments of \$250,000 through October 1, 2038; interest at 3.00% to 4.00%	<u>3,500,000</u>
Total general obligation bonds	<u>\$ 32,095,000</u>

The County has outstanding general obligation bonds from direct placements related to governmental-type activities totaling \$32,095,000 secured by a pledge of the faith and credit and taxing power of the County with a levy on all property taxable by the County such as ad valorem taxes, without limitation as to rate or amount, as may be necessary to pay the Bonds and the interest thereon. All general obligation bonds totaling \$32,095,000 have the following provisions in case of default, (1) the local government commission impounding the books and records of any unit of local governments and assume full control of all its financial affairs; (2) the Commission is vested with all of the powers of the governing board of the unit of local government as to levy taxes, expenditure of money, adoption of budgets and all other financial powers conferred upon such governing board by law; (3) the Commission will create a plan for refinancing, adjusting or comprising such debt.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

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

Year Ending June 30	Governmental Activities	
	Principal	Interest
2026	\$ 4,575,000	\$ 1,245,050
2027	4,695,000	1,018,800
2028	4,765,000	831,000
2029	4,830,000	640,400
2030	4,905,000	448,450
2031-2035	7,325,000	554,438
2036-2039	1,000,000	73,438
Total	\$ 32,095,000	\$ 4,811,576

Installment Purchase Contracts

Installment purchase contract for economic development contracts due in annual installments of \$200,000 beginning February 15, 2017 through February 15, 2026; at 0% interest	\$ 200,000
Installment purchase contract for renovations to Central Davie Academy due in annual installments of \$173,000 beginning November 1, 2017 through May 1, 2026; at 2.29% interest	175,501
Installment purchase contract for various capital improvements due in annual installments of \$463,000 beginning August 1, 2020 through February 1, 2040; at 2.79% interest	6,936,000
Installment purchase contract for vehicles and related equipment due in annual installments of \$152,000 beginning November 10, 2021 through June 1, 2026; at 1.165% interest	155,000
Installment purchase contract for vehicles due in annual installments of \$235,000 beginning June 1, 2023 through June 1, 2027; at 3.450% interest	462,000
Installment purchase contract for vehicles due in annual installments ranging from \$324,000 to \$369,000 beginning June 1, 2024 through June 1, 2028; at 4.426% interest	1,060,000
Installment purchase contract for vehicles due in annual installments ranging from \$191,000 to \$213,000 beginning June 1, 2025 through June 1, 2029; at 3.69% interest	809,000
Total installment purchase contracts	\$ 9,797,501

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$200,000 secured with an escrow account held at Truist Bank in the amount of \$200,000. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$200,000 contain provisions that an event of default would result in the lender taking possession of the collateral escrow account and apply the proceeds thereof to the County's outstanding amount.

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$175,501 secured with as Deed of Trust granting a lien on the mortgaged property, together with all buildings, improvements and fixtures located and to be located on the property. The outstanding installment purchase debt contains provisions that an event of default would result in (1) declare the entire amount of the principal component of the Installment Payments and accrued and unpaid interest component to the date of declaration to be immediately due and payable; (2) exercise all remedies available at law or in equity or under the Deed of Trust, including foreclosure and sale of the Mortgaged Property, and apply the proceeds of any such sale or other disposition, after deducting all costs and expenses, including court costs and reasonable attorneys' fees incurred with the recovery, repair, storage and other sale or other disposition costs, toward the principal component and accrued and unpaid interest of the balance of Installment Payments due; (3) subject to the Enforcement Limitation, proceed by appropriate court action to enforce performance by the County of the applicable covenants of the Agreement or to recover for the breach thereof.

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$6,936,000 are secured with mortgaged property. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$6,936,000 contain provisions that an event of default would result in (1) declare the entire amount of the principle component of the Installment Payments and the accrued interest and unpaid interest component to the date of declaration to be immediately due and payable; (2) exercise all remedies available at law or in equity or under the Deed of Trust, including foreclosure and sale of the Mortgaged Property, and apply the proceeds of any such sale or other disposition, after deducting all costs and expenses, including court costs and reasonable attorneys' fees incurred with the recovery, repair, storage and other sale or other disposition costs, toward the principal component and accrued and unpaid interest of the balance of Installment Payments due; (3) subject to the Enforcement Limitation, proceed by appropriate court action to enforce performance by the County of the applicable covenants of the Agreement or to recover for the breach thereof.

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$155,000 are secured with the equipment. The County's outstanding installment purchase debt from direct placements related to governmental-type activities of \$155,000 contain provisions that an event of default would result in (1) declare the entire amount of the principle component of the installment payments and the accrued interest and unpaid interest component to the date of declaration to be immediately due and payable; (2) accelerate the principle component of all outstanding installment payments, (3) retake possession of the equipment and hold the County liable for all related costs to do so, (4) take any action at law or in equity that may appear necessary or desirable to enforce or protect any of its rights under the property schedule of the agreement.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$462,000 secured with all moneys on deposit from time to time in the Project Fund and all property acquired by the County with funds advanced by Truist, all personal property obtained in substitution or replacement therefore, and all personal property obtained in the substitution or replacement for any of the Security Property, and all proceeds of the foregoing. The County’s outstanding installment purchase debt from direct placements related to governmental-type activities of \$462,000 contain provisions that an event of default would result in (1) declare the unpaid principle components of the Installment Payments immediately due and payable; (2) proceed by appropriate court action to enforce the County’s performance of the applicable covenants of the financing agreement or to recover for the breach thereof; (3) payment of any remaining balance in the Project Fund to be applied against outstanding Required Payments in any manner Truist may reasonably deem appropriate (4) avail itself of all available remedies under the financing agreement, including sale of the Equipment, and recovery of attorneys’ fees and other expenses.

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$1,060,000 are secured with the equipment. The County’s outstanding installment purchase debt from direct placements related to governmental-type activities of \$1,060,000 contain provisions that an event of default would result in (1) declare the entire amount of the principle component of the installment payments and the accrued interest and unpaid interest component to the date of declaration to be immediately due and payable; (2) take possession of the equipment; (3)take any action at law or in equity that may appear necessary or desirable to enforce or protect any of its rights under the property schedule of the agreement.

The County has outstanding installment purchase debt from direct placements related to governmental-type activities totaling \$809,000 are secured with the equipment. The County’s outstanding installment purchase debt from direct placements related to governmental-type activities of \$809,000 contain provisions that an event of default would result in (1) declare the entire amount of the principle component of the installment payments and the accrued interest and unpaid interest component to the date of declaration to be immediately due and payable; (2) take possession of the equipment; (3)take any action at law or in equity that may appear necessary or desirable to enforce or protect any of its rights under the property schedule of the agreement.

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

Year Ending	Governmental Activities	
June 30	Principal	Interest
2026	\$ 1,746,000	\$ 292,046
2027	1,253,501	243,544
2028	1,038,000	199,472
2029	676,000	162,621
2030	463,000	141,844
2031-2035	2,311,000	515,620
2036-2040	2,310,000	193,347
Total	<u>\$ 9,797,501</u>	<u>\$ 1,748,494</u>

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Debt Related to Capital Activities

General obligation bonds (\$31,568,953) (including unamortized premium) and Installment Purchases (\$375,501) represent debt not considered in the calculation of net investment in capital assets for governmental activities, as these debt issues are not associated with capital assets owned by the County. The deferred charges on refunding (\$79,554) are related to debt issues for assets not owned by the County.

Revolving Loans Payable

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

\$ 12,155,164

On July 30, 2023, the County was approved for a maximum loan amount of \$39,051,620 from the United States Environmental Protection Agency, passed through the North Carolina Department of Environmental Quality under the Drinking Water State Revolving Fund. The loan proceeds are for the purpose of acquiring, constructing and equipping the Project. The loan is repayable at 0.10% for 20 years beginning six months after the completion of the project.

23,126,085

Total revolving loans payable

\$ 35,281,249

The County's outstanding notes from direct borrowings related to business-type activities of \$35,281,249 contain provisions that an event of default would result in immediate prepayment of loan in whole and any further commitment of funds may be withdrawn.

Annual debt service requirements to maturity for the County's revolving loans are as follows:

Year Ending	Business-Type Activities	
June 30	Principal	Interest
2026	\$ 2,772,686	\$ 200,762
2027	2,772,686	188,214
2028	2,772,686	175,666
2029	2,772,686	163,119
2030	2,772,686	163,119
2031-2035	11,910,849	627,380
2036-2040	9,506,970	313,690
2041-2045	-	37,643
Total	<u>\$ 35,281,249</u>	<u>\$ 1,869,593</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

Leases

The County has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

As of June 30, 2025, Davie County had 32 active leases. The leases have payments that range from \$0 to \$209,019 and interest rates that range from 0.3160% to 3.2410%. As of June 30, 2025, the total combined value of the lease liability is \$4,825,365. The combined value of the right to use assets as of June 30, 2025 is \$5,926,138 with accumulated amortization of \$1,296,159.

Year Ending	Governmental Activities		
	June 30	Principal	Interest
2026	\$ 257,241	\$ 119,641	\$ 376,882
2027	185,236	114,613	299,849
2028	181,028	110,426	291,454
2029	185,374	105,604	290,978
2030	125,114	100,960	226,074
2031 - 2035	748,035	450,591	1,198,626
2036 - 2040	936,083	343,597	1,279,680
2041 - 2045	1,063,465	216,215	1,279,680
2046 - 2050	<u>1,143,789</u>	<u>71,908</u>	<u>1,215,697</u>
Total	<u>\$ 4,825,365</u>	<u>\$ 1,633,555</u>	<u>\$ 6,458,920</u>

Subscriptions

The County has entered into subscription-based agreements qualifying as other than short-term leases under GASB 96 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

As of June 30, 2025, Davie County had 9 active subscriptions. The subscriptions have payments that range from \$7,500 to \$96,663 and interest rates that range from 2.0237% to 2.1843%. As of June 30, 2025, the total combined value of the subscription liability is \$517,380. The combined value of the right to use assets as of June 30, 2025 is \$1,045,456 with accumulated amortization of \$500,809.

Year Ending	Governmental Activities		
	June 30	Principal	Interest
2026	\$ 163,258	\$ 11,017	\$ 174,275
2027	164,834	7,445	172,279
2028	92,575	4,088	96,663
2029	<u>96,713</u>	<u>2,066</u>	<u>98,779</u>
Total	<u>\$ 517,380</u>	<u>\$ 24,616</u>	<u>\$ 541,996</u>

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Long-Term Obligations Activity

The following is a summary of changes in the County's long-term obligations for the fiscal year ended June 30, 2025:

	<u>Balance</u> <u>July 1, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2025</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
General obligation debt - direct placements	\$ 35,750,000	\$ -	\$ 3,655,000	\$ 32,095,000	\$ 4,575,000
Unamortized premiums	3,399,895	-	425,942	2,973,953	425,942
Notes from direct placements	10,748,501	1,004,000	1,955,000	9,797,501	1,746,000
Certificates of participation - direct placement	820,000	-	820,000	-	-
Lease liabilities	4,878,035	500,142	552,812	4,825,365	257,241
Subscription liabilities	627,998	117,680	228,298	517,380	163,258
Net pension liability (LGERS)	15,555,878	-	716,561	14,839,317	-
Total OPEB Liability	8,858,142	2,317,592	-	11,175,734	488,589
Compensated absences	2,046,703	342,746	-	2,389,449	468,748
Total pension liability (LEOSSA)	2,404,228	-	27,840	2,376,388	107,863
Total governmental activities	<u>\$ 85,089,380</u>	<u>\$ 4,282,160</u>	<u>\$ 8,381,453</u>	<u>\$ 80,990,087</u>	<u>\$ 8,232,641</u>
Business-Type Activities:					
<i>Water and Sewer Fund</i>					
Notes from direct borrowing	\$ 14,034,974	\$ 22,066,380	\$ 820,105	\$ 35,281,249	\$ 2,772,686
Net pension liability (LGERS)	991,441	-	45,738	945,703	-
Total OPEB Liability	666,741	174,443	-	841,184	36,775
Compensated absences	369,168	18,615	-	387,783	213,165
Total Water and Sewer Fund	<u>16,062,324</u>	<u>22,259,438</u>	<u>865,843</u>	<u>37,455,919</u>	<u>3,022,626</u>
Total business-type activities	<u>\$ 16,062,324</u>	<u>\$ 22,259,438</u>	<u>\$ 865,843</u>	<u>\$ 37,455,919</u>	<u>\$ 3,022,626</u>

At June 30, 2025, the County had a legal debt margin of approximately \$459,511,085.

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

C. Interfund Balances and Activity

Transfers from/to other funds for the year ended June 30, 2025 consist of the following:

	<u>Transfers</u>		<u>Purpose</u>
	<u>From</u>	<u>To</u>	
Transfers From/To Other Funds:			
General Fund	\$ 2,108,084	\$ 118,978	to fund/close capital project funds
Emergency Telephone System Fund		660	to repay E911 fund for ineligible expenditures
Capital Projects Fund	617,283	2,525,815	to fund future capital projects
Water and Sewer Construction Fund	4,473,805	5,191,805	to fund future capital projects
Water and Sewer Fund	5,191,805	4,473,805	to fund future capital projects
Solid Waste Fund	-	79,914	to fund operations
Total	<u>\$ 12,390,977</u>	<u>\$ 12,390,977</u>	

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

The due to/from other funds at June 30, 2025 consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Self-Insurance Internal Service Fund	\$ 6,139,454
General Fund	Coronavirus Relief Fund	2,495
		<u>\$ 6,141,949</u>

Transaction with Component Unit

The County contributed \$33,000 to the Davie County Watershed Improvement Commission for operations.

3. Related Organizations

The Davie Economic Development Commission was established to coordinate and promote the economic development of the County. Two of the twelve Board members are appointed by the County. The Commission maintains its own accounting system. The County contributed \$195,262 to the Council during the fiscal year ended June 30, 2025.

4. Joint Ventures

The County, in conjunction with the State of North Carolina, participates in a joint venture to operate the Davidson-Davie Community College (Community College). The County appoints two members out of the fifteen-member Board of Trustees of the Community College. The President of the Community College's student government serves as an ex-officio non-voting member of the Community College's Board of Trustees. The Community College is included as a component unit of the State. The County has the basic responsibility for providing funding for the facilities of the

DAVIE COUNTY, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

Davie Campus of Davidson County Community College and also provides some financial support for the Community College's operations. The County has an ongoing financial responsibility for the Community College because of the statutory responsibilities to provide funding for the Davie Campus of Davidson-Davie County Community College's facilities. The County contributed \$750,000 and \$75,000 to the Community College for operating and capital purposes, respectively, during the fiscal year ended June 30, 2024. The Community College entered into a contract for the construction of a Davie Campus during the 2007 fiscal year. Davie County does not have any equity interest in the joint venture; therefore, no equity interest has been reflected in the County's financial statements at June 30, 2024. Complete financial statements for the Davie Campus of Davidson County Community College may be obtained from the Community College's administrative offices at P.O. Box 1287, Lexington, NC 27293 or 1205 Salisbury Road, Mocksville, North Carolina 27028.

The County also participates in a joint venture to operate Yadkin Valley Economic Development District, Inc. (District) with three other local governments. Each participating government appoints two Board members to the twenty-seven-member Board of the District. The District is a joint venture established to improve the economic conditions for citizens of the participating governments. The County has an ongoing financial responsibility for the joint venture because the District's continued existence depends on the participating governments' continued funding. None of the participating governments has an equity interest in the District, so no equity interest has been reflected in the financial statements at June 30, 2024. The County contributed \$63,200 to the District for the fiscal year ended June 30, 2024. Complete financial statements for the Yadkin Valley Economic Development District, Inc. can be obtained from the District's offices at P.O. Box 309, Boonville, North Carolina 27011.

5. Jointly Governed Organization

The County, in conjunction with four other counties and 21 other municipalities, established the Piedmont Triad Regional Council of Governments (the "Council"). The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member of the council's governing board. The County paid membership fees of \$13,976 to the Council during the fiscal year ended June 30, 2025.

6. Construction Commitments

The government has several active construction projects as of June 30, 2025. At year-end, the government's commitments with contractors are as follows:

	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Water System Expansion	\$ 44,257,687	\$ 7,599,751
Dutchman Creek Lift Station Expansion	673,523	755,188
Courthouse Third Floor Renovation	2,197,980	1,947,731
Cano-Play Treescape	45,000	580,000
Detention Center Construction	1,311,256	262,934
Total	<u>\$ 48,485,446</u>	<u>\$ 11,145,604</u>

DAVIE COUNTY, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2025**

7. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

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

8. Severance Pay Agreements

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

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

9. Adjustments and Restatements of Beginning Balances in Net Position

For the year ended June 30, 2025, the financial statements included a change in accounting principle to beginning net position of both the Governmental and Business-Type Activities on the Statement of Activities in the amount of \$537,231 and \$219,009, respectively. The restatement is from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, in the fiscal year ended June 30, 2025. The effect of these changes to or within the reporting entity are shown in the table below.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Fund	Government-Wide	
	Water and Sewer Fund	Governmental Activities	Business-Type Activities
6/30/24, as previously reported	\$ 54,971,399	\$ 10,966,659	\$ 55,627,496
Change in accounting principle	(219,009)	(537,231)	(219,009)
6/30/24, restated	\$ 54,752,390	\$ 10,429,428	\$ 55,408,487

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REQUIRED SUPPLEMENTAL FINANCIAL DATA

DAVIE COUNTY, NORTH CAROLINA

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 2,404,228	\$ 2,290,473	\$ 2,049,513	\$ 2,004,383	\$ 1,548,394
Service cost	119,298	109,901	113,818	108,882	74,876
Interest on the total pension liability	88,043	89,948	40,948	41,291	48,998
Difference between expected and actual experience in the measurement of the total pension liability	(27,558)	(17,533)	384,622	(582)	259,061
Changes of assumptions or other inputs	(99,760)	52,957	(171,127)	8,957	163,814
Benefit payments	<u>(107,863)</u>	<u>(121,518)</u>	<u>(127,301)</u>	<u>(113,418)</u>	<u>(90,760)</u>
Ending balance of the total pension liability	<u>\$ 2,376,388</u>	<u>\$ 2,404,228</u>	<u>\$ 2,290,473</u>	<u>\$ 2,049,513</u>	<u>\$ 2,004,383</u>

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

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

DAVIE COUNTY, NORTH CAROLINA

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 1,230,202	\$ 1,177,576	\$ 977,000	\$ 977,000
Service cost	72,344	74,045	58,265	58,265
Interest on the total pension liability	43,956	36,603	37,465	37,465
Difference between expected and actual experience in the measurement of the total pension liability	202,235	31,126	36,659	36,659
Changes of assumptions or other inputs	44,908	(50,660)	80,980	80,980
Benefit payments	<u>(45,251)</u>	<u>(38,488)</u>	<u>(12,793)</u>	<u>(12,793)</u>
Ending balance of the total pension liability	<u>\$ 1,548,394</u>	<u>\$ 1,230,202</u>	<u>\$ 1,177,576</u>	<u>\$ 1,177,576</u>

DAVIE COUNTY, NORTH CAROLINA

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability	\$ 2,376,388	\$ 2,404,228	\$ 2,290,473	\$ 2,049,513	\$ 2,004,383
Covered-employee payroll	4,240,647	3,998,735	3,998,735	2,860,296	2,860,296
Total pension liability as a percentage of covered-employee payroll	56.04%	60.12%	57.28%	71.65%	70.08%

Notes to the Schedules:

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

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

DAVIE COUNTY, NORTH CAROLINA

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

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

DAVIE COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS

Schedule of Changes in the Total OPEB Liability and Related Ratios

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Service cost at end of year	\$ 571,039	\$ 506,025	\$ 570,306	\$ 545,674
Interest	361,982	300,481	176,221	167,839
Changes in benefit terms	-	865,699	-	-
Difference between expected and actual experience	1,636,381	112,119	291,807	60,911
Changes of assumptions or other inputs	447,996	(148,170)	(724,281)	39,969
Benefit payments and implicit subsidy credit	<u>(525,364)</u>	<u>(396,674)</u>	<u>(303,022)</u>	<u>(269,051)</u>
Net change in total OPEB liability	2,492,034	1,239,480	11,031	545,342
Total OPEB liability - beginning	9,524,884	8,285,404	8,274,373	7,729,031
Total OPEB liability - ending	<u>\$ 12,016,918</u>	<u>\$ 9,524,884</u>	<u>\$ 8,285,404</u>	<u>\$ 8,274,373</u>
Covered-employee payroll	\$ 19,173,700	\$ 16,524,217	\$ 16,524,217	\$ 15,247,814
Total OPEB liability as a percentage of covered-employee payroll	62.67%	57.64%	50.14%	54.27%

Notes to Schedule:

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

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%
2020	3.50%
2021	2.21%
2022	2.16%
2023	3.69%
2024	3.86%
2025	4.21%

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

Davie County has no assets accumulated in a trust that meet the criteria of GASB codification per P22.101 or P52.101 to pay related benefits.

DAVIE COUNTY, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS

Schedule of Changes in the Total OPEB Liability and Related Ratios

	2021	2020	2019	2018
Service cost at end of year	\$ 350,164	\$ 338,323	\$ 279,702	\$ 303,012
Interest	227,458	222,328	173,588	151,622
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	(41,858)	213,873	639,556	(20,658)
Changes of assumptions or other inputs	781,980	272,174	145,523	(315,422)
Benefit payments and implicit subsidy credit	(175,034)	(348,181)	(449,346)	(113,236)
Net change in total OPEB liability	1,142,710	698,517	789,023	5,318
Total OPEB liability - beginning	<u>6,586,321</u>	<u>5,887,804</u>	<u>5,098,781</u>	<u>5,093,463</u>
Total OPEB liability - ending	<u>\$ 7,729,031</u>	<u>\$ 6,586,321</u>	<u>\$ 5,887,804</u>	<u>\$ 5,098,781</u>
Covered-employee payroll	\$ 15,247,814	\$ 13,907,651	\$ 13,907,651	\$ 12,895,580
Total OPEB liability as a percentage of covered-employee payroll	50.69%	47.36%	42.33%	39.54%

DAVIE COUNTY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2025	2024	2023	2022	2021
Proportion of the net pension liability (asset) (%)	0.23415%	0.24984%	0.25124%	0.22403%	0.21771%
Proportion of the net pension liability (asset) (\$)	\$ 15,785,020	\$ 16,547,319	\$ 14,173,524	\$ 3,435,715	\$ 7,779,706
Covered payroll	\$ 20,978,833	\$ 20,871,888	\$ 18,632,901	\$ 16,434,047	\$ 15,658,672
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	75.24%	79.28%	76.07%	20.91%	49.68%
Plan fiduciary net position as a percentage of the total pension liability**	83.30%	82.49%	84.14%	95.51%	88.61%

* 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.

DAVIE COUNTY, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset) (%)	0.22536%	0.22772%	0.22227%	0.22739%	0.22178%
Proportion of the net pension liability (asset) (\$)	\$ 6,154,406	\$ 5,402,297	\$ 3,395,670	\$ 4,825,977	\$ 995,334
Covered payroll	\$ 14,822,680	\$ 14,262,056	\$ 13,312,927	\$ 12,936,172	\$ 12,598,405
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	41.52%	37.88%	25.51%	37.31%	7.90%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%

DAVIE COUNTY, NORTH CAROLINA

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

Local Governmental Employees' Retirement System					
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 3,217,324	\$ 2,740,877	\$ 2,555,420	\$ 2,130,887	\$ 1,666,758
Contributions in relation to the contractually required contribution	<u>3,217,324</u>	<u>2,740,877</u>	<u>2,555,420</u>	<u>2,130,887</u>	<u>1,666,758</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Covered payroll	\$ 23,207,645	\$ 20,978,833	\$ 20,871,888	\$ 18,632,901	\$ 16,434,047
Contributions as a percentage of covered payroll	13.86%	13.06%	12.24%	11.44%	10.14%

DAVIE COUNTY, NORTH CAROLINA

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

Local Governmental Employees' Retirement System					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 1,419,881	\$ 1,169,408	\$ 1,090,295	\$ 991,110	\$ 876,944
Contributions in relation to the contractually required contribution	<u>1,419,881</u>	<u>1,169,408</u>	<u>1,090,295</u>	<u>991,110</u>	<u>876,944</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 15,658,672	\$ 14,822,680	\$ 14,262,056	\$ 13,312,927	\$ 12,936,172
Contributions as a percentage of covered payroll	9.07%	7.89%	7.64%	7.44%	6.78%

DAVIE COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund				
	2025	2024	2023	2022	2021
Proportion of the net pension liability (asset) (%)	0.40485%	0.41753%	0.39327%	0.36492%	0.39573%
Proportion of the net pension liability (asset) (\$)	\$ (46,651)	\$ (50,175)	\$ (52,069)	\$ (70,112)	\$ (90,693)
Plan fiduciary net position as a percentage of the total pension liability**	133.61%	135.74%	139.04%	156.53%	173.62%

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

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

DAVIE COUNTY, NORTH CAROLINA

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

	Register of Deeds' Supplemental Pension Fund				
	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset) (%)	0.36493%	0.37849%	0.42516%	0.40919%	0.42021%
Proportion of the net pension liability (asset) (\$)	\$ (72,044)	\$ (662,689)	\$ (72,571)	\$ (76,502)	\$ (97,379)
percentage of the total pension liability**	164.11%	153.31%	153.77%	160.17%	197.29%

DAVIE COUNTY, NORTH CAROLINA

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

	<u>Register of Deeds' Supplemental Pension Fund</u>				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 3,740	\$ 3,483	\$ 3,726	\$ 4,508	\$ 4,489
Contributions in relation to the contractually required contribution	<u>3,740</u>	<u>3,483</u>	<u>3,726</u>	<u>4,508</u>	<u>4,489</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DAVIE COUNTY, NORTH CAROLINA

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

	<u>Register of Deeds' Supplemental Pension Fund</u>				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 3,789	\$ 3,469	\$ 5,654	\$ 3,694	\$ 3,343
Contributions in relation to the contractually required contribution	<u>3,789</u>	<u>3,469</u>	<u>5,654</u>	<u>3,694</u>	<u>3,343</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DAVIE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	Final Budget	Actual	Variance Over/Under
Revenues:			
Ad Valorem Taxes:			
Taxes	\$ 45,092,276	\$ 47,012,653	\$ 1,920,377
Penalties and interest	<u>225,000</u>	<u>225,700</u>	<u>700</u>
Total	<u>45,317,276</u>	<u>47,238,353</u>	<u>1,921,077</u>
Other Taxes:			
Local Option Sales Tax:			
Article 39 - one percent	6,050,000	6,149,985	99,985
Article 40 - one-half of one percent	4,150,000	4,263,009	113,009
Article 42 - one-half of one percent	3,500,000	3,439,215	(60,785)
Article 44 - one-half of one percent	<u>1,560,000</u>	<u>1,621,033</u>	<u>61,033</u>
Total	<u>15,260,000</u>	<u>15,473,242</u>	<u>213,242</u>
Occupancy Tax	<u>175,000</u>	<u>152,141</u>	<u>(22,859)</u>
Unrestricted Intergovernmental Revenues:			
Hold Harmless revenue	1,200,000	1,466,976	266,976
Beer and wine tax	150,000	133,290	(16,710)
Towns of Mocksville, Cooleemee, and fire department reimbursement	<u>600,872</u>	<u>432,526</u>	<u>(168,346)</u>
Total	<u>1,950,872</u>	<u>2,032,792</u>	<u>81,920</u>
Restricted Intergovernmental Revenues:			
Federal and state grants	8,561,796	8,432,348	(129,448)
Court facilities fees	475,000	466,356	(8,644)
Controlled substance tax	14,000	915	(13,085)
Crime prevention	15,000	-	(15,000)
Representative Payee Fund	<u>-</u>	<u>79,109</u>	<u>79,109</u>
Total	<u>9,065,796</u>	<u>8,978,728</u>	<u>(87,068)</u>
Sales and Services:			
Emergency medical service fees	3,250,000	2,992,880	(257,120)
Health fees	182,300	213,679	31,379
Other fees	53,000	76,377	23,377
Rents	101,000	59,273	(41,727)
Tax collection fees	20,500	26,491	5,991
Health - client and third-party fees	<u>1,439,659</u>	<u>1,467,483</u>	<u>27,824</u>
Total	<u>5,046,459</u>	<u>4,836,183</u>	<u>(210,276)</u>

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Licenses and Permits:			
Building permits	475,000	551,318	76,318
Inspection and other related fees	334,395	126,628	(207,767)
Other permits and fees	94,901	99,826	4,925
Register of Deeds	525,000	589,963	64,963
Total	<u>1,429,296</u>	<u>1,367,735</u>	<u>(61,561)</u>
Investment Earnings	<u>1,025,000</u>	<u>1,205,279</u>	<u>180,279</u>
Miscellaneous Revenues:			
Other revenues	1,255,441	1,463,902	208,461
Library - gifts, fines and fees	37,390	46,540	9,150
Total	<u>1,292,831</u>	<u>1,510,442</u>	<u>217,611</u>
Total revenues	<u>80,562,530</u>	<u>82,794,895</u>	<u>2,232,365</u>
Expenditures:			
General Government:			
Governing Board:			
Salaries and employee benefits	200,872	197,905	
Other operating expenditures	360,541	256,743	
Total	<u>561,413</u>	<u>454,648</u>	<u>106,765</u>
Administration:			
Salaries and benefits	580,355	564,293	
Other operating expenditures	787,675	372,500	
Total	<u>1,368,030</u>	<u>936,793</u>	<u>431,237</u>
Human Resources:			
Operating expenditures	71,002	60,075	
Capital outlay	81,781	81,781	
Total	<u>152,783</u>	<u>141,856</u>	<u>10,927</u>
Grants Administration:			
Salaries and employee benefits	127,999	94,858	
Other operating expenditures	68,739	51,659	
Capital outlay	164,571	164,514	
Total	<u>361,309</u>	<u>311,031</u>	<u>50,278</u>

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Elections:			
Salaries and employee benefits	208,304	205,517	
Other operating expenditures	<u>178,677</u>	<u>171,140</u>	
Total	<u>386,981</u>	<u>376,657</u>	<u>10,324</u>
Finance:			
Salaries and employee benefits	799,276	781,200	
Other operating expenditures	<u>101,724</u>	<u>100,301</u>	
Total	<u>901,000</u>	<u>881,501</u>	<u>19,499</u>
Technology Solutions:			
Salaries and employee benefits	761,869	714,981	
Other operating expenditures	1,042,075	689,596	
Capital outlay	<u>518,057</u>	<u>545,909</u>	
Total	<u>2,322,001</u>	<u>1,950,486</u>	<u>371,515</u>
Tax Assessor:			
Salaries and employee benefits	579,258	572,349	
Other operating expenditures	<u>326,842</u>	<u>315,578</u>	
Total	<u>906,100</u>	<u>887,927</u>	<u>18,173</u>
Revaluation:			
Salaries and employee benefits	412,996	406,685	
Other operating expenditures	<u>1,123,157</u>	<u>1,111,697</u>	
Total	<u>1,536,153</u>	<u>1,518,382</u>	<u>17,771</u>
Legal:			
Contracted services	544,755	517,358	
Other operating expenditures	<u>2,750</u>	<u>2,739</u>	
Total	<u>547,505</u>	<u>520,097</u>	<u>27,408</u>
Register of Deeds:			
Salaries and employee benefits	347,016	338,001	
Other operating expenditures	<u>109,910</u>	<u>81,179</u>	
Total	<u>456,926</u>	<u>419,180</u>	<u>37,746</u>
Public Buildings:			
Salaries and employee benefits	798,972	800,031	
Other operating expenditures	2,701,536	2,378,533	
Capital outlay	<u>96,770</u>	<u>87,885</u>	
Total	<u>3,597,278</u>	<u>3,266,449</u>	<u>330,829</u>

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Court Facilities:			
Operating expenditures	222,034	207,801	
Capital outlay	7,400	3,820	
Total	<u>229,434</u>	<u>211,621</u>	17,813
DAVIENET:			
Operating expenditures	9,500	6,121	
Total	<u>9,500</u>	<u>6,121</u>	3,379
Contributions to other agencies	<u>228,262</u>	<u>228,262</u>	-
Total general government	<u>13,564,675</u>	<u>12,111,011</u>	1,453,664
Public Safety:			
Sheriff:			
Salaries and employee benefits	8,565,440	8,474,623	
Other operating expenditures	2,032,903	1,927,554	
Capital outlay	1,106,736	1,092,221	
Total	<u>11,705,079</u>	<u>11,494,398</u>	210,681
Detention:			
Salaries and employee benefits	2,166,776	2,061,053	
Other operating expenditures	853,250	804,114	
Total	<u>3,020,026</u>	<u>2,865,167</u>	154,859
Detention - Opioid Response:			
Salaries and employee benefits	89,406	87,532	
Other operating expenditures	15,516	14,547	
Total	<u>104,922</u>	<u>102,079</u>	2,843
Davie Domestic Violence Service:			
Salaries and employee benefits	266,765	263,699	
Other operating expenditures	54,685	48,830	
Capital outlay	158,915	39,907	
Total	<u>480,365</u>	<u>352,436</u>	127,929
Davie Domestic Violence Sexual Assault Prevention:			
Salaries and employee benefits	27,676	19,765	
Total	<u>27,676</u>	<u>19,765</u>	7,911

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Divorce Filing Fees:			
Salaries and employee benefits	19,136	19,134	
Total	<u>19,136</u>	<u>19,134</u>	<u>2</u>
Human Trafficking - Sexual Assault Grant:			
Other operating expenditures	3,930	3,930	
Total	<u>3,930</u>	<u>3,930</u>	<u>-</u>
Human Trafficking - Domestic Violence Grant:			
Other operating expenditures	20,921	18,924	
Total	<u>20,921</u>	<u>18,924</u>	<u>1,997</u>
Fire:			
Salaries and employee benefits	448,658	418,844	
Other operating expenditures	152,819	140,550	
Assistance to local fire departments	3,774,439	3,774,439	
Capital outlay	12,900	15,416	
Total	<u>4,388,816</u>	<u>4,349,249</u>	<u>39,567</u>
Inspections:			
Salaries and employee benefits	637,453	635,110	
Other operating expenditures	86,100	65,198	
Total	<u>723,553</u>	<u>700,308</u>	<u>23,245</u>
Medical Examiner:			
Salaries and employee benefits	3,000	2,268	
Professional services	50,275	50,121	
Total	<u>53,275</u>	<u>52,389</u>	<u>886</u>
Convalescent Care Unit:			
Salaries and employee benefits	376,964	361,426	
Other operating expenditures	73,100	41,134	
Total	<u>450,064</u>	<u>402,560</u>	<u>47,504</u>
Emergency Medical Service:			
Salaries and employee benefits	4,810,250	4,469,221	
Other operating expenditures	1,222,106	1,051,096	
Capital outlay	420,100	402,633	
Total	<u>6,452,456</u>	<u>5,922,950</u>	<u>529,506</u>

DAVIE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Emergency Management:			
Other operating expenditures	260,000	260,000	-
Total	<u>260,000</u>	<u>260,000</u>	<u>-</u>
Animal Protection:			
Salaries and employee benefits	530,743	508,797	
Operating expenditures	88,315	65,763	
Total	<u>619,058</u>	<u>574,560</u>	<u>44,498</u>
Communications:			
Salaries and employee benefits	1,274,146	1,127,390	
Other operating expenditures	152,576	115,387	
Capital outlay	-	37,060	
Total	<u>1,426,722</u>	<u>1,279,837</u>	<u>146,885</u>
Total public safety	<u>29,755,999</u>	<u>28,417,686</u>	<u>1,338,313</u>
Environmental Protection:			
Contributions to Other Agencies:			
Forestry service	116,152	94,662	21,490
Total environmental protection	<u>116,152</u>	<u>94,662</u>	<u>21,490</u>
Economic and Physical Development:			
Planning and Zoning:			
Salaries and employee benefits	132,347	125,481	
Other operating expenditures	22,843	4,925	
Total	<u>155,190</u>	<u>130,406</u>	<u>24,784</u>
Cooperative Extension:			
Salaries and employee benefits	4,306	3,659	
Operating expenditures	290,254	249,050	
Total	<u>294,560</u>	<u>252,709</u>	<u>41,851</u>
Contributions to other agencies	<u>278,000</u>	<u>158,000</u>	<u>120,000</u>
Total economic and physical development	<u>727,750</u>	<u>541,115</u>	<u>186,635</u>

DAVIE COUNTY, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Human Services:			
Health:			
Administration-Basic Programs:			
Salaries and employee benefits	181,273	144,124	
Other operating expenditures	<u>45,598</u>	<u>26,801</u>	
Total	<u>226,871</u>	<u>170,925</u>	<u>55,946</u>
Clinical Services:			
Other operating expenditures	<u>15,200</u>	<u>12,186</u>	
Total	<u>15,200</u>	<u>12,186</u>	<u>3,014</u>
Family Planning:			
Salaries and employee benefits	333,828	205,976	
Other operating expenditures	<u>138,805</u>	<u>115,507</u>	
Total	<u>472,633</u>	<u>321,483</u>	<u>151,150</u>
Adolescent Pregnancy Prevention:			
Other operating expenditures	<u>19,920</u>	<u>16,806</u>	
Total	<u>19,920</u>	<u>16,806</u>	<u>3,114</u>
Maternal and Child Health:			
Salaries and employee benefits	968,847	866,226	
Other operating expenditures	<u>366,617</u>	<u>202,356</u>	
Total	<u>1,335,464</u>	<u>1,068,582</u>	<u>266,882</u>
Home Health Program:			
Other operating expenditures	<u>3,215</u>	-	
Total	<u>3,215</u>	-	<u>3,215</u>
Women, Infants, and Children:			
Salaries and employee benefits	226,452	194,402	
Other operating expenditures	<u>59,960</u>	<u>14,375</u>	
Total	<u>286,412</u>	<u>208,777</u>	<u>77,635</u>
Environmental Health:			
Salaries and employee benefits	628,962	525,893	
Other operating expenditures	<u>48,495</u>	<u>36,420</u>	
Total	<u>677,457</u>	<u>562,313</u>	<u>115,144</u>

DAVIE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Health - Other:			
Salaries and employee benefits	427,226	402,662	
Other operating expenditures	271,813	171,108	
Capital outlay	<u>209,086</u>	<u>205,133</u>	
Total	<u>908,125</u>	<u>778,903</u>	<u>129,222</u>
 Total health	 <u>3,945,297</u>	 <u>3,139,975</u>	 <u>805,322</u>
Social Services:			
Administration:			
Salaries and employee benefits	5,740,663	5,113,217	
Other operating expenditures	2,368,326	1,906,565	
Capital outlay	<u>80,729</u>	<u>80,728</u>	
Total	<u>8,189,718</u>	<u>7,100,510</u>	<u>1,089,208</u>
Foster Care Support:			
Salaries and employee benefits	<u>28,558</u>	-	
Total	<u>28,558</u>	-	<u>28,558</u>
Other Programs:			
Representative Payee Fund	-	<u>95,655</u>	
Total	<u>-</u>	<u>95,655</u>	<u>(95,655)</u>
 Total social services	 <u>8,218,276</u>	 <u>7,196,165</u>	 <u>1,022,111</u>
Veteran's Service Officer:			
Salaries and employee benefits	86,761	87,451	
Other operating expenditures	<u>24,482</u>	<u>2,786</u>	
Total	<u>111,243</u>	<u>90,237</u>	<u>21,006</u>
Senior Services:			
Salaries and employee benefits	752,481	635,429	
Other operating expenditures	<u>574,426</u>	<u>464,197</u>	
Total	<u>1,326,907</u>	<u>1,099,626</u>	<u>227,281</u>
 Contributions to other agencies	 <u>197,197</u>	 <u>197,197</u>	 <u>-</u>
 Total human services	 <u>13,798,920</u>	 <u>11,723,200</u>	 <u>2,075,720</u>

DAVIE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	Final Budget	Actual	Variance Over/Under
Cultural and Recreational:			
Recreation:			
Operating expenditures	130,000	90,481	
Total	130,000	90,481	39,519
Recreation and Parks:			
Salaries and employee benefits	568,789	506,535	
Operating expenditures	570,881	531,772	
Capital outlay	47,650	46,405	
Total	1,187,320	1,084,712	102,608
Library:			
Salaries and employee benefits	845,882	719,557	
Other operating expenditures	260,695	219,894	
Capital outlay	5,384	5,383	
Total	1,111,961	944,834	167,127
Contribution to other agencies	266,320	245,461	20,859
Total cultural and recreational	2,695,601	2,365,488	330,113
Education:			
Public schools - current expense	14,078,447	14,078,447	
Capital outlay - one-half cent tax	3,200,000	3,135,003	
Capital outlay - State and local	200,000	-	
Community College	825,000	825,000	
Contributions to other agencies:			
JCPC	154,745	154,372	
Ignite Davie	5,000	5,000	
Total education	18,463,192	18,197,822	265,370
Debt Service:			
Principal retirement	7,250,000	7,211,110	38,890
Interest and fees	2,205,476	1,768,485	436,991
Total debt service	9,455,476	8,979,595	475,881
Contingency	30,326	-	30,326
Total expenditures	88,608,091	82,430,579	6,177,512

DAVIE COUNTY, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(8,045,561)	364,316	8,409,877
Other Financing Sources (Uses):			
Operating transfers to other funds:			
Capital Projects Fund	(2,202,388)	(2,027,510)	174,878
Special revenue funds	(661)	(660)	1
Solid Waste Fund	(175,000)	(79,914)	95,086
Total operating transfers to other funds	(2,378,049)	(2,108,084)	269,965
Operating transfers from other funds:			
Capital Projects Fund	118,978	118,978	-
Proceeds from sale of capital assets	-	23,211	23,211
Lease liability issued	500,142	500,142	-
Subscription liability issued	74,780	117,680	42,900
Proceeds from installment debt	1,004,000	1,004,000	-
Total other financing sources (uses)	(680,149)	(344,073)	336,076
Revenues and other financing sources over (under) expenditures and other financing uses	(8,725,710)	20,243	8,745,953
Appropriated fund balance	8,725,710	-	(8,725,710)
Net change in fund balance	<u>\$ -</u>	20,243	<u>\$ 20,243</u>
Fund Balance:			
Beginning of year - July 1		<u>31,086,852</u>	
End of year - June 30		<u>\$ 31,107,095</u>	

DAVIE COUNTY, NORTH CAROLINA

MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental:					
State Superfund Cleanup Grant - oil mitigation	\$ 1,584,159	\$ 1,378,649	\$ -	\$ 1,378,649	\$ (205,510)
NC Commerce - CDBG	-	25,159	-	25,159	25,159
NC Education Lottery	2,000,000	1,831,772	-	1,831,772	(168,228)
NC DOT - Roadways Adjacent to Schools	547,199	547,199	-	547,199	-
NC State Appropriations	6,035,852	823,872	2,252,085	3,075,957	(2,959,895)
NC Department of Information Technology grant	-	232,767	-	232,767	232,767
NC State Grant Funds	2,660,000	2,300,000	-	2,300,000	(360,000)
Parks and Recreation Trust Fund grant	365,000	365,000	-	365,000	-
Total restricted intergovernmental	<u>13,192,210</u>	<u>7,504,418</u>	<u>2,252,085</u>	<u>9,756,503</u>	<u>(3,435,707)</u>
Investment earnings:					
Recreation building	-	19,581	5	19,586	19,586
Oil spill mitigation	-	6,639	-	6,639	6,639
Interest on Investment Bonds	18,176	28,872	6,271	35,143	16,967
Total investment earnings	<u>18,176</u>	<u>55,092</u>	<u>6,276</u>	<u>61,368</u>	<u>43,192</u>
Miscellaneous:					
Mebane Charitable Trust Foundation	25,000	25,000	-	25,000	-
AFP Grant	500,000	-	-	-	(500,000)
Sponsorship	55,025	55,025	-	55,025	-
Total miscellaneous	<u>580,025</u>	<u>80,025</u>	<u>-</u>	<u>80,025</u>	<u>(500,000)</u>
Total revenues	<u>13,790,411</u>	<u>7,639,535</u>	<u>2,258,361</u>	<u>9,897,896</u>	<u>(3,892,515)</u>
Expenditures:					
General Government:					
Commerce Fellows	-	25,159	-	25,159	(25,159)
Admin Building Capital Project	918,412	839,133	-	839,133	79,279
Brock Capital Project	918,821	475,044	-	475,044	443,777
Davie County Community Park	8,446,419	7,545,172	349,420	7,894,592	551,827
HHS/Sheriff Leasehold Improvements	8,767,681	8,767,680	-	8,767,680	1
Hospital	856,933	854,649	-	854,649	2,284
Facility Needs Study	838,600	649,252	-	649,252	189,348
Election Equipment	1,289,837	610,501	5,116	615,617	674,220
EMS Station 4	1,693,031	1,693,192	-	1,693,192	(161)
Parking Lot Paving	1,000,000	308,417	257,000	565,417	434,583
Medical Examiner's Room	250,000	131,525	-	131,525	118,475
Detention Center	2,115,000	1,311,255	14,985	1,326,240	788,760
Farmington Industrial Project	1,125,000	493,000	-	493,000	632,000
Canoplay Treescape	625,000	45,000	-	45,000	580,000
Capital Reserve Project	1,621,488	-	-	-	1,621,488
Total general government	<u>30,466,222</u>	<u>23,748,979</u>	<u>626,521</u>	<u>24,375,500</u>	<u>6,090,722</u>

DAVIE COUNTY, NORTH CAROLINA

MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Public safety:					
Viper VHF Comm Project	2,801,426	2,665,653	-	2,665,653	135,773
Computer Aided Dispatch Project	184,889	1,772,241	-	1,772,241	(1,587,352)
Jail Update 2022 & 2023 Project	486,469	475,000	-	475,000	11,469
Courthouse Capital Project	6,388,934	2,061,215	2,066,799	4,128,014	2,260,920
EMS Station 2	804,538	975,211	-	975,211	(170,673)
Animal control building	500,000	476,626	-	476,626	23,374
Total public safety	<u>11,166,256</u>	<u>8,425,946</u>	<u>2,066,799</u>	<u>10,492,745</u>	<u>673,511</u>
Environmental protection:					
Oil spill mitigation	<u>1,828,301</u>	<u>1,740,547</u>	<u>32,447</u>	<u>1,772,994</u>	<u>55,307</u>
Cultural and recreational:					
Recreation buildings	150,000	31,413	-	31,413	118,587
Davie County Community Park PARTF	<u>770,612</u>	<u>721,093</u>	-	<u>721,093</u>	<u>49,519</u>
Total cultural and recreational	<u>920,612</u>	<u>752,506</u>	-	<u>752,506</u>	<u>168,106</u>
Education:					
Davidson Community College - Davie Campus	4,005,000	-	-	-	4,005,000
Davie County High School	<u>64,122,513</u>	<u>63,969,348</u>	-	<u>63,969,348</u>	<u>153,165</u>
Total education	<u>68,127,513</u>	<u>63,969,348</u>	-	<u>63,969,348</u>	<u>4,158,165</u>
Total expenditures	<u>112,508,904</u>	<u>98,637,326</u>	<u>2,725,767</u>	<u>101,363,093</u>	<u>11,145,811</u>
Revenues over (under) expenditures	<u>(98,718,493)</u>	<u>(90,997,791)</u>	<u>(467,406)</u>	<u>(91,465,197)</u>	<u>7,253,296</u>
Other Financing Sources (Uses):					
Operating transfers in (out):					
From General Fund	26,129,193	23,574,789	2,525,815	26,100,604	(28,589)
To General Fund	(4,976,736)	(4,051,333)	(617,283)	(4,668,616)	308,120
Proceeds from debt:					
Installment debt proceeds	10,795,789	12,518,789	-	12,518,789	1,723,000
Bond proceeds	59,500,000	59,500,000	-	59,500,000	-
Bond premium	<u>7,270,247</u>	<u>7,270,247</u>	-	<u>7,270,247</u>	-
Total other financing sources (uses)	<u>98,718,493</u>	<u>98,812,492</u>	<u>1,908,532</u>	<u>100,721,024</u>	<u>2,002,531</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 7,814,701</u>	1,441,126	<u>\$ 9,255,827</u>	<u>\$ 9,255,827</u>
Fund Balance:					
Beginning of year - July 1			<u>7,762,740</u>		
End of year - June 30			<u>\$ 9,203,866</u>		

DAVIE COUNTY, NORTH CAROLINA

CORONAVIRUS RELIEF FUND - MAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	<u>Project Authorization</u>	<u>Actual</u>			<u>Variance Over/Under</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues:					
Restricted intergovernmental	\$ 8,322,333	\$ 8,323,194	\$ -	\$ 8,323,194	\$ 861
Expenditures:					
Salaries & benefits	350,000	-	-	-	350,000
Other operating expense	6,219	2,748	-	2,748	3,471
Capital outlay	900	608	-	608	292
Total expenditures	<u>357,119</u>	<u>3,356</u>	<u>-</u>	<u>3,356</u>	<u>353,763</u>
Revenues over (under) expenditures	<u>7,965,214</u>	<u>8,319,838</u>	<u>-</u>	<u>8,319,838</u>	<u>354,624</u>
Other Financing Sources (Uses):					
Transfers in (out):					
To General Fund	(8,278,993)	(8,278,993)	-	(8,278,993)	-
To Water and Sewer	(40,363)	(40,363)	-	(40,363)	-
To Self-Insurance Internal Service	(2,977)	(2,977)	-	(2,977)	-
From General Fund	357,119	-	-	-	(357,119)
Total other financing sources (uses)	<u>(7,965,214)</u>	<u>(8,322,333)</u>	<u>-</u>	<u>(8,322,333)</u>	<u>(357,119)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (2,495)</u>	<u>-</u>	<u>\$ (2,495)</u>	<u>\$ (2,495)</u>
Fund Balance:					
Beginning of year - July 1			<u>(2,495)</u>		
End of year - June 30			<u>\$ (2,495)</u>		

DAVIE COUNTY, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2025

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Emergency Telephone System Fund</u>	<u>Fire District Fund</u>	
Assets:			
Cash and cash equivalents	\$ 207,589	\$ 7,755	\$ 215,344
Due from other governments	46,244	-	46,244
Total assets	<u>\$ 253,833</u>	<u>\$ 7,755</u>	<u>\$ 261,588</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	<u>\$ 788</u>	<u>\$ 7,754</u>	<u>\$ 8,542</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	46,244	-	46,244
Restricted, all other	<u>206,801</u>	<u>1</u>	<u>206,802</u>
Total liabilities and fund balances	<u>\$ 253,833</u>	<u>\$ 7,755</u>	<u>\$ 261,588</u>

DAVIE COUNTY, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	Emergency Telephone System Fund	Fire District Fund	
Revenues:			
Ad valorem taxes	\$ -	\$ 570,114	\$ 570,114
Restricted intergovernmental revenues	155,044	-	155,044
Wireless 911 funds	33,324	-	33,324
Interest on investments	219	-	219
Total revenues	<u>188,587</u>	<u>570,114</u>	<u>758,701</u>
Expenditures:			
Current:			
Public safety	<u>166,168</u>	<u>570,114</u>	<u>736,282</u>
Revenues over (under) expenditures	22,419	-	22,419
Other Financing Sources (Uses):			
From General Fund	<u>660</u>	<u>-</u>	<u>660</u>
Net change in fund balances	23,079	-	23,079
Fund Balances:			
Beginning of year - July 1	<u>229,966</u>	<u>1</u>	<u>229,967</u>
End of year - June 30	<u>\$ 253,045</u>	<u>\$ 1</u>	<u>\$ 253,046</u>

DAVIE COUNTY, NORTH CAROLINA

**EMERGENCY TELEPHONE SYSTEM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Restricted intergovernmental	\$ 155,044	\$ 155,044	\$ -
Wireless 911 funds	37,060	33,324	(3,736)
Interest on investments	-	219	219
Total revenues	<u>192,104</u>	<u>188,587</u>	<u>(3,517)</u>
Expenditures:			
Phone & furniture	9,500	9,460	40
Software	212,484	48,331	164,153
Hardware	33,324	69,128	(35,804)
Training	6,000	5,925	75
Public safety	-	33,324	(33,324)
Total expenditures	<u>261,308</u>	<u>166,168</u>	<u>95,140</u>
Revenues over (under) expenditures	<u>(69,204)</u>	<u>22,419</u>	<u>91,623</u>
Other Financing Sources (Uses):			
Operating transfers out:			
Transfer from General Fund	661	660	(1)
Appropriated fund balance	68,543	-	(68,543)
Total other financing sources (uses)	<u>69,204</u>	<u>660</u>	<u>(68,544)</u>
Net change in fund balance	<u>\$ -</u>	<u>23,079</u>	<u>\$ 23,079</u>
Fund Balance:			
Beginning of year - July 1		<u>229,966</u>	
End of year - June 30		<u>\$ 253,045</u>	

DAVIE COUNTY, NORTH CAROLINA**EMERGENCY TELEPHONE SYSTEM UNSPENT BALANCE
PSAP RECONCILIATION
FOR THE YEAR ENDED JUNE 30, 2025**

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

Wireless 911 funds

Ending fund balance, reported on budget-to-actual	\$ 253,045
Cumulative prior period revenues and expenditures not reported in the fund (difference in beginning Fund Balance - Budget-to-Actual vs. PSAP report)	660
Proceeds from installment debt issued reported in financials, not included on PSAP report	<u>(660)</u>
Ending balance, PSAP Revenue - Expenditure Report	<u><u>\$ 253,045</u></u>

DAVIE COUNTY, NORTH CAROLINA

**FIRE DISTRICT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 623,216	\$ 570,114	\$ (53,102)
Expenditures:			
Public safety:			
Advance Rural Fire Protection District	<u>623,216</u>	<u>570,114</u>	<u>53,102</u>
Net change in fund balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:			
Beginning of year - July 1		<u>1</u>	
End of year - June 30		<u>\$ 1</u>	

DAVIE COUNTY, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating Revenues:			
Charges for services:			
Water sales	\$ 5,555,987	\$ 6,113,672	\$ 557,685
Sewer charges	640,000	588,155	(51,845)
East Davie sewer charges	1,400,000	2,013,496	613,496
Water and sewer taps	160,500	277,325	116,825
East Davie fees	500	78,885	78,385
Miscellaneous charges	133,500	235,302	101,802
Total	<u>7,890,487</u>	<u>9,306,835</u>	<u>1,416,348</u>
Non-Operating Revenues:			
Miscellaneous revenues	1,000	1,000	-
Interest earnings	1,000	1,774	774
Total	<u>2,000</u>	<u>2,774</u>	<u>774</u>
Total revenues	<u>7,892,487</u>	<u>9,309,609</u>	<u>1,417,122</u>
Expenditures:			
Administration:			
Salaries and employee benefits		277,285	
Other operating expenditures		138,401	
Total	<u>600,023</u>	<u>415,686</u>	<u>184,337</u>
Water Operations:			
Salaries and employee benefits		988,441	
Utilities		26,167	
Maintenance		867,288	
Other operating expenditures		215,788	
Total	<u>2,194,485</u>	<u>2,097,684</u>	<u>96,801</u>

DAVIE COUNTY, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Water Treatment Plant:			
Salaries and employee benefits		921,258	
Utilities		233,924	
Maintenance		371,440	
Chemicals		351,023	
Supplies		23,544	
Other operating expenditures		<u>234,992</u>	
Total	<u>2,281,426</u>	<u>2,136,181</u>	<u>145,245</u>
Waste Treatment Plant:			
Salaries and employee benefits		114,344	
Utilities		91,689	
Maintenance		251,102	
Other operating expenditures		<u>91,863</u>	
Total	<u>637,020</u>	<u>548,998</u>	<u>88,022</u>
Waste Treatment Plant - East Davie:			
Salaries and employee benefits		99,113	
Utilities		43,224	
Maintenance		72,125	
Other operating expenditures		<u>1,203,871</u>	
Total	<u>1,460,930</u>	<u>1,418,333</u>	<u>42,597</u>
Debt Service:			
Interest and fees	225,857	213,309	12,548
Debt principal	<u>820,105</u>	<u>820,105</u>	<u>-</u>
Total	<u>1,045,962</u>	<u>1,033,414</u>	<u>12,548</u>
Capital Outlay:			
Improvements	<u>290,420</u>	<u>186,807</u>	<u>103,613</u>
Total	<u>290,420</u>	<u>186,807</u>	<u>103,613</u>
Total expenditures	<u>8,510,266</u>	<u>7,837,103</u>	<u>673,163</u>
Revenues over (under) expenditures	<u>(617,779)</u>	<u>1,472,506</u>	<u>2,090,285</u>

DAVIE COUNTY, NORTH CAROLINA

WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Other Financing Sources (Uses):			
Transfers from Water Capital project	4,473,805	4,473,805	-
Transfer to Water Capital project	(5,191,805)	(5,191,805)	-
Sale of capital assets	-	23,815	23,815
Appropriated fund balance	<u>1,335,779</u>	<u>-</u>	<u>(1,335,779)</u>
Total other financing sources (uses)	<u>617,779</u>	<u>(694,185)</u>	<u>(1,311,964)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>778,321</u>	<u>\$ 778,321</u>

**Reconciliation from Budgetary Basis
(Modified Accrual) to Full Accrual:**

Reconciling items:

Debt principal	820,105
Capital outlay expenditures capitalized	186,807
Capital items not charged to capital outlay	(3,441,339)
Capital contribution capital project fund	4,820,739
Change in deferred outflow of resources - OPEB	102,489
Change in deferred outflow of resources - pensions deferrals	(106,917)
Change in deferred inflows of resources - OPEB	(43,142)
Change in net pension liability	45,738
Change in deferred inflows of resources - pensions deferrals	(27,761)
Change in compensated absences payable	(18,615)
Change in other post-employment benefits	(174,443)
Change in accrued interest payable	2,092
Depreciation	(1,260,929)
Transfer in (out) - Water and Sewer Capital Projects Fund	<u>718,000</u>
Total reconciling items	<u>1,622,824</u>
Change in net position	<u>\$ 2,401,145</u>

DAVIE COUNTY, NORTH CAROLINA

WATER AND SEWER CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Revenues:					
Restricted intergovernmental:					
Rural Center grant - Hospital Sewer project	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 1,000,000
NC DEQ Regionalization grant	-	50,000	-	50,000	50,000
SRF - Principal Forgiveness	2,000,000	2,000,000	-	2,000,000	-
DEQ grants for Town projects	6,090,804	409,196	3,232,725	3,641,921	(2,448,883)
State Reserve Project grant	3,023,807	1,619,003	165,500	1,784,503	(1,239,304)
EDA and DEQ water project grants	12,987,000	9,990,804	1,422,514	11,413,318	(1,573,682)
Local contribution	182,000	214,000	-	214,000	32,000
Miscellaneous revenues	103,000	103,000	-	103,000	-
Investment earnings	-	71,870	-	71,870	71,870
Total revenues	<u>24,386,611</u>	<u>15,457,873</u>	<u>4,820,739</u>	<u>20,278,612</u>	<u>(4,107,999)</u>
Expenditures:					
Water projects:					
Construction	77,033,862	47,033,780	20,791,520	67,825,300	9,208,562
Land	911,192	708,266	-	708,266	202,926
Mocksville - S. Point Pump Station	6,090,804	409,196	3,232,729	3,641,925	2,448,879
Administrative costs	5,875,990	5,196,561	282,459	5,479,020	396,970
Total	<u>89,911,848</u>	<u>53,347,803</u>	<u>24,306,708</u>	<u>77,654,511</u>	<u>12,257,337</u>
Hospital Sewer Project:					
Construction	2,198,550	2,017,181	-	2,017,181	181,369
Administrative costs	55,000	45,035	-	45,035	9,965
Total	<u>2,253,550</u>	<u>2,062,216</u>	<u>-</u>	<u>2,062,216</u>	<u>191,334</u>
Total expenditures	<u>92,165,398</u>	<u>55,410,019</u>	<u>24,306,708</u>	<u>79,716,727</u>	<u>12,448,671</u>
Revenues over (under) expenditures	<u>(67,778,787)</u>	<u>(39,952,146)</u>	<u>(19,485,969)</u>	<u>(59,438,115)</u>	<u>8,340,672</u>
Other Financing Sources (Uses):					
Long-term debt issued	55,453,718	16,495,289	22,066,380	38,561,669	(16,892,049)
Operating transfers - in (out):					
From General Fund	-	200,000	-	200,000	200,000
To Water and Sewer Fund	(4,504,951)	-	(4,473,805)	(4,473,805)	31,146
From Water and Sewer Fund	16,830,020	8,005,780	5,191,805	13,197,585	(3,632,435)
Total other financing sources (uses)	<u>67,778,787</u>	<u>24,701,069</u>	<u>22,784,380</u>	<u>47,485,449</u>	<u>(20,293,338)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (15,251,077)</u>	<u>\$ 3,298,411</u>	<u>\$ (11,952,666)</u>	<u>\$ (11,952,666)</u>

DAVIE COUNTY, NORTH CAROLINA

**NONMAJOR ENTERPRISE FUND - SOLID WASTE FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Recycling	\$ 128,000	\$ 307,560	\$ 179,560
Expenditures:			
Landfill operations:			
Purchased services	348,000	354,490	(6,490)
Other operating expenditures	50,000	17,979	32,021
Total expenditures	<u>398,000</u>	<u>372,469</u>	<u>25,531</u>
Revenues over (under) expenditures	<u>(270,000)</u>	<u>(64,909)</u>	<u>205,091</u>
Other Financing Sources (Uses):			
Operating transfers in:			
From General Fund	175,000	79,914	(95,086)
Appropriated fund balance	95,000	-	(95,000)
Total other financing sources (uses)	<u>270,000</u>	<u>79,914</u>	<u>(190,086)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>15,005</u>	<u>\$ 15,005</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Depreciation		<u>(15,005)</u>	
Change in net position		<u>\$ -</u>	

DAVIE COUNTY, NORTH CAROLINA**SELF-INSURANCE INTERNAL SERVICE FUND
STATEMENT OF NET POSITION
JUNE 30, 2025****Assets:**

Current assets:

Accounts receivable, net \$ 1,421**Liabilities:**

Current liabilities:

Due to other funds 6,139,454Accounts payable and accrued liabilities 731,478Total liabilities 6,870,932**Net Position:**Unrestricted \$ (6,869,511)

DAVIE COUNTY, NORTH CAROLINA

SELF-INSURANCE INTERNAL SERVICE FUND
 SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN
 FUND NET POSITION - FINANCIAL PLAN AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2025

	<u>Financial Plan</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating revenues:			
Charges for services:			
Insurance premiums	\$ 6,881,602	\$ 5,421,327	\$ (1,460,275)
Expenditures:			
Administration	1,989,652	1,866,495	123,157
Insurance claims paid	<u>4,891,950</u>	<u>4,883,804</u>	<u>8,146</u>
Total expenditures	<u>6,881,602</u>	<u>6,750,299</u>	<u>131,303</u>
Change in net position	<u>\$ -</u>	(1,328,972)	<u>\$ (1,328,972)</u>
Net Position:			
Beginning of year - July 1		<u>(5,540,539)</u>	
End of year - June 30		<u>\$ (6,869,511)</u>	

DAVIE COUNTY, NORTH CAROLINA

**SELF-INSURANCE INTERNAL SERVICE FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

Cash Flows from Operating Activities:

Cash received from interfund services provided	\$ 5,420,874
Cash paid for goods and services	<u>(6,618,090)</u>
Net cash provided (used) by operating activities	<u>(1,197,216)</u>

Cash Flows from Non-Capital Financing Activities:

Payments to/from other funds	<u>1,197,216</u>
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Net increase (decrease) in cash and cash equivalents	-
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Cash and Cash Equivalents:

Beginning of year - July 1	<u>-</u>
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End of year - June 30	<u><u>\$ -</u></u>
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Reconciliation of Operating Income (Loss) to

Net Cash Provided (Used) by Operating Activities:

Operating income (loss)	\$ (1,328,972)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	(453)
Increase (decrease) in accounts payable and accrued liabilities	<u>132,209</u>

Net cash provided (used) by operating activities	<u><u>\$ (1,197,216)</u></u>
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DAVIE COUNTY, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2025

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2024</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2025</u>
2024-2025	\$ -	\$ 47,667,663	\$ 47,240,696	\$ 426,967
2023-2024	438,241	-	241,500	196,741
2022-2023	165,083	-	52,211	112,872
2021-2022	92,569	-	24,275	68,294
2020-2021	69,086	-	14,677	54,409
2019-2020	43,980	-	10,355	33,625
2018-2019	38,994	-	7,738	31,256
2017-2018	27,390	-	5,288	22,102
2016-2017	24,600	-	4,923	19,677
2015-2016	21,340	-	4,299	17,041
2014-2015	12,636	-	12,636	-
Total	<u>\$ 933,919</u>	<u>\$ 47,667,663</u>	<u>\$ 47,618,598</u>	<u>982,984</u>
Less: Allowance for uncollectible accounts				<u>(458,770)</u>
Ad valorem taxes receivable, net				<u>\$ 524,214</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				<u>\$ 47,238,353</u>
Reconciling items:				
Taxes written off				12,636
Penalties and interest collected				(225,700)
Miscellaneous				593,309
Total reconciling items				<u>380,245</u>
Total collections and credits				<u>\$ 47,618,598</u>

DAVIE COUNTY, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
COUNTY-WIDE LEVY
FOR THE YEAR ENDED JUNE 30, 2025

	County-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 5,904,067,855	\$ 0.773	\$ 45,638,449	\$ 40,139,489	\$ 5,498,960
Utilities	147,105,890	0.773	1,137,129	1,137,129	-
Penalties	-		14,109	14,109	-
Total	<u>6,051,173,745</u>		<u>46,789,687</u>	<u>41,290,727</u>	<u>5,498,960</u>
Discoveries:					
Current year taxes	206,095,451	0.773	412,166	412,166	-
Prior year taxes	75,601,156		610,129	610,129	-
Penalties	-		117,389	117,389	-
Total	<u>281,696,607</u>		<u>1,139,684</u>	<u>1,139,684</u>	<u>-</u>
Releases	<u>(28,151,117)</u>		<u>(261,708)</u>	<u>(261,708)</u>	<u>-</u>
Total property valuation	<u>\$ 6,304,719,235</u>				
Net Levy			47,667,663	42,168,703	5,498,960
Uncollected taxes at June 30, 2025			<u>426,967</u>	<u>426,967</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 47,240,696</u>	<u>\$ 41,741,736</u>	<u>\$ 5,498,960</u>
Current Levy Collection Percentage			<u>99.10%</u>	<u>98.99%</u>	<u>100.00%</u>
Secondary Market Disclosures:					
Assessed valuation:					100%
Assessment ratio real property				\$ 4,562,125,073	
Personal property				1,595,488,272	
Public service companies				147,105,890	
Total assessed valuation				<u>\$ 6,304,719,235</u>	
Tax rate per \$100				<u>\$ 0.773</u>	
Levy (includes discoveries, releases, and abatements)				\$ 47,667,663	
In addition to the County-wide rate, the following table lists the levies by the County on behalf of fire protection districts for the fiscal year ended June 30:					
Special Fire Protection District					<u>169,340</u>
Total					<u>\$ 47,837,003</u>

DAVIE COUNTY, NORTH CAROLINA

**TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2025**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2025 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Ashley Furniture	Manufacturing	\$ 166,757,731	3.12%
Avgol	Manufacturing	123,960,129	2.32%
Brakebush Brothers	Manufacturing	92,191,813	1.73%
Gildan Yarns	Manufacturing	87,529,046	1.64%
Duke Energy Corporation	Utility	87,185,710	1.63%
Ingersoll Rand	Manufacturing	48,237,426	0.90%
Palltronics Inc	Manufacturing	39,519,337	0.74%
Kontoor Brands Inc	Manufacturing	31,243,223	0.59%
Energy United	Utility	30,655,673	0.57%
Special Event Services	Service	<u>22,052,512</u>	<u>0.41%</u>
Total		<u>\$ 729,332,600</u>	<u>13.65%</u>