

AGENDA
www.townofvaldese.com

Town of Valdese Town Council - Special Called Meeting
102 Massel Avenue SW, Valdese, NC

Monday, February 9, 2026
6:00 p.m., Valdese Town Hall, Council Chambers

The Town Council Meeting will be live-streamed on YouTube [@townofvaldese](https://www.youtube.com/@townofvaldese).

- 1. Call Meeting to Order**
- 2. Invocation** (*Led by a Valdese Police Volunteer Chaplain*)
- 3. Pledge of Allegiance**
- 4. Informational Items**
 - A. Reading Material
- 5. Open Forum/Public Comment**
 - A. Proclamation of Appreciation - Recognizing and Commending the Valdese Tigers Peewee Football Champions and Cheerleaders (*Presented by Mayor Huffman*)
 - B. Proclamation of Appreciation - Recognizing and Commending the Valdese Tigers Mighty Might Football Champions and Cheerleaders (*Presented by Mayor Huffman*)
- 6. Consent Agenda**

All items below are considered routine by the Town Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council Member so requests. In which event, the item will be removed from the Consent Agenda and considered under Item 7.

 - A. Approval of Special Meeting Minutes of December 8, 2025
 - B. Approval of Regular Meeting Minutes of January 5, 2026
 - C. Approval of Closed Session Minutes of January 5, 2026
 - D. Approval of Resolution of Intent to Permanently Close Unopened Right-of-Way on Faet Street SW
 - E. Call for Public Hearing – Approval of Right-Away Closure (Faet Street SW)
 - F. Settlement Agreement – Hook Properties LLC
- 7. New Business**
 - A. State of the Department – Finance (*Presented by Bo Weichel*)

- B.** Presentation of Audit for Fiscal Year Ending June 30, 2025 (*Presented by Lowdermilk Church & Co., LLP*)
- C.** Proposed Amendments to Article B – Excavations and Repair - Code of Ordinances (*Presented by Michael Rapp*)

8. Town Manager's Report

- A.** Bluegrass at the Rock welcomes Darin & Brooke Aldridge - February 7, 2026 at 7:30pm Old Rock School Auditorium - tickets available at visitvaldese.com
- B.** 178th Anniversary of Edict of Emancipation - Event hosted by Waldensian Heritage Museum at the Waldensian Presbyterian Church – Sunday, February 15, 2026, 3:00 p.m. – 5:00 p.m.
- C.** Next Regular Council meeting scheduled for Monday, March 2, 2026, 6:00 p.m., Council Chambers, Valdese Town Hall

9. Mayor and Council Comments

10. Adjournment

The Town of Valdese holds all public meetings in accessible rooms. Special requests for accommodation should be submitted by individuals with disabilities at least 48 hours before the scheduled meeting time. Contact Town Hall at 828-879-2120 or TDD Phone Line (hearing impaired) 1-800-735-2962.

READING MATERIAL

Community Affairs & Tourism Monthly Stats

January 2026

Tourism Statistics

visitvaldese.com views (Jan 5-18) 5,743

townofvaldese.com views (Jan 5-18) 6,299

Top 5 Pages Viewed (townofvaldese): Home, Utilities, Recreation, Schedules & Fees, Career Opp

Facebook

of followers 21,751

Page Views (last 28 days) 368,431

Post Reach (last 28 days) 90,605

Facebook Reactions/Feedback (last 28 days)

Content Interactions: 3,009 Link Clicks: 1,108

TOP FIVE AUDIENCE LOCATIONS (Cities): Valdese, Morganton, Drexel, Hickory, Lenoir

Approximate # of Visitors to the Tourism/CA Office 1,035

Community Affairs Stats

Old Rock School Rental Breakdown

AUDITORIUM	30
TEACHER'S COTTAGE	11
WALDENSIAN ROOM	15
CLASSROOMS	7
MAJOR EVENT (ENTIRE SCHOOL)	1

Major Events Held at the Old Rock School Average Number of Attendees

HEARTS Group Drama 200

Monthly Old Rock School Rentals 64

Old Rock School Total Attendance 6,850

CA Summary for January 2026

Community Affairs hit the ground running this month hosting a bluegrass concert the second weekend of January. The Malpass Brothers show sold 412 tickets and is always a crowd favorite. Tickets for the February show remain steady for Darin and Brooke Aldridge, another popular duo. Vendor applications for the Spring Craft Market are out and have already seen a high volume of return. The craft market will take place on April 25th and host over 80 handmade vendors. Prep for the Waldensian Festival is set to begin this month with the goal of getting the vendor and sponsor applications out by Jan. 31st. The department is excited to partner with Farris Insurance Agency again this year to bring the Lucky Leprechaun and Duck hunt to Valdese on March 17th. Photo props and treat bag items have been purchased and the promotion is well underway. Rentals remain high in all facilities this month with a great deal of the year already booked for major and private events. Morrissa and Annie will soon register to attend the Main Street Conference in New Bern in March and have scheduled a tentative meeting date for the following week.

Surplus Personal Property Report for Valdese Town Council
February 2025
(August 1, 2025 – January 31, 2026)

<u>Date</u>	<u>Dept</u>	<u>Item(s)</u>	<u>Method of Disposal</u>	<u>Sold To</u>	<u>Selling Price</u>
08/06/2025	PD	2016 Dodge Charger	Gov Deals	April Hux	\$4,000.00
11/03/2025	PD	2005 Ford Crown Vic	Gov Deals	Jerrard Billings	\$2,076.00

TOWN OF VALDESE
Revenue Statement
 Period Ending: December 31, 2025
10 GENERAL FUND

Account Description	Account Number	Estimated Revenue	Activity This Period	Revenue To Date	Uncollected To Date	Percent Collected %
2019 AD VALOREM TAXES	10-3010-191	0.00	700.04	700.04	-700.04	0.00
2020 AD VALOREM TAXES	10-3010-201	0.00	135.18	135.18	-135.18	0.00
2021 AD VALOREM TAXES	10-3010-211	2,000.00	103.39	103.39	1,896.61	5.17
2022 AD VALOREM TAXES	10-3010-221	2,000.00	479.44	479.44	1,520.56	23.97
2023 AD VALOREM TAXES	10-3010-231	2,000.00	1,477.21	1,477.21	522.79	73.86
2024 AD VALOREM TAXES	10-3010-241	9,000.00	17,382.03	17,382.03	-8,382.03	193.13
2025 AD VALOREM TAXES	10-3010-251	2,317,018.00	1,628,064.50	1,628,064.50	688,953.50	70.26
MOTOR VEHICLE TAXES	10-3100-000	200,000.00	114,554.05	114,554.05	85,445.95	57.27
TAX REFUNDS	10-3120-001	-10,545.00	0.00	0.00	-10,545.00	0.00
TAX PENALTY & INTEREST	10-3170-000	6,000.00	3,369.50	3,369.50	2,630.50	56.15
OCCUPANCY TAX	10-3200-000	95,000.00	60,353.47	60,353.47	34,646.53	63.53
INTEREST EARNED ON INVESTMENT	10-3290-000	561,606.00	369,242.21	369,242.21	192,363.79	65.74
RENTS	10-3310-000	74,400.00	44,391.46	44,391.46	30,008.54	59.66
ABC STORE	10-3330-000	165,000.00	38,912.38	38,912.38	126,087.62	23.58
OTHER	10-3350-030	2,500.00	8,039.45	8,039.45	-5,539.45	321.57
UTILITY FRANCHISE TAX	10-3370-000	440,000.00	237,830.77	237,830.77	202,169.23	54.05
ALCOHOL/BEVERAGE TAX	10-3410-000	22,000.00	0.00	0.00	22,000.00	0.00
POWELL BILL ST ALLOCATION	10-3430-000	198,300.00	198,039.25	198,039.25	260.75	99.86
UNRESTRICTED SALES TAX	10-3450-010	1,879,492.00	865,133.46	865,133.46	1,014,358.54	46.03
JAIL FEES	10-3580-000	500.00	234.00	234.00	266.00	46.80
REFUSE COLLECTION FEES	10-3590-000	210,000.00	110,567.47	110,567.47	99,432.53	52.65
RECYCLE FEES	10-3590-010	86,000.00	46,672.73	46,672.73	39,327.27	54.27
SOLID WASTE DISPOSAL TX	10-3590-020	3,800.00	1,899.83	1,899.83	1,900.17	49.99
CEMETERY REVENUES	10-3610-000	0.00	355.00	355.00	-355.00	0.00
SALES TAX CERTIFICATION REFUN	10-3670-000	5,000.00	5,000.00	5,000.00	0.00	100.00
FINES	10-3930-002	0.00	775.00	775.00	-775.00	0.00
HOUSING AUTHORITY	10-3970-020	26,000.00	0.00	0.00	26,000.00	0.00
PARAMOUNT FORD	10-3970-021	1,910.00	425.94	425.94	1,484.06	22.30
XTREME MACHINES	10-3970-022	809.00	149.64	149.64	659.36	18.49
ORS FACILITY RENTALS	10-3970-025	22,075.00	9,156.35	9,156.35	12,918.65	41.47
ORS AUDITORIUM & TICKET SALES	10-3970-026	58,000.00	27,659.19	27,659.19	30,340.81	47.68
ORS LEASES	10-3970-027	25,492.00	17,586.00	17,586.00	7,906.00	68.98

TOWN OF VALDESE
Revenue Statement
 Period Ending: December 31, 2025
10 GENERAL FUND

Account Description	Account Number	Estimated Revenue	Activity This Period	Revenue To Date	Uncollected To Date	Percent Collected %
C.A. TOURS	10-3970-028	600.00	0.00	0.00	600.00	0.00
YOUTH SPORTS REGISTRATION FEE	10-3970-029	15,500.00	8,688.76	8,688.76	6,811.24	56.05
COMMUNITY CENTER MEMBERSHIPS	10-3970-030	150,000.00	53,208.73	53,208.73	96,791.27	35.47
COMMUNITY CENTER CONCESSIONS	10-3970-031	48,000.00	22,162.52	22,162.52	25,837.48	46.17
SUMMER SWIM TEAM	10-3970-032	4,000.00	5.00	5.00	3,995.00	0.12
BOWLING	10-3970-033	52,500.00	26,530.50	26,530.50	25,969.50	50.53
VENDING	10-3970-034	1,500.00	0.00	0.00	1,500.00	0.00
RECREATION CREDIT CARD FEES	10-3970-035	3,000.00	1,323.93	1,323.93	1,676.07	44.13
WALDENSIAN FOOTRACE	10-3970-036	3,500.00	3,539.80	3,539.80	-39.80	101.13
MCGALLIARD FALLS CONCESSIONS	10-3970-038	3,600.00	0.00	0.00	3,600.00	0.00
RECREATION MISC REV & PARK RE	10-3970-039	32,000.00	17,186.10	17,186.10	14,813.90	53.70
ORS FACILITY FEES	10-3970-126	2,000.00	1,481.50	1,481.50	518.50	74.07
TEACHERS COTTAGE RENTALS	10-3970-127	8,000.00	2,651.00	2,651.00	5,349.00	33.13
MERCHANDISE SALES	10-3970-128	3,000.00	1,697.00	1,697.00	1,303.00	56.56
C.A. CONCESSIONS	10-3970-129	3,400.00	1,628.78	1,628.78	1,771.22	47.90
PRO RATA	10-3970-300	1,100,000.00	549,999.90	549,999.90	550,000.10	50.00
CAPITAL PROJECTS	10-3970-302	221,000.00	221,000.00	221,000.00	0.00	100.00
FESTIVAL	10-3970-920	23,500.00	8,666.00	8,666.00	14,834.00	36.87
FUND BALANCE APPROPRIATED	10-3990-000	197,800.79	0.00	0.00	197,800.79	0.00
POWELL BILL FUND BALANCE	10-3991-000	171,000.00	0.00	0.00	171,000.00	0.00
PROCEEDS FROM GRANTS	10-3995-002	30,000.00	27,000.00	27,000.00	3,000.00	90.00
TOTAL FUND REVENUE:		8,479,257.79	4,755,458.46	4,755,458.46	3,723,799.33	56.08
TOTAL REVENUE:		8,479,257.79	4,755,458.46	4,755,458.46	3,723,799.33	56.08%

TOWN OF VALDESE

Encumbrances & Expenditure Statement

Period Ending: December 31, 2025

10 GENERAL FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
DEPT (4100) GOVERNING BODY							
SALARIES & WAGES	10-4100-020	42,000.00	21,000.00	21,000.00	0.00	21,000.00	50.00
FICA TAX PAYABLE	10-4100-050	3,213.00	1,606.50	1,606.50	0.00	1,606.50	50.00
TRAVEL EXPENSE	10-4100-140	2,500.00	0.00	0.00	1,525.00	975.00	61.00
DEPT SUPPLIES	10-4100-330	100.00	25.83	25.83	0.00	74.17	25.83
IT	10-4100-490	3,000.00	0.00	0.00	2,309.90	690.10	76.99
MISCELLANEOUS	10-4100-570	500.00	120.00	120.00	152.94	227.06	54.58
TOTAL DEPT: (4100) GOVERNING BODY		51,313.00	22,752.33	22,752.33	3,987.84	24,572.83	52.11

TOWN OF VALDESE
Encumbrances & Expenditure Statement
Period Ending: December 31, 2025
10 GENERAL FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unecumbered Balance	% Spent
DEPT (4200) ADMINISTRATION							
SALARIES & WAGES	10-4200-020	514,911.00	254,049.36	254,049.36	0.00	260,861.64	49.33
PART TIME PAY	10-4200-022	18,800.00	7,841.00	7,841.00	0.00	10,959.00	41.70
PROFESSIONAL SERVICES	10-4200-040	176,075.00	36,006.23	36,006.23	25,000.00	115,068.77	34.64
HEALTH REIMBURSEMENT (10-4200-041	65,000.00	7,011.15	7,011.15	0.00	57,988.85	10.78
FICA TAX PAYABLE	10-4200-050	40,578.00	19,717.35	19,717.35	0.00	20,860.65	48.59
GROUP INSURANCE PAYABL	10-4200-060	48,763.00	21,610.18	21,610.18	0.00	27,152.82	44.31
RETIREMENT EXPENSE	10-4200-070	72,862.00	35,939.91	35,939.91	0.00	36,922.09	49.32
UNEMPLOYMENT CHARGES	10-4200-080	4,000.00	0.00	0.00	0.00	4,000.00	0.00
TELEPHONE	10-4200-110	24,750.00	7,048.10	7,048.10	1,770.07	15,931.83	35.62
POSTAGE	10-4200-111	4,000.00	1,011.97	1,011.97	0.00	2,988.03	25.29
PRINTING EXPENSE	10-4200-120	2,725.00	832.81	832.81	20.85	1,871.34	31.32
UTILITY EXPENSE - ELEC	10-4200-130	10,500.00	4,793.08	4,793.08	0.00	5,706.92	45.64
TRAVEL EXPENSE	10-4200-140	14,610.00	5,477.71	5,477.71	415.00	8,717.29	40.33
MAINT & REPAIR BLDG &	10-4200-150	19,045.00	8,476.25	8,476.25	0.00	10,568.75	44.50
MAINT & REPAIR - EQUIP	10-4200-160	4,600.00	630.72	630.72	0.00	3,969.28	13.71
MAINT & REPAIR - AUTO	10-4200-170	250.00	0.00	0.00	0.00	250.00	0.00
ADVERTISING	10-4200-260	2,850.00	340.20	340.20	0.00	2,509.80	11.93
AUTO SUPPLIES GAS	10-4200-311	1,000.00	98.55	98.55	0.00	901.45	9.85
AUTO SUPPLIES OIL	10-4200-314	50.00	0.00	0.00	0.00	50.00	0.00
DEPT SUPPLIES & MATL	10-4200-330	15,100.00	2,601.89	2,601.89	613.38	11,884.73	21.29
CONTRACTED SERVICES	10-4200-450	30,420.00	16,152.90	16,152.90	0.00	14,267.10	53.10
IT	10-4200-490	74,580.00	43,657.31	43,657.31	0.00	30,922.69	58.53
DUES & SUBSCRIPTIONS	10-4200-530	22,213.00	9,030.92	9,030.92	8,142.00	5,040.08	77.31
INSURANCE & BONDS	10-4200-540	181,500.00	148,518.95	148,518.95	0.00	32,981.05	81.82
MISC EXPENSE	10-4200-570	15,750.00	23.71	23.71	106.72	15,619.57	0.82
CAPITAL OUTLAY	10-4200-740	74,500.00	28,705.00	28,705.00	24,000.00	21,795.00	70.74
BURKE COUNTY LIBRARY	10-4200-930	40,000.00	20,000.00	20,000.00	0.00	20,000.00	50.00
DEBT SERVICE	10-4200-962	88,878.00	88,878.00	88,878.00	0.00	0.00	100.00
CONTINGENCY	10-4200-990	18,000.00	0.00	0.00	18,000.00	0.00	100.00
TOTAL DEPT: (4200) ADMINISTRATION		1,586,310.00	768,453.25	768,453.25	78,068.02	739,788.73	53.36

TOWN OF VALDESE

Encumbrances & Expenditure Statement

Period Ending: December 31, 2025

10 GENERAL FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
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TOWN OF VALDESE
Encumbrances & Expenditure Statement
Period Ending: December 31, 2025
10 GENERAL FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
DEPT (4250) PUBLIC WORKS ADMINISTRATION							
SALARIES & WAGES	10-4250-020	103,020.00	50,332.19	50,332.19	0.00	52,687.81	48.85
OVER TIME PAY	10-4250-021	2,738.00	1,456.55	1,456.55	0.00	1,281.45	53.19
PRFESSIONAL SERVICES	10-4250-040	550.00	0.00	0.00	0.00	550.00	0.00
FICA TAX PAYABLE	10-4250-050	8,011.00	3,846.00	3,846.00	0.00	4,165.00	48.00
GROUP INSURANCE PAYABL	10-4250-060	18,335.00	7,680.87	7,680.87	0.00	10,654.13	41.89
RETIREMENT PAYABLE	10-4250-070	15,091.00	7,387.86	7,387.86	0.00	7,703.14	48.95
PRINTING EXPENSE	10-4250-120	500.00	0.00	0.00	0.00	500.00	0.00
UTILITY EXPENSE ELECT	10-4250-130	8,920.00	4,032.19	4,032.19	0.00	4,887.81	45.20
UTILITY EXPENSE GAS	10-4250-131	3,150.00	971.99	971.99	0.00	2,178.01	30.85
TRAINING & TRAVEL	10-4250-140	2,500.00	816.68	816.68	0.00	1,683.32	32.66
MAINT & REPAIR BLDGS &	10-4250-150	12,500.00	10,128.56	10,128.56	218.94	2,152.50	82.78
MAINT & REPAIR EQUIP	10-4250-160	4,000.00	1,451.53	1,451.53	0.00	2,548.47	36.28
MAINT & REPAIR AUTO	10-4250-170	1,500.00	126.76	126.76	0.00	1,373.24	8.45
AUTO SUPPLIES GAS	10-4250-311	5,500.00	1,602.74	1,602.74	0.00	3,897.26	29.14
AUTO SUPPLIES TIRES	10-4250-313	1,420.00	0.00	0.00	0.00	1,420.00	0.00
AUTO SUPPLIES OIL	10-4250-314	184.00	184.00	184.00	0.00	0.00	100.00
DEPT SUPPLIES & MATERI	10-4250-330	21,000.00	7,549.44	7,549.44	6,443.92	7,006.64	66.63
CHEMICALS	10-4250-332	500.00	0.00	0.00	0.00	500.00	0.00
UNIFORMS	10-4250-360	1,720.00	278.10	278.10	0.00	1,441.90	16.16
CONTRACTED SERVICES	10-4250-450	12,516.00	7,155.58	7,155.58	0.00	5,360.42	57.17
DUES & SUBSCRIPTIONS	10-4250-530	2,325.00	1,896.00	1,896.00	0.00	429.00	81.54
CAPITAL OUTLAY	10-4250-740	7,000.00	0.00	0.00	0.00	7,000.00	0.00
TOTAL DEPT: (4250) PUBLIC WORKS ADMINISTRATION		232,980.00	106,897.04	106,897.04	6,662.86	119,420.10	48.74

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Encumbrances & Expenditure Statement
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10 GENERAL FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
DEPT (4350) MAINTENANCE & GROUNDS DEPARTMENT							
SALARIES & WAGES	10-4350-020	158,434.00	81,672.59	81,672.59	0.00	76,761.41	51.55
OVER TIME PAY	10-4350-021	9,258.00	5,132.85	5,132.85	0.00	4,125.15	55.44
PART TIME PAY	10-4350-022	16,852.00	9,882.25	9,882.25	0.00	6,969.75	58.64
FICA TAX PAYABLE	10-4350-050	13,998.00	7,229.69	7,229.69	0.00	6,768.31	51.64
GROUP INSURANCE	10-4350-060	36,455.00	17,917.83	17,917.83	0.00	18,537.17	49.15
RETIREMENT	10-4350-070	23,940.00	12,358.76	12,358.76	0.00	11,581.24	51.62
TRAVEL	10-4350-140	400.00	0.00	0.00	0.00	400.00	0.00
MAINT & REPAIR BLDGS &	10-4350-150	7,150.00	748.67	748.67	106.64	6,294.69	11.96
MAINT & REPAIR EQUIP	10-4350-160	3,480.00	573.67	573.67	0.00	2,906.33	16.48
MAINT & REPAIR AUTO	10-4350-170	1,500.00	63.67	63.67	0.00	1,436.33	4.24
AUTO SUPPLIES - GAS	10-4350-311	6,500.00	3,177.33	3,177.33	0.00	3,322.67	48.88
AUTO SUPPLIES DIESEL	10-4350-312	928.00	302.51	302.51	0.00	625.49	32.59
AUTO SUPPLIES - TIRES	10-4350-313	1,350.00	208.00	208.00	0.00	1,142.00	15.40
AUTO SUPPLIES - OIL	10-4350-314	566.00	20.00	20.00	0.00	546.00	3.53
DEPT SUPPLIES & MATERI	10-4350-330	4,250.00	380.06	380.06	0.00	3,869.94	8.94
CHEMICALS	10-4350-332	2,500.00	89.99	89.99	0.00	2,410.01	3.60
UNIFORMS	10-4350-360	3,072.00	1,279.36	1,279.36	0.00	1,792.64	41.64
CONTRACT SERVICES	10-4350-450	500.00	60.93	60.93	0.00	439.07	12.18
MISC EXPENSE	10-4350-570	2,500.00	1,958.32	1,958.32	81.97	459.71	81.61
ARBOR BEAUTIFICATION	10-4350-927	10,800.00	1,660.62	1,660.62	31.28	9,108.10	15.66
TOTAL DEPT: (4350) MAINTENANCE & GROUNDS DEPARTMEN		304,433.00	144,717.10	144,717.10	219.89	159,496.01	47.60

TOWN OF VALDESE
Encumbrances & Expenditure Statement
Period Ending: December 31, 2025
10 GENERAL FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
DEPT (4900) PLANNING DEPARTMENT							
SALARIES & WAGES	10-4900-020	0.00	-39,465.35	-39,465.35	0.00	39,465.35	0.00
PART TIME PAY	10-4900-022	0.00	7,580.00	7,580.00	0.00	-7,580.00	0.00
PROFESSIONAL SERVICES	10-4900-040	7,000.00	1,090.00	1,090.00	569.99	5,340.01	23.71
FICA TAX EXPENSE	10-4900-050	0.00	579.89	579.89	0.00	-579.89	0.00
TRAVEL EXPENSE	10-4900-140	500.00	0.00	0.00	0.00	500.00	0.00
MAINT & REPAIR EQUIP	10-4900-160	3,500.00	0.00	0.00	0.00	3,500.00	0.00
ADVERTISING	10-4900-260	1,125.00	0.00	0.00	0.00	1,125.00	0.00
DEPT SUPPLIES & MATL	10-4900-330	700.00	0.00	0.00	0.00	700.00	0.00
CONTRACTED SERVICES	10-4900-450	59,400.00	14,097.50	14,097.50	0.00	45,302.50	23.73
ABATEMENTS	10-4900-451	10,000.00	127.00	127.00	3,000.00	6,873.00	31.27
DUES & SUBSCRIPTIONS	10-4900-530	200.00	0.00	0.00	0.00	200.00	0.00
MISC EXPENSE	10-4900-570	300.00	26.00	26.00	129.59	144.41	51.86
CAPITAL OUTLAY	10-4900-740	8,929.89	1,356.25	1,356.25	7,573.64	0.00	100.00
TOTAL DEPT: (4900) PLANNING DEPARTMENT		91,654.89	-14,608.71	-14,608.71	11,273.22	94,990.38	-3.63

TOWN OF VALDESE
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10 GENERAL FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
DEPT (5100) POLICE DEPARTMENT							
SALARIES & WAGES	10-5100-020	776,373.00	389,087.35	389,087.35	0.00	387,285.65	50.11
OVER TIME PAY	10-5100-021	24,717.00	9,338.59	9,338.59	0.00	15,378.41	37.78
PART TIME PAY	10-5100-022	10,989.00	4,830.75	4,830.75	0.00	6,158.25	43.96
EXTRA DUTY HOURS	10-5100-024	29,186.00	14,458.88	14,458.88	0.00	14,727.12	49.54
PROFESSIONAL SERVICES	10-5100-040	1,800.00	395.00	395.00	0.00	1,405.00	21.94
FICA TAX EXPENSE	10-5100-050	64,358.00	31,319.97	31,319.97	0.00	33,038.03	48.66
GROUP INSURANCE EXPENS	10-5100-060	129,534.00	64,263.07	64,263.07	0.00	65,270.93	49.61
DEFERRED COMP 401K	10-5100-065	38,229.00	18,768.42	18,768.42	0.00	19,460.58	49.09
RETIREMENT EXPENSE	10-5100-070	129,510.00	64,376.35	64,376.35	0.00	65,133.65	49.70
TELEPHONE	10-5100-110	13,231.00	4,242.18	4,242.18	1,060.73	7,928.09	40.07
POSTAGE	10-5100-111	1,000.00	150.00	150.00	0.00	850.00	15.00
PRINTING EXPENSE	10-5100-120	500.00	0.00	0.00	0.00	500.00	0.00
ELECTRIC	10-5100-130	1,800.00	731.87	731.87	0.00	1,068.13	40.65
NATURAL GAS	10-5100-131	360.00	72.57	72.57	75.48	211.95	41.12
TRAINING & TRAVEL	10-5100-140	9,450.00	3,518.39	3,518.39	398.94	5,532.67	41.45
MAINT & REPAIR BLDG &	10-5100-150	2,688.00	0.00	0.00	0.00	2,688.00	0.00
MAINT & REPAIR EQUIP	10-5100-160	4,517.00	1,040.29	1,040.29	0.00	3,476.71	23.03
MAINT & REPAIR AUTO	10-5100-170	15,075.00	6,715.46	6,715.46	165.00	8,194.54	45.64
AUTO SUPPLIES GAS	10-5100-311	45,000.00	17,742.30	17,742.30	0.00	27,257.70	39.42
AUTO SUPPLIES TIRES	10-5100-313	5,500.00	201.00	201.00	0.00	5,299.00	3.65
AUTO SUPPLIES OIL	10-5100-314	2,000.00	0.00	0.00	0.00	2,000.00	0.00
DEPT SUPPLIES & MATL	10-5100-330	23,099.00	17,812.12	17,812.12	60.52	5,226.36	77.37
UNIFORMS	10-5100-360	19,587.00	11,835.23	11,835.23	0.00	7,751.77	60.42
CONTRACTED SEVICES	10-5100-450	19,810.00	8,294.00	8,294.00	321.36	11,194.64	43.49
IT	10-5100-490	10,572.00	7,799.00	7,799.00	0.00	2,773.00	73.77
DUES & SUBSCRIPTIONS	10-5100-530	724.00	0.00	0.00	220.00	504.00	30.38
MISC EXPENSE	10-5100-570	20,500.00	-500.00	-500.00	0.00	21,000.00	-2.43
CAPITAL OUTLAY	10-5100-740	67,000.00	64,035.96	64,035.96	0.00	2,964.04	95.57
TOTAL DEPT: (5100) POLICE DEPARTMENT		1,467,109.00	740,528.75	740,528.75	2,302.03	724,278.22	50.63

TOWN OF VALDESE
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10 GENERAL FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
DEPT (5300) FIRE DEPARTMENT							
SALARIES & WAGES	10-5300-020	359,916.00	148,946.79	148,946.79	0.00	210,969.21	41.38
OVER TIME PAY	10-5300-021	18,311.00	12,854.77	12,854.77	0.00	5,456.23	70.20
PART TIME PAY	10-5300-022	68,195.00	11,657.21	11,657.21	0.00	56,537.79	17.09
EXTRA DUTY HOURS	10-5300-024	41,400.00	29,831.91	29,831.91	0.00	11,568.09	72.05
PROFESSIONAL SERVICES	10-5300-040	6,810.00	3,256.09	3,256.09	0.00	3,553.91	47.81
FICA TAX EXPENSE	10-5300-050	38,025.00	15,459.62	15,459.62	0.00	22,565.38	40.65
GROUP INSURANCE EXPENS	10-5300-060	85,852.00	34,958.51	34,958.51	0.00	50,893.49	40.72
RETIREMENT EXPENSE	10-5300-070	61,797.00	27,525.01	27,525.01	0.00	34,271.99	44.54
TELEPHONE	10-5300-110	804.00	266.00	266.00	66.50	471.50	41.35
POSTAGE	10-5300-111	200.00	0.00	0.00	0.00	200.00	0.00
PRINTING EXPENSE	10-5300-120	500.00	20.00	20.00	0.00	480.00	4.00
UTILITIES EXPENSE ELEC	10-5300-130	15,840.00	6,364.02	6,364.02	0.00	9,475.98	40.17
UTILITIES EXPENSE GAS	10-5300-131	5,005.00	666.71	666.71	0.00	4,338.29	13.32
TRAINING & TRAVEL	10-5300-140	19,320.00	5,098.49	5,098.49	547.00	13,674.51	29.22
MAINT & REPAIR BLDGS &	10-5300-150	6,600.00	1,622.44	1,622.44	147.99	4,829.57	26.82
MAINT & REPAIR EQUIP	10-5300-160	13,235.00	2,742.46	2,742.46	932.76	9,559.78	27.76
MAINT & REPAIR AUTO	10-5300-170	19,511.00	8,161.59	8,161.59	0.00	11,349.41	41.83
AUTO SUPPLIES GAS	10-5300-311	3,830.00	927.67	927.67	0.00	2,902.33	24.22
AUTO SUPPLIES DIESEL	10-5300-312	10,643.00	6,354.43	6,354.43	0.00	4,288.57	59.70
AUTO SUPPLIES TIRES	10-5300-313	5,000.00	20.00	20.00	0.00	4,980.00	0.40
AUTO SUPPLIES OIL	10-5300-314	2,125.00	12.36	12.36	0.00	2,112.64	0.58
DEPT SUPPLIES & MATL	10-5300-330	39,155.00	7,860.70	7,860.70	13,928.52	17,365.78	55.64
UNIFORMS	10-5300-360	7,000.00	900.99	900.99	0.00	6,099.01	12.87
CONTRACTED SERVICES	10-5300-450	16,800.00	8,400.00	8,400.00	0.00	8,400.00	50.00
IT	10-5300-490	10,700.00	8,965.04	8,965.04	0.00	1,734.96	83.78
DUES & SUBSCRIPTIONS	10-5300-530	6,500.00	117.00	117.00	3,180.00	3,203.00	50.72
INSURANCE & BONDS	10-5300-540	28,815.00	27,020.00	27,020.00	0.00	1,795.00	93.77
SAFETY	10-5300-572	10,160.00	2,971.03	2,971.03	0.00	7,188.97	29.24
CAPITAL OUTLAY EQUIP	10-5300-740	10,782.00	10,782.00	10,782.00	0.00	0.00	100.00
DEBT SERVICE LADDER TR	10-5300-912	52,761.00	52,761.00	52,761.00	0.00	0.00	100.00

TOWN OF VALDESE

Encumbrances & Expenditure Statement

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10 GENERAL FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
TOTAL DEPT: (5300) FIRE DEPARTMENT		965,592.00	436,523.84	436,523.84	18,802.77	510,265.39	47.15

TOWN OF VALDESE
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10 GENERAL FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
DEPT (5600) STREET DEPARTMENT							
SALARIES & WAGES	10-5600-020	158,953.00	79,823.72	79,823.72	0.00	79,129.28	50.21
OVER TIME PAY	10-5600-021	10,025.00	4,932.67	4,932.67	0.00	5,092.33	49.20
PROFESSIONAL SERVICES	10-5600-040	1,000.00	0.00	0.00	0.00	1,000.00	0.00
FICA TAX EXPENSE	10-5600-050	12,768.00	6,295.96	6,295.96	0.00	6,472.04	49.31
GROUP INSURANCE EXPENS	10-5600-060	37,226.00	17,853.82	17,853.82	0.00	19,372.18	47.96
RETIREMENT EXPENSE	10-5600-070	24,050.00	12,063.53	12,063.53	0.00	11,986.47	50.16
UTILITIES EXPENSE ELEC	10-5600-130	2,232.00	956.43	956.43	0.00	1,275.57	42.85
UTILITIES EXPENSE ST L	10-5600-133	102,948.00	49,143.29	49,143.29	0.00	53,804.71	47.73
UTILITY EXPENSE TRAFFI	10-5600-134	1,344.00	488.50	488.50	0.00	855.50	36.34
TRAINING & TRAVEL	10-5600-140	1,000.00	0.00	0.00	0.00	1,000.00	0.00
MAIT & REPAIR BLDGS &	10-5600-150	16,100.00	1,028.43	1,028.43	32.26	15,039.31	6.58
MAINT & REPAIR EQUIP	10-5600-160	10,000.00	6,091.27	6,091.27	0.00	3,908.73	60.91
MAINT & REPAIR AUTO	10-5600-170	12,000.00	822.74	822.74	0.05	11,177.21	6.85
AUTO SUPPLIES GAS	10-5600-311	3,800.00	2,036.71	2,036.71	0.00	1,763.29	53.59
AUTO SUPPLIES DIESEL	10-5600-312	16,047.00	11,915.30	11,915.30	0.00	4,131.70	74.25
AUTO SUPPLIES TIRES	10-5600-313	5,500.00	318.00	318.00	0.00	5,182.00	5.78
AUTO SUPPLIES OIL	10-5600-314	2,954.00	1,010.50	1,010.50	0.00	1,943.50	34.20
DEPT SUPPLIES & MATL	10-5600-330	15,100.00	4,059.81	4,059.81	260.70	10,779.49	28.61
CHEMICALS	10-5600-332	2,000.00	208.51	208.51	0.00	1,791.49	10.42
UNIFORMS	10-5600-360	3,472.00	1,685.10	1,685.10	150.00	1,636.90	52.85
CONTRACTED SERVICES	10-5600-450	157,446.00	0.00	0.00	0.00	157,446.00	0.00
CAPITAL OUTLAY	10-5600-740	65,000.00	56,905.00	56,905.00	0.00	8,095.00	87.54
TRANSFER TO STREETS PR	10-5600-900	200,000.00	200,000.00	200,000.00	0.00	0.00	100.00
DEBT SERVICE	10-5600-910	53,743.00	53,743.00	53,743.00	0.00	0.00	100.00
TOTAL DEPT: (5600) STREET DEPARTMENT		914,708.00	511,382.29	511,382.29	443.01	402,882.70	55.95

TOWN OF VALDESE

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10 GENERAL FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
DEPT (5700) POWELL BILL							
MAINT & REPAIR BLDG &	10-5700-150	4,000.00	0.00	0.00	0.00	4,000.00	0.00
MAINT & REPAIR - PATCH	10-5700-151	25,000.00	2,530.07	2,530.07	0.00	22,469.93	10.12
DRAINAGE AND STORM SEW	10-5700-154	3,000.00	1,486.21	1,486.21	0.00	1,513.79	49.54
SNOW AND ICE REMOVAL	10-5700-155	3,800.00	0.00	0.00	0.00	3,800.00	0.00
DEPT SUPPLIES & MATL	10-5700-330	2,500.00	0.00	0.00	0.00	2,500.00	0.00
CAPITAL OUTLAY SIDEWAL	10-5700-730	35,000.00	0.00	0.00	0.00	35,000.00	0.00
CAPITAL OUTLAY	10-5700-740	296,000.00	125,000.00	125,000.00	0.00	171,000.00	42.23
TOTAL DEPT: (5700) POWELL BILL		369,300.00	129,016.28	129,016.28	0.00	240,283.72	34.93

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10 GENERAL FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
DEPT (5800) SANITATION							
SALARIES & WAGES	10-5800-020	38,732.00	20,201.06	20,201.06	0.00	18,530.94	52.15
OVER TIME PAY	10-5800-021	2,380.00	1,481.63	1,481.63	0.00	898.37	62.25
FICA EXPENSE	10-5800-050	3,106.00	1,635.73	1,635.73	0.00	1,470.27	52.66
GROUP INSURANCE EXPENS	10-5800-060	9,114.00	4,695.09	4,695.09	0.00	4,418.91	51.51
RETIREMENT EXPENSE	10-5800-070	5,850.00	3,087.03	3,087.03	0.00	2,762.97	52.77
POSTAGE	10-5800-111	3,000.00	0.00	0.00	0.00	3,000.00	0.00
PRINTING EXPENSE	10-5800-120	1,000.00	0.00	0.00	0.00	1,000.00	0.00
MAINT. & REPAIR-EQUIPM	10-5800-160	3,650.00	3,497.96	3,497.96	0.00	152.04	95.83
MAINT. & REPAIR-AUTO &	10-5800-170	5,000.00	1,827.06	1,827.06	0.00	3,172.94	36.54
ADVERTISING	10-5800-260	600.00	0.00	0.00	0.00	600.00	0.00
AUTO SUPPLIES GAS	10-5800-311	4,000.00	1,308.91	1,308.91	0.00	2,691.09	32.72
AUTO SUPPLIES DIESEL	10-5800-312	1,500.00	833.08	833.08	0.00	666.92	55.53
AUTO SUPPLIES-TIRES	10-5800-313	2,290.00	0.00	0.00	0.00	2,290.00	0.00
AUTO SUPPLIES-OIL	10-5800-314	628.00	263.03	263.03	0.00	364.97	41.88
DEPT. SUPPLIES & MATER	10-5800-330	1,400.00	236.99	236.99	0.00	1,163.01	16.92
CHEMICAL	10-5800-332	200.00	0.00	0.00	0.00	200.00	0.00
UNIFORMS	10-5800-360	768.00	344.44	344.44	0.00	423.56	44.84
CONTRACTED SERVICES	10-5800-450	296,864.00	149,608.49	149,608.49	0.00	147,255.51	50.39
CAPITAL OUTLAY	10-5800-740	230,000.00	201,369.15	201,369.15	0.00	28,630.85	87.55
TOTAL DEPT: (5800) SANITATION		610,082.00	390,389.65	390,389.65	0.00	219,692.35	63.98

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Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
DEPT (6200) RECREATION DEPARTMENT							
SALARIES & WAGES	10-6200-020	307,845.00	137,967.58	137,967.58	0.00	169,877.42	44.81
PART-TIME PAY	10-6200-022	293,756.00	146,175.56	146,175.56	0.00	147,580.44	49.76
PROFESSIONAL SERVICES	10-6200-040	1,000.00	768.99	768.99	191.30	39.71	96.02
FICA TAX EXPENSE	10-6200-050	45,943.00	21,319.62	21,319.62	0.00	24,623.38	46.40
GROUP INSURANCE EXPENS	10-6200-060	52,414.00	20,317.99	20,317.99	0.00	32,096.01	38.76
RETIREMENT EXPENSE	10-6200-070	44,211.00	19,803.30	19,803.30	0.00	24,407.70	44.79
TELEPHONE	10-6200-110	400.00	0.00	0.00	0.00	400.00	0.00
UTILITIES EXPENSE-ELEC	10-6200-130	45,000.00	23,433.40	23,433.40	0.00	21,566.60	52.07
UTILITY EXPENSE-GAS	10-6200-131	45,000.00	4,153.89	4,153.89	0.00	40,846.11	9.23
TRAINING & TRAVEL	10-6200-140	2,500.00	693.00	693.00	329.00	1,478.00	40.88
MAINT & REPAIR-BLDGS	10-6200-150	35,950.00	34,147.28	34,147.28	420.36	1,382.36	96.15
PARKS REPAIRS	10-6200-151	10,900.00	7,284.95	7,284.95	22.66	3,592.39	67.04
MAINT & REPAIR-EQUIPME	10-6200-160	19,740.00	12,828.70	12,828.70	214.00	6,697.30	66.07
MAINT & REPAIR-AUTO	10-6200-170	1,000.00	107.42	107.42	0.00	892.58	10.74
ADVERTISING	10-6200-260	1,500.00	1,334.36	1,334.36	0.00	165.64	88.95
AUTO SUPPLIES-GAS-UNLE	10-6200-311	3,500.00	1,406.04	1,406.04	0.00	2,093.96	40.17
AUTO SUPPLIES-TIRES	10-6200-313	600.00	0.00	0.00	0.00	600.00	0.00
AUTO SUPPLIES-OIL	10-6200-314	240.00	0.00	0.00	0.00	240.00	0.00
DEPT SUPPLIES & MATERI	10-6200-330	29,950.00	15,001.40	15,001.40	924.85	14,023.75	53.17
CHEMICALS	10-6200-332	15,000.00	6,146.14	6,146.14	0.00	8,853.86	40.97
UNIFORMS	10-6200-360	1,500.00	364.78	364.78	604.23	530.99	64.60
CONTRACTED SERVICES	10-6200-450	64,200.00	20,194.21	20,194.21	54.05	43,951.74	31.53
WALDENSIAN FOOTRACE	10-6200-454	4,500.00	3,754.58	3,754.58	0.00	745.42	83.43
SWIM TEAM	10-6200-480	2,500.00	79.71	79.71	0.00	2,420.29	3.18
P F R CONCESSIONS	10-6200-481	33,000.00	14,959.61	14,959.61	1,818.59	16,221.80	50.84
P F R OTHER	10-6200-484	12,000.00	6,312.00	6,312.00	0.00	5,688.00	52.60
DUES AND SUBSCRIPTIONS	10-6200-530	3,545.00	2,074.00	2,074.00	0.00	1,471.00	58.50
CAPITAL OUTLAY	10-6200-740	46,070.00	20,414.32	20,414.32	0.00	25,655.68	44.31
DEBT SERVICE	10-6200-910	19,483.00	0.00	0.00	0.00	19,483.00	0.00
TOTAL DEPT: (6200) RECREATION DEPARTMENT		1,143,247.00	521,042.83	521,042.83	4,579.04	617,625.13	45.97

TOWN OF VALDESE

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Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
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10 GENERAL FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unecumbered Balance	% Spent
DEPT (6250) COMMUNITY AFFAIRS							
SALARIES & WAGES	10-6250-020	189,230.00	93,744.18	93,744.18	0.00	95,485.82	49.54
OVER TIME PAY	10-6250-021	4,566.00	1,983.90	1,983.90	0.00	2,582.10	43.44
PART-TIME PAY	10-6250-022	37,557.00	17,178.76	17,178.76	0.00	20,378.24	45.74
PROFESSIONAL SERVICES	10-6250-040	380.00	0.00	0.00	0.00	380.00	0.00
FICA TAX EXPENSE	10-6250-050	17,582.00	8,492.56	8,492.56	0.00	9,089.44	48.30
GROUP INSURANCE EXPENS	10-6250-060	34,647.00	15,915.47	15,915.47	0.00	18,731.53	45.93
RETIREMENT EXPENSE	10-6250-070	27,337.00	13,708.64	13,708.64	0.00	13,628.36	50.14
POSTAGE	10-6250-111	5,500.00	14.22	14.22	0.00	5,485.78	0.25
PRINTING EXPENSE	10-6250-120	4,600.00	3,001.51	3,001.51	311.83	1,286.66	72.02
UTILITIES EXPENSE-ELEC	10-6250-130	41,500.00	23,895.49	23,895.49	0.00	17,604.51	57.57
UTILITIES EXPENSE-GS	10-6250-131	12,000.00	1,055.53	1,055.53	0.00	10,944.47	8.79
TRAINING & TRAVEL	10-6250-140	200.00	78.40	78.40	0.00	121.60	39.20
MAINT. & REPAIR-BLDGS	10-6250-150	28,559.90	3,766.50	3,766.50	3,642.50	21,150.90	25.94
MAINT & REPAIR-EQUIPME	10-6250-160	2,400.00	826.55	826.55	0.00	1,573.45	34.44
MAINT & REPAIR-AUTO	10-6250-170	200.00	0.00	0.00	0.00	200.00	0.00
ADVERTISING	10-6250-260	8,000.00	4,111.08	4,111.08	111.97	3,776.95	52.78
AUTO SUPPLIES-GAS-UNLE	10-6250-311	300.00	0.00	0.00	0.00	300.00	0.00
AUTO SUPPLIES-OIL	10-6250-314	100.00	0.00	0.00	0.00	100.00	0.00
DEPT SUPPLIES & MATERI	10-6250-330	7,000.00	2,722.95	2,722.95	123.61	4,153.44	40.66
EVENT SUPPLIES & DECOR	10-6250-331	14,000.00	9,413.30	9,413.30	1,287.26	3,299.44	76.43
CONCESSION STAND TRAIL	10-6250-332	4,000.00	2,208.74	2,208.74	0.00	1,791.26	55.21
CONTRACTED SERVICES	10-6250-450	40,850.00	21,806.62	21,806.62	0.00	19,043.38	53.38
CONT SERVICES-ENTERTAI	10-6250-452	83,275.00	38,629.96	38,629.96	457.68	44,187.36	46.93
CONT SERVICES - TOURIS	10-6250-453	500.00	0.00	0.00	0.00	500.00	0.00
IT	10-6250-490	500.00	191.38	191.38	139.00	169.62	66.07
DUE AND SUBSCRIPTIONS	10-6250-530	1,125.00	446.00	446.00	0.00	679.00	39.64
WELLNESS	10-6250-572	7,000.00	4,540.00	4,540.00	511.52	1,948.48	72.16
CAPITAL OUTLAY	10-6250-740	53,920.00	15,000.00	15,000.00	8,920.00	30,000.00	44.36
BUILDING REUSE & FACAD	10-6250-920	5,000.00	0.00	0.00	0.00	5,000.00	0.00
FESTIVAL	10-6250-922	22,700.00	22,682.82	22,682.82	0.00	17.18	99.92
MAIN STREET PROGRAM	10-6250-924	3,000.00	685.78	685.78	0.00	2,314.22	22.85

TOWN OF VALDESE

Encumbrances & Expenditure Statement

Period Ending: December 31, 2025

10 GENERAL FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
VALDESE TOURISM COMMIS	10-6250-925	85,000.00	70,888.51	70,888.51	1,045.69	13,065.80	84.62
TOTAL DEPT: (6250) COMMUNITY AFFAIRS		742,528.90	376,988.85	376,988.85	16,551.06	348,988.99	53.00
TOTAL FUND: (10) GENERAL FUND		8,479,257.79	4,134,083.50	4,134,083.50	142,889.74	4,202,284.55	50.44
TOTAL EXPENDITURES		8,479,257.79	4,134,083.50	4,134,083.50	142,889.74	4,202,284.55	50.44

TOWN OF VALDESE
Revenue Statement
 Period Ending: December 31, 2025
30 UTILITY FUND

Account Description	Account Number	Estimated Revenue	Activity This Period	Revenue To Date	Uncollected To Date	Percent Collected %
INTEREST EARNED ON INVESTMENT	30-3290-000	27,000.00	20,198.77	20,198.77	6,801.23	74.81
OTHERS	30-3350-030	0.00	2,764.94	2,764.94	-2,764.94	0.00
UTILITY BILL PENALTIES	30-3350-040	70,823.00	57,470.46	57,470.46	13,352.54	81.14
WATER CHARGES - RES	30-3710-010	3,997,000.00	2,085,479.22	2,085,479.22	1,911,520.78	52.17
WATER CHARGES - COMM	30-3710-011	317,961.00	220,472.05	220,472.05	97,488.95	69.33
WATER CHARGES - IND	30-3710-012	518,601.00	300,704.05	300,704.05	217,896.95	57.98
WASTE WATER CHARGES	30-3710-020	1,744,363.00	983,843.02	983,843.02	760,519.98	56.40
LONG TERM MONITORING	30-3710-021	18,900.00	9,249.90	9,249.90	9,650.10	48.94
TAP & CONNECTIN FEES	30-3730-000	40,000.00	40,240.00	40,240.00	-240.00	100.60
RECONNECTIN FEES	30-3750-000	70,000.00	41,403.76	41,403.76	28,596.24	59.14
TOWN OF DREXEL	30-3810-020	206,850.00	106,075.58	106,075.58	100,774.42	51.28
BURKE CNTY-E BURKE SYST-WW	30-3810-030	128,596.00	56,917.25	56,917.25	71,678.75	44.26
BURKE COUNTY WATER	30-3810-032	107,520.00	61,051.01	61,051.01	46,468.99	56.78
RC WATER CORP	30-3810-040	256,001.00	119,528.08	119,528.08	136,472.92	46.69
RC WW	30-3810-042	18,191.00	9,468.95	9,468.95	8,722.05	52.05
ICARD WATER CORP	30-3810-070	135,000.00	123,933.44	123,933.44	11,066.56	91.80
CONNELLY SPRINGS MAINT	30-3810-080	23,000.00	0.00	0.00	23,000.00	0.00
SALE OF FIXED ASSETS	30-3830-000	0.00	1,925.00	1,925.00	-1,925.00	0.00
PROCEEDS FROM FINANCING	30-3970-812	1,987,194.00	0.00	0.00	1,987,194.00	0.00
FUND BALANCE-APPROPRIATED	30-3990-000	1,381,319.00	93,883.34	93,883.34	1,287,435.66	6.79
TOTAL FUND REVENUE:		11,048,319.00	4,334,608.82	4,334,608.82	6,713,710.18	39.23
TOTAL REVENUE:		11,048,319.00	4,334,608.82	4,334,608.82	6,713,710.18	39.23%

TOWN OF VALDESE
Encumbrances & Expenditure Statement
Period Ending: December 31, 2025
30 UTILITY FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
DEPT (8100) WATER DEPARTMENT							
SALARIES & WAGES	30-8100-020	364,414.00	168,880.32	168,880.32	0.00	195,533.68	46.34
OVER TIME PAY	30-8100-021	3,000.00	415.83	415.83	0.00	2,584.17	13.86
PROFESSIONAL SERVICES	30-8100-040	61,500.00	12,409.15	12,409.15	0.00	49,090.85	20.17
FICA TAX EXPENSE	30-8100-050	28,028.00	12,497.02	12,497.02	0.00	15,530.98	44.58
GROUP INSURANCE EXPENS	30-8100-060	73,845.00	37,779.12	37,779.12	0.00	36,065.88	51.16
RETIREMENT EXPENSE	30-8100-070	52,795.00	24,283.12	24,283.12	0.00	28,511.88	45.99
TELEPHONE	30-8100-110	2,523.00	1,000.51	1,000.51	160.16	1,362.33	46.00
UTILITES EXPENSE-ELECT	30-8100-130	310,892.00	142,259.80	142,259.80	0.00	168,632.20	45.75
UTILITES EXPENSE-FUEL	30-8100-132	5,000.00	0.00	0.00	0.00	5,000.00	0.00
TRAINING & TRAVEL	30-8100-140	3,500.00	2,405.99	2,405.99	97.15	996.86	71.51
MAINT & REPAIR-BLDGS	30-8100-150	29,180.00	1,141.99	1,141.99	1,018.53	27,019.48	7.40
MAINT. & REPAIR-EQUIPM	30-8100-160	85,005.00	53,438.26	53,438.26	4,519.98	27,046.76	68.18
MAINT. & REPAIR-AUTO &	30-8100-170	680.00	0.00	0.00	0.00	680.00	0.00
AUTO SUPPLIES-GAS-UNLE	30-8100-311	4,000.00	972.41	972.41	0.00	3,027.59	24.31
AUTO SUPPLIES-DIESEL	30-8100-312	400.00	0.00	0.00	0.00	400.00	0.00
AUTO SUPPLIES-OIL	30-8100-314	200.00	0.00	0.00	0.00	200.00	0.00
DEPT SUPPLIES & MATERI	30-8100-330	3,400.00	1,121.48	1,121.48	1,445.95	832.57	75.51
CHEMICALS	30-8100-332	250,000.00	128,060.46	128,060.46	5,430.30	116,509.24	53.39
LAB SUPPLIES	30-8100-333	23,000.00	13,617.53	13,617.53	0.00	9,382.47	59.20
WATER TESTING-PROFESSI	30-8100-334	15,900.00	4,682.36	4,682.36	0.00	11,217.64	29.44
UNIFORMS	30-8100-360	5,200.00	1,155.32	1,155.32	500.43	3,544.25	31.84
CONTRACTED SERVICES	30-8100-450	6,540.00	3,077.59	3,077.59	0.08	3,462.33	47.05
IT	30-8100-490	500.00	0.00	0.00	0.00	500.00	0.00
DUES AND SUBSCRIPTIONS	30-8100-530	11,154.00	11,151.00	11,151.00	0.00	3.00	99.97
INSURANCE AND BONDS	30-8100-540	27,000.00	27,000.00	27,000.00	0.00	0.00	100.00
MISCELLANEOUS EXPENSE	30-8100-570	115,000.00	57,732.15	57,732.15	57,267.85	0.00	100.00
SAFETY	30-8100-572	3,000.00	1,229.49	1,229.49	0.00	1,770.51	40.98
CAPITAL OUTLAY-OTHER I	30-8100-730	0.00	-127,451.75	-127,451.75	0.00	127,451.75	0.00
CAPITAL OUTLAY	30-8100-740	1,728,665.00	107,497.95	107,497.95	47,565.00	1,573,602.05	8.97
DEBT SERVICE	30-8100-910	71,324.00	0.00	0.00	0.00	71,324.00	0.00
PRO RATA	30-8100-920	550,000.00	229,166.65	229,166.65	0.00	320,833.35	41.66

TOWN OF VALDESE

Encumbrances & Expenditure Statement

Period Ending: December 31, 2025

30 UTILITY FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
VEDIC	30-8100-930	12,500.00	12,500.00	12,500.00	0.00	0.00	100.00
ECONOMIC DEVEL BPED	30-8100-931	12,250.00	12,250.00	12,250.00	0.00	0.00	100.00
CONTINGENCY	30-8100-990	221,000.00	166,371.39	166,371.39	0.00	54,628.61	75.28
TOTAL DEPT: (8100) WATER DEPARTMENT		4,081,395.00	1,106,645.14	1,106,645.14	118,005.43	2,856,744.43	30.00

TOWN OF VALDESE
Encumbrances & Expenditure Statement
Period Ending: December 31, 2025
30 UTILITY FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unecumbered Balance	% Spent
DEPT (8110) WASTE WATER DEPARTMENT							
SALARIES & WAGES	30-8110-020	421,823.00	197,655.63	197,655.63	0.00	224,167.37	46.85
PART-TIME PAY	30-8110-022	20,000.00	0.00	0.00	0.00	20,000.00	0.00
PROFESSIONAL SERVICES	30-8110-040	2,500.00	95.39	95.39	589.80	1,814.81	27.40
FICA TAX PAYABLE	30-8110-050	33,680.00	14,903.37	14,903.37	0.00	18,776.63	44.25
GROUP INSURANCE EXPENS	30-8110-060	89,269.00	40,205.08	40,205.08	0.00	49,063.92	45.03
RETIREMENT EXPENSE	30-8110-070	60,560.00	28,392.78	28,392.78	0.00	32,167.22	46.88
TELEPHONE	30-8110-110	3,000.00	1,000.00	1,000.00	250.00	1,750.00	41.66
UTILITIES EXPENSE-ELEC	30-8110-130	225,000.00	91,763.33	91,763.33	0.00	133,236.67	40.78
UTILITIES EXPENSE-FUEL	30-8110-132	9,000.00	0.00	0.00	0.00	9,000.00	0.00
TRAVEL EXPENSE	30-8110-140	4,925.00	113.34	113.34	0.00	4,811.66	2.30
MAINT. & REPAIR-BLDGS	30-8110-150	110,000.00	872.40	872.40	59.99	109,067.61	0.84
MAINT. & REPAIR-EQUIPM	30-8110-160	12,000.00	7,623.50	7,623.50	-45.40	4,421.90	63.15
MAINT. & REPAIR-AUTO	30-8110-170	2,100.00	0.00	0.00	0.00	2,100.00	0.00
AUTO SUPPLIES-GAS-UNLE	30-8110-311	5,000.00	1,102.08	1,102.08	0.00	3,897.92	22.04
AUTO SUPPLIES-TIRES	30-8110-313	1,900.00	0.00	0.00	0.00	1,900.00	0.00
AUTO SUPLIES-OIL	30-8110-314	750.00	0.00	0.00	0.00	750.00	0.00
DEPT. SUPPLIES & MATER	30-8110-330	12,000.00	3,062.02	3,062.02	250.42	8,687.56	27.60
CHEMICALS	30-8110-332	121,293.00	23,457.74	23,457.74	13,000.00	84,835.26	30.05
LAB SUPPLIES	30-8110-333	12,000.00	9,860.07	9,860.07	2,078.48	61.45	99.48
WOOD CHIPS	30-8110-336	61,000.00	14,000.00	14,000.00	0.00	47,000.00	22.95
UNIFORMS	30-8110-360	1,500.00	1,420.43	1,420.43	0.00	79.57	94.69
CONTRACTED SERVICES	30-8110-450	28,840.00	7,970.52	7,970.52	67.00	20,802.48	27.86
IT	30-8110-490	1,500.00	0.00	0.00	0.00	1,500.00	0.00
LONG TERM MONITORING	30-8110-500	31,000.00	4,558.47	4,558.47	3,463.00	22,978.53	25.87
DUES AND SUBSCRIPTIONS	30-8110-530	14,171.00	2,872.40	2,872.40	0.00	11,298.60	20.27
INSURANCE AND BONDS	30-8110-540	32,000.00	32,000.00	32,000.00	0.00	0.00	100.00
SAFETY	30-8110-572	2,500.00	0.00	0.00	0.00	2,500.00	0.00
CAPITAL OUTLAY	30-8110-740	1,168,300.00	27,497.42	27,497.42	986,602.58	154,200.00	86.80
PRO RATA	30-8110-920	550,000.00	229,166.65	229,166.65	0.00	320,833.35	41.66
VEDIC	30-8110-930	12,500.00	12,500.00	12,500.00	0.00	0.00	100.00
ECONOMIC DEV BPED	30-8110-931	12,985.00	367.50	367.50	0.00	12,617.50	2.83

TOWN OF VALDESE

Encumbrances & Expenditure Statement

Period Ending: December 31, 2025

30 UTILITY FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
TOTAL DEPT: (8110) WASTE WATER DEPARTMENT		3,063,096.00	752,460.12	752,460.12	1,006,315.87	1,304,320.01	57.41

TOWN OF VALDESE
Encumbrances & Expenditure Statement
Period Ending: December 31, 2025
30 UTILITY FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unecumbered Balance	% Spent
DEPT (8120) WATER & SEWER CONSTRUCTION							
SALARIES & WAGES	30-8120-020	447,289.00	223,410.99	223,410.99	0.00	223,878.01	49.94
OVER TIME PAY	30-8120-021	34,515.00	12,773.26	12,773.26	0.00	21,741.74	37.00
PART-TIME PAY	30-8120-022	23,400.00	12,525.00	12,525.00	0.00	10,875.00	53.52
PROFESSIONAL SERVICES	30-8120-040	126,652.00	11,909.20	11,909.20	12,000.00	102,742.80	18.87
HEALTH REIMBURSEMENT (30-8120-041	29,000.00	2,134.16	2,134.16	0.00	26,865.84	7.35
FICA TAX EXPENSE	30-8120-050	38,803.00	18,765.92	18,765.92	0.00	20,037.08	48.36
GROUP INSURANCE EXPENS	30-8120-060	82,899.00	34,087.99	34,087.99	0.00	48,811.01	41.12
RETIREMENT EXPENSE	30-8120-070	65,934.00	32,784.13	32,784.13	0.00	33,149.87	49.72
TELEPHONE	30-8120-110	2,700.00	1,041.25	1,041.25	267.67	1,391.08	48.47
POSTAGE	30-8120-111	650.00	0.00	0.00	0.00	650.00	0.00
PRINTING EXPENSE	30-8120-120	1,500.00	0.00	0.00	0.00	1,500.00	0.00
UTILITIES EXPENSE-ELEC	30-8120-130	25,410.00	11,002.68	11,002.68	299.27	14,108.05	44.47
TRAINING & TRAVEL	30-8120-140	6,570.00	250.00	250.00	0.00	6,320.00	3.80
MAINT. & REPAIR-BLDGS	30-8120-150	48,000.00	8,763.60	8,763.60	0.00	39,236.40	18.25
MAINT. & REPAIR EQUIPM	30-8120-160	10,650.00	10,649.47	10,649.47	0.00	0.53	99.99
MAINT & REPAIR-AUTO	30-8120-170	3,693.00	2,711.68	2,711.68	297.99	683.33	81.49
ADVERTISING	30-8120-260	100.00	84.00	84.00	0.00	16.00	84.00
AUTO SUPPLIES-GAS-UNLE	30-8120-311	13,500.00	5,756.97	5,756.97	0.00	7,743.03	42.64
AUTO SUPPLIES-DIESEL	30-8120-312	5,000.00	5,000.00	5,000.00	0.00	0.00	100.00
AUTO SUPLIES-TIRES	30-8120-313	4,200.00	1,977.00	1,977.00	0.00	2,223.00	47.07
AUTO SUPPLIES-OIL	30-8120-314	2,180.00	541.14	541.14	0.00	1,638.86	24.82
DEPT. SUPPLIES & MATER	30-8120-330	143,900.00	71,485.62	71,485.62	111.24	72,303.14	49.75
METERS	30-8120-331	55,000.00	25,893.73	25,893.73	0.00	29,106.27	47.08
CHEMICALS	30-8120-332	2,100.00	2,100.00	2,100.00	0.00	0.00	100.00
UNIFORMS	30-8120-360	3,744.00	1,608.03	1,608.03	0.00	2,135.97	42.95
CONTRACTED SERVICES	30-8120-450	123,873.00	70,797.03	70,797.03	0.00	53,075.97	57.15
IT	30-8120-490	1,000.00	0.00	0.00	0.00	1,000.00	0.00
DUES AND SUBSCRIPTIONS	30-8120-530	13,795.00	8,112.69	8,112.69	0.00	5,682.31	58.80
INSURANCE AND BONDS	30-8120-540	31,000.00	31,000.00	31,000.00	0.00	0.00	100.00
SAFETY	30-8120-572	5,060.00	727.30	727.30	0.00	4,332.70	14.37
CAPITAL OUTLAY	30-8120-740	2,132,400.00	385,674.00	385,674.00	0.00	1,746,726.00	18.08

TOWN OF VALDESE

Encumbrances & Expenditure Statement

Period Ending: December 31, 2025

30 UTILITY FUND

Account Description	Account No	Budget Amount	Activity This Period	Expenditure Year to Date	Encumbrance Year to Date	Unencumbered Balance	% Spent
DEBT SERVICE	30-8120-910	419,311.00	15,879.50	15,879.50	0.00	403,431.50	3.78
TOTAL DEPT: (8120) WATER & SEWER CONSTRUCTION		3,903,828.00	1,009,446.34	1,009,446.34	12,976.17	2,881,405.49	26.19
TOTAL FUND: (30) UTILITY FUND		11,048,319.00	2,868,551.60	2,868,551.60	1,137,297.47	7,042,469.93	36.25
TOTAL EXPENDITURES		11,048,319.00	2,868,551.60	2,868,551.60	1,137,297.47	7,042,469.93	36.25

TOWN OF VALDESE BOARD OF ADJUSTMENT
MINUTES

December 8, 2025, at 5:00 pm, continued to January 5, 2026, at 5:00 pm

Members Present

Keith Huffman, Chair
Rexanna Lowman
Melinda Zimmerman
Heather Ward
Gary Ogle
Shannon Radabaugh

Guest Present

Kevin Brown
Brad Hatfield
Jennifer Hudson
Russell Fergusson
Steve Demiter
Crystal Davis
Cindy Stephens
Jean Marie Cole
Deborah Sigmon

Staff Present

Todd Herms, Town Manager
Bo Weichel, Assistant Town Manager
Jessica Lail, Town Clerk
Tim Swanson, Town Attorney
Daniel Odom, WPCOG
Michael Rapp, Town Planner

Chairman Keith Huffman called the hearing to order at 5:00 pm. Chair Huffman announced general guidelines which were to be followed. Chair Huffman asked individuals present to silence all mobile devices. Chair Huffman announced that those who wished to speak on the dais were to come forward to the lectern when called. Chair Huffman disclosed that each side would be given 15 minutes to make their case and five (5) minutes for rebuttal. Chair Huffman asserted that exhibits would be delivered to the Board as they were presented.

Chair Huffman prompted anyone who had a conflict about the property in question to disclose said conflict at that present time. No conflicts were disclosed.

Chair Huffman announced that the Board had a copy of the Agenda before them. Chair Huffman disclosed that there was one item being presented to be discussed and that a decision would be rendered on that item. Chair Huffman shared that the item under consideration was a Special Use Permit for 800 Pineburr Avenue Southeast, Valdese, North Carolina, for a multi-family development in the B-2 (General Business) Zoning District. Chair Huffman stated that any evidence, and other information, that may be presented to the Board, would be entertained.

Chair Huffman declared the quasi-judicial hearing open at 5:02 pm, and prompted all parties and individuals who wished to speak to come forward for Town Clerk Lail to administer their oath's. Town Attorney Swanson clarified that this was a general call, that if one was going to speak for or against the Special Use Permit they were to come forward and all be sworn in at once; and following the oath's, they were to have a seat.

Town Clerk Jessica Lail prompted individuals to raise their right hand and administered the oath as follows: "Do you solemnly affirm that the testimony you're about to give shall be the truth, the whole truth, and nothing but the truth, so help you God." Those being sworn in responded in the affirmative. A list of individuals which were sworn in follows:

- Daniel Odom
- Jean Marie Cole
- Russell Fergusson
- Kevin Brown
- Steve Demiter
- Brad Hatfield

Chair Huffman asked Mr. Daniel Odom, Western Piedmont Council of Governments Planning Assistant for the Town of Valdese, to come forward and present the evidence regarding the Special Use Permit. Mr. Odom presented as follows:

“Good Afternoon, I would like to begin by certifying that this public hearing has been duly advertised and noticed in accordance with NCGS 160D-406(b) Section 9-3144 and Section 9-3147 of the Town of Valdese Zoning Ordinance, which require that a notice of public hearing be submitted to the property owner, applicant, and all adjacent property owners no more than 25 days and no less than 10 days prior to the date of the hearing, and requires that a notice be prominently posted to the subject property within that same time frame, and requires that a notice of the public hearing be run in a newspaper of general circulation for two consecutive weeks no less than 10 days and no more than 25 days prior to the date of the hearing and would like to submit to the record the affidavit of service, certifying the mailed notice, posting of the property, and legal ad ran in compliance with NCGS 160D-406(b) and Sections 9-3147 and 9-3144 of the Town of Valdese Zoning Ordinance.

I would also like to submit the Staff Report, including the following attachments, to the record.

- Attachment A: Complete Application
- Attachment B: Site Plan
- Attachment C: Zoning Map
- Attachment D: Future Land Use Map
- Attachment E: NCDOT Level of Service Manual
- Attachment F: Probe Data Traffic Analysis and ITE Trip Generation Rates

The subject of this hearing is the Special Use Permit Application submitted by Kevin Brown of East McDowell Street Properties. On June 24, 2024, the applicant requested a Special Use Permit to allow multi-family development in the B-2 Zoning District.

Within the B-2 Zoning District, multi-family development is allowed by issuance of a Special Use Permit. Special Use Permits require a quasi-judicial hearing, that rely on findings of fact to determine whether the proposal meets the standards set forth in the Town of Valdese Zoning Ordinance (Section 9-3147).

These findings of fact can come ONLY from sworn testimony or submitted evidence. A written copy of the Board’s decision shall be made available for the record and distributed to parties who request it.

The Town Council's responsibility in this hearing is to determine if the following findings have been met:

In Order to approve, Council must find

- The Application to be complete
- The hearing has been conducted following the procedures set forth in section 9-3144
- The development will not adversely affect the health, or safety of persons residing or working in the neighborhood of the proposed use, and will not be detrimental to the public welfare or injurious to property or public improvements in the neighborhood.

Upon testimony, cross-examination and deliberation the Council should decide as to whether the application meets all three findings listed above. Upon a motion, all findings will have been met to approve the application. Should all findings not be satisfied then Council can render a decision of denial.

The Subject Tract, at 800 Pineburr Ave Southeast, is 14.91 acres of currently vacant and undeveloped property zoned B-2 Business. See attachments C and D in the staff report for visuals. Land use to the South and West is primarily residential, land use to the North and East is zoned for residential and manufacturing.

The proposed development of 20 multifamily units is illustrated in Attachment B: Site plan, and meets the following geometric requirements as set forth by the Town of Valdese Zoning Ordinance:

1. There is no minimum lot size in the B-2 district, so the 14.91-acre lot is compliant.
2. Roadway frontage requirements of 35 feet are met as presented.
3. The Proposed lot coverage is 4.72%, satisfying lot coverage restrictions.
4. The multifamily development, as proposed, meets 10-foot side and rear setbacks, and 40-foot front setback requirements.
5. All units proposed are 38 feet in height, satisfying the maximum building height of 50 feet.
6. The proposed multifamily development proposes 2 10x20 ft parking spaces per unit, exceeding the parking requirement of 1.5 spaces per unit.

The project is accessed via Pineburr Avenue SE. Pineburr Avenue is a 2-lane local roadway, with approximately 10' travel lanes, and a posted speed limit of 25 MPH. The maximum vehicular capacity of Pineburr Avenue is 9300 Vehicles Per Day. 2023 Traffic Data sourced from Probe Data shows an average current volume of 505-531 Vehicles Per Day. (See Attachment E, NCDOT Level of Service Manual and Attachment F, PlacerAI Vehicle Travel Analysis). The Institute of Transportation Engineers Trip Generation Manual estimates the number of trips generated by each unit in a low-rise multifamily building to be 7.52 trips per day. Based on the number of proposed units (20) and the ITE Trip Generation Rate (7.52), the estimated additional vehicles per day generated by the development is 150.4, keeping the proposed development well below the 9,300 vehicle per day capacity of Pineburr Avenue Southeast.

This concludes the staff report and I am happy to answer any questions.”

During Mr. Odom's presentation, the following exhibits were submitted into record and were received without objection from the Town:

- Exhibit One (1) - Affidavit of service, certifying the mailed notice, posting of the property, and legal ad ran in compliance with NCGS 160D-406(b) and Sections 9-3147 and 9-3144 of the Town of Valdese Zoning Ordinance.
- Exhibit Two (2) – Staff Report, which also included the following attachments:
 - Attachment A: Complete Application
 - Attachment B: Site Plan
 - Attachment C: Zoning Map
 - Attachment D: Future Land Use Map
 - Attachment E: NCDOT Level of Service Manual
 - Attachment F: Probe Data Traffic Analysis and ITE Trip Generation Rates

Chair Huffman asked the Board if they had any questions of Mr. Odom. None were provided. Chair Huffman asked if the applicant had any questions of Mr. Odom. Mr. Russell Fergusson, legal representative of the applicant, responded in the negative.

Chair Huffman opened the floor to Mr. Fergusson. Mr. Fergusson stated he was representing the petitioner and applicant, East McDowell Street Properties LLC. Mr. Fergusson thanked the Mayor and Council for their time.

Mr. Fergusson stated that if it was without objection, he would like to open up a PowerPoint presentation to help with some Visuals. Mr. Fergusson then produced a printout of the presentation, as well as a site plan, to be submitted into the record. Mr. Fergusson disclosed that he had originally marked these Exhibits as Exhibits one (1) and two (2). Town Attorney Swanson stated that the Exhibits could be renumbered to Exhibit three (3) and Exhibit four (4). Mr. Fergusson then submitted Exhibit 3, proposed site plan, and Exhibit 4, the PowerPoint presentation. Exhibits Three (3) and Four (4) were submitted without objection from the Town.

Mr. Fergusson voiced that he believed the Town presented the standards and facts correctly, that there were no objections on their part, and that he also agreed with the Town's conclusions. Mr. Fergusson mentioned that he was accompanied by Mr. Brad Hatfield and Mr. Kevin Brown, who were principles of the applicant, that they were present to answer technical questions, and that they had been sworn in if there was something that he could not answer. Mr. Fergusson then noted that the standard talked about not being detrimental, and that he wanted to reset that a little bit to say that the Special Use Permit was all about limiting the scope of development for the large parcel in question, in a way that made sense, would provide benefit to the community, and that would not unduly open a Pandora's box of the remaining 14 acres of the parcel. Mr. Fergusson stated it was unique that the parcel was so large and that the applicant was only requesting the Special Use Permit for a small portion of it, which was about .7 acres out of a total of nearly 15 acres, and that 14 acres would remain undisturbed. Mr. Fergusson specified that he wanted to keep focus on what this project would do, and what the benefits would be, and not what it would not do, which he noted was technically the legal standard. Mr. Fergusson believed that standard had been met, and that he hoped the presentation made that clear.

Mr. Fergusson then displayed a map of the proposed site location. Mr. Fergusson stated that he wished to orient those present so they would know where the proposed site location was, that this was big picture stuff, and an overview of the city. Mr. Fergusson disclosed that the proposed site location was just south of the railway easement, that the lot was marked in yellow, and that one could see the size and uniqueness of said lot. Mr. Fergusson observed that there was an electrical easement running through the lot, that it also abutted a railroad easement, that it went behind some homes, and that it had significant elevation if one were to look from the left to the right.

Mr. Fergusson referenced the Town's Future Land Use Map, where a green circle drew attention to the proposed site in question. Mr. Fergusson stated that this area had been previously identified for residential uses, and that they were proposing the residential use of up to 20 townhomes.

Mr. Fergusson displayed the site plan of the proposed development, where he noted that the development was only proposed for the lower left-hand corner of the site. Mr. Fergusson disclosed that a part of the site plan had special use development notes, which noted six (6) self-imposed restrictions on the site. Mr. Fergusson mentioned that it was well within the Council's power to limit any special use permit, per 160D. Mr. Fergusson expounded on the restrictions, stating it would limit up to a maximum of 20 units, that it included the measurements of the driveways and parking spaces, that all units were limited to 38 feet in height, that lot coverage was limited to 4.72% of the 14.9 acre lot, that land disturbance would be limited to approximately .7 acres, and that the lot would only develop the area with the boxes on it, which represented the housing units. Mr. Fergusson summarized that the proposed development was multi-family, with up to 20 attached town home units that would be for rent at market rates, that it was a normal project, and that it would add valuable housing supply to the Valdese market.

Mr. Fergusson expressed that there was reduced amount of housing supply across America, and certainly in Burke County, when compared to the need, and that this would be something that would only grow as North Carolina, as well as Burke County, continued to grow. Mr. Fergusson then presented excerpts from the State of North Carolina 2024 Housing Gap Analysis by Bowen National Research. Mr. Fergusson highlighted that when one talked about what community benefits were, what land use policies were, and what a governing board was regulating, that it was important to look at the big picture. Mr. Fergusson stated Burke County had a 4.6% vacancy rate, which was on the low end for a healthy capitalist market, that this statistic came from North Carolina funded research from the Bowen National Research Analysis, and that it was utilized by planning departments across the state. Mr. Fergusson stated that part of the aforementioned research looked forward at the years 2024 through 2029 to see what the housing gap would be. Mr. Fergusson noted that the housing gap for Burke County was 1,499 units short from what would be a healthy market. Mr. Fergusson expressed that this subject was once a geeky thing to discuss, but that as the residential supply over the last five (5) years had changed, it had brought personal knowledge for everyone about what a suppressed market looked like, what inflation of housing costs could be, and how impactful they could be on a community. Mr. Fergusson stated that the proposed project was one small piece in the right direction for creating market rate housing for the residents of the City and the County.

Mr. Fergusson expressed that he wanted to end by presenting the special use standard that had already been mentioned by the Town. Mr. Fergusson highlighted that the petition would not adversely affect the health and safety of persons residing or working in the neighborhood of the proposed use and that it would not be detrimental to the public welfare or injurious to property or public improvements in the neighborhood. Mr. Fergusson expanded on the standard, stating that the proposed development was a relatively normal multi-family development, which was being proposed on a very small portion of a large unique lot. Mr. Fergusson added that the proposed development would be fronting the street, that it would be a type of building that had been seen, and that it was not out of the ordinary for a residential development. Mr. Fergusson asserted that, due to business designation of the lot in question, the land use policy of Valdese for residential, and the size and uniqueness of this lot, the proposed development was determined to be the best, and least impactful, way to move forward. Mr. Fergusson highlighted that by doing the special use permit, development, outside of what the code provided, of the remaining 14 acres would be coming back to the Board later on, to be discussed, looked at, whether it would be through a rezoning or another special use permit. Mr. Fergusson stated the UDO that the Council had adopted recently would apply, that building codes would apply, and that the additional restrictions put on the site plan would apply to limit the development to exactly what had been proposed. Mr. Fergusson believed that the proposed development would be a benefit to the community, that he was present with the petitioners' representatives, and that they were happy to answer any questions. Mr. Fergusson thanked the Council for their time.

Chair Huffman asked if there were any questions. Town Attorney Swanson clarified with Mr. Fergusson that as the applicant, they were agreeing to place restrictions on the special use, and that those restrictions were that there would be a maximum of 20 units, that those units had a maximum height of 38 feet, and that the area developed would be .7 acres of the total property. Mr. Fergusson responded in the affirmative.

Chair Huffman prompted those from the public who were wishing to speak to come forward.

Ms. Jean Marie Cole stepped to the podium. Ms. Cole reported that she resided at 705 Bertis Street in Valdese, and that she had been a resident of Valdese for a little over 30 years. Chair Huffman asked Ms. Cole if she was speaking for or against the proposed development. Ms. Cole responded that she was against the proposed development, and that she did not know she had to disclose this. Town Attorney Swanson prompted Clerk Lail that Ms. Cole's time would be allocated to those against the proposed development. Ms. Cole stated that this property had been purchased by the Town as a site for public safety buildings, but that they no longer wanted to use it for that purpose. Ms. Cole continued that the Town could recoup the money back into the fund to build the facility by selling the property. Ms. Cole claimed that if one were to leave out current zoning maps, the property sat in the middle of a neighborhood of single-family homes. Ms. Cole claimed that this development came to the Town with a proposal to purchase the land if they could build a row of 20 adjoining apartments along the one side. Ms. Cole expressed that given the size of the remaining land, that the developer would undoubtedly come back to develop a similar design on the remaining pieces of the land, be it one chunk at a time. Ms. Cole stated that the developer came from the huge City of Charlotte, that this type of development was very common there, but that Valdese was a small town, with a much more rural design, and a wonderful heritage that she would like to preserve. Ms. Cole declared that in the

long run, the Town would end up with another very large apartment complex among the individual homes that met the American dream of a home of our own. Ms. Cole mentioned she had a couple of reservations, one of those reservations had to do with parking. Ms. Cole stated she realized the driveways were 10 feet wide, and that she forgot how many feet long, but that it would accommodate at least two cars, one behind the other. Ms. Cole asserted that if one had ever lived like that they knew it would not work. Ms. Cole continued that there was no provision for any guests to come, which meant they would park along the street. Ms. Cole shared her other concern, which was the Town's tax base. Ms. Cole questioned if it was really what they said they wanted to do or if it just brought another project from the tax assessments that would not be paid for years, and whatever other compromises were made to get the funding to build this. Ms. Cole asked if it even helped the local residents, like the Town's young teachers, firemen, and policemen, to find a place to live that they could afford, or were they again going to have made too much money to live at the proposed development. Chair Huffman asked Ms. Cole to stipulate evidence to the claims she was making. Ms. Cole responded she did not know she had to bring evidence. Ms. Cole stated the Mill Town housing, in the center of Valdese, had a 10-year period in which they did not have to pay taxes. Ms. Cole stated that the design plan showed the driveways, that they were 10 feet wide, but that she did not know the length. Ms. Cole asserted that she knew that you could park two cars, one behind the other, for the people who were to live there, but that this was a constant juggle, and that this was just a fact of life, if one had ever lived this way. Ms. Cole continued that if one ever had to juggle their cars, because dad got home first, but mom got home late, and then the dad would have to go out first thing in the morning, they would have to juggle their cars. Ms. Cole discussed her comment made in regard to the public safety officers making too much money to reside in the development, referencing back to the Mill Housing right in Downtown Valdese, which was presented to solve the problem of housing the Town's young people, and that when the figures were disclosed it turned out they could not reside in the development as they made too much money. Ms. Cole stated that the previous statement was given at a Council meeting, but that she could not say at which council meeting. Ms. Cole disclosed that this was probably the only thing she could provide as she did not know she had to bring it in writing from somebody. Chair Huffman informed Ms. Cole that her time had expired.

Mr. Steve Demiter stepped forward to the podium. Mr. Demiter reported that he owned the property at 513 Pineburr Avenue Southeast in Valdese. Mr. Demiter stated he would like to start off by giving information so that the Council could understand why he had qualifications to testify. Mr. Demiter specified that he did not only own the property, but had tremendous knowledge about the property, along with the entire neighborhood and its history. Mr. Demiter noted that there was probably only one other person that had close to his level of knowledge, which was Councilman Ogle. Mr. Demiter continued that he and Mr. Ogle played, explored, and had been all over the property time and time again. Mr. Demiter asserted that the proposed development did not fit with the neighborhood. Mr. Demiter shared that seven tenths of an acre was the size of the property that his current house was on, which could mean up to 60 individuals living in a space where he had one house. Mr. Demiter noted that the previous statement should be kept in mind as the Council went through proceedings. Mr. Demiter stated the other thing he would like to address was, based upon the evidence presented, and if this evidence had changed someone must inform him, that the sale of the property was contingent upon the approval of the special use permit. Mr. Demiter asserted that to him, this was a conflict of interest, and that not only was it a conflict, it was something he did not think the Council was doing

justice to for the Citizens of Valdese. Mr. Demiter reiterated that the Council had a conflict, that the Council had a responsibility, not as individuals, but that they were serving as judge and jury to make a decision. Mr. Demiter noted that Town Attorney Swanson was getting ready to make a comment. Town Attorney Swanson asked Mr. Demiter for a second for discussion. Mr. Demiter stated that his time must stop. Town Attorney Swanson stated the time would stop.

Town Attorney Swanson asked Mr. Demiter if he was making an objection based on conflict, that the objection must be addressed. Mr. Demiter confirmed he was making that objection along with some others. Town Attorney Swanson stated that Chair Huffman would need to rule on the objection. Town Attorney Swanson clarified the objection Mr. Demiter was making, where he asked if it was based on a condition of the contract where the sale would only go through if the special use was granted. Mr. Demiter responded in the affirmative. Town Attorney Swanson clarified that the aforementioned contract was amended and that the condition was removed prior to the hearing, then asking if Mr. Demiter had any other basis for the objection. Mr. Demiter responded that he did not, but that he wished it would have been made available earlier, that the whole process had been as if the Town was keeping information secret. Mr. Demiter stated that the information which was presented would have been great for citizens to have. Town Attorney Swanson asked if Mr. Demiter had any other objections. Mr. Demiter responded that he did not, if that issue had been addressed.

Town Attorney Swanson questioned Mr. Demiter if he had received a copy of the contract, asking if he had called earlier that day. Mr. Demiter responded that he had received a copy of the contract, around the time he walked in, and that he had not had a chance to review it and discuss it with his attorney. Town Attorney Swanson stated that there was an objection and that the nature of the objection was heard, so that now the objection would need to be ruled on, once it had been ruled on Mr. Demiter could continue and his time would resume. Chair Huffman overruled the objection.

Mr. Demiter moved to discuss the traffic analysis. Mr. Demiter provided that he did not agree or disagree with the traffic analysis information that was submitted, but that it was evident that the analysis was not done by someone who drove on that road. Mr. Demiter claimed that they had not seen other safety factors, as he was addressing issues that the special use permit required. Mr. Demiter stated the special use permit required that the proposed development would not adversely affect the health/safety of persons residing and working in the neighborhood. Mr. Demiter noted if one had driven that road, which all of the Council had, that each one of them had drifted towards the inside lane, when heading west, due to the poor construction of the curve at Henry Street. Mr. Demiter mentioned that Mr. Ogle could attest to this as he was present with him when an incident had occurred. Mr. Demiter asserted that this was a safety hazard that needed to be addressed and considered before the granting of the Special Use Permit.

Mr. Demiter noted another factor that must be considered, which was the safety of individuals in that area. Mr. Demiter referred to pedestrian traffic, with vehicular traffic already being bad as it was even though there were just 500 cars. Mr. Demiter stated he would like to see the 9,000 on that road one day. Mr. Demiter continued that as bad as the traffic was, there was no safe place for individuals to walk. Mr. Demiter claimed that the sidewalk from the Pineburr Mill property must be extended down beyond the proposed location of development, to afford safety to the citizens to walk that roadway, as

there was currently no place to walk. Mr. Demiter reported that there was a fence on the subject property and that one could not walk due to it, and that certainly there needed to be something so that citizens had the opportunity to walk Pineburr.

Mr. Demiter stated that the next thing that must be considered was the site plan. Mr. Demiter asked the Council to imagine 20 driveways within a 200 foot or so distance. Mr. Demiter asserted that there needed to be additional parking for guests, as Ms. Cole addressed, as individuals could not have more than one guest car parked in their driveway. Mr. Demiter continued that the parking of guests would be across the street because there would be no place in front of their apartments, with 20 driveways, for them to park. Mr. Demiter stated that the other thing that must be considered was that once the parking was across the street, that one should consider the complaints from neighbors and individuals that were to come, and that soon there would be a no parking restriction on Pineburr Avenue. Mr. Demiter believed that the developer could, and the Town could require them to, provide and install adequate parking spaces for the proposed developments' residents and guests, so that there would not be 20 driveway entrances, there would be one (1). Mr. Demiter continued that there could be ample space for visitors to park, for cars to turn around, and that there should be landscaping on the property, instead of the property fronting directly onto Pineburr Avenue. Mr. Demiter expressed that Valdese was famous for its Downtown area and the landscaping that had been done, and that this landscaping needed to come out into the neighborhoods.

Mr. Demiter stated that while he was reviewing information, there was no information regarding the water supply or the water pressure in the notice. Mr. Demiter reported that Pineburr Mill, during its heyday, used less water than the proposed apartments or condos that would be developed in that facility when it was occupied. Mr. Demiter asserted that Pineburr Mill was not a die house, that it only used water for restrooms, water fountains, and washing hands, and that Mr. Ogle could attest to this.

Chair Huffman notified Mr. Demiter that his time had expired. Mr. Demiter responded that he thought there would be 15 minutes for and 15 minutes against. Town Attorney Swanson asked Town Clerk Lail to identify where the time limit was at. Town Clerk Lail responded that there were 5 minutes remaining for those against the proposed development.

Mr. Demiter questioned why the current Pineburr Neighborhood should suffer the loss of water pressure and so forth, due to the poor planning that had been done for the proposed development. Mr. Demiter noted that the Special Use Permit was for the proposed area only. Mr. Demiter considered that a slippery slope, that once the Special Use Permit was granted, the applicant would come back and back and back. Mr. Demiter believed it was imperative that there was a complete plan that could be viewed and approved before the Town started piecemeal zoning. Mr. Demiter expressed that piecemeal zoning would not lead to any type of contiguous improvement for the property in question, that it would only be piecemeal, as the word implied.

Mr. Demiter stated he also wanted the Town to consider that the property had a better use, that he thought that individuals from the previous Council put the current Council in this situation, and that it was a bad situation. Mr. Demiter echoed Ms. Cole's statement, that citizens in the neighborhood would have preferred to have the fire department there, which was no longer, rather than the proposed

development. Mr. Demiter asserted that the proposed development did not fit within the neighborhood.

Mr. Demiter indicated that Habitat for Humanity homes, individual residential homes, and homes which were built by local school construction would have been a better fit. Mr. Demiter claimed that everyone knew that individuals who had home ownership had a greater tendency to take care of their property than those who rented property.

Mr. Demiter stated that this was a quasi-judicial hearing, and that he believed that he had presented enough facts to the Council to raise what he would call reasonable doubt in the minds of the Council about approving the Special Use Permit. Mr. Demiter believed that if the Council moved to approve the proposed development, that they were sending a message to the Citizens of Valdese that they were wasting their time when trying to talk about improvements in their area, versus the money gained from selling property. Mr. Demiter asked the Council to consider all the facts, deny the Special Use Permit, and thanked the Council for their time.

Chair Huffman questioned if the applicant had any questions for Mr. Demiter. Town Attorney Swanson clarified that this would be the applicant's opportunity to cross-examine the witness. No questions were provided by the applicant.

Town Attorney Swanson questioned how much time was left for the against allocation. Town Clerk Lail responded that there was 2 minutes and 12 seconds remaining.

Mr. Demiter stated that he failed to submit his Exhibit. Chair Huffman asked if there were any objections to the submission of Mr. Demiter's Exhibit. Mr. Fergusson stated they would not object, but they would put forth the qualification that it only be considered for its factual components. Town Attorney Swanson asked Mr. Demiter how the Exhibit should be characterized. Mr. Demiter responded that it should be titled Oppositions and Suggestions to Improve the Safety. Town Attorney Swanson stated that the Exhibit would be identified as Exhibit Five (5), Mr. Demiter's Opposition.

Chair Huffman asked if there was anyone else present that wished to speak against the proposed development. Ms. Deborah Sigmon stepped forward to the podium. Chair Huffman asked Ms. Sigmon if she had been sworn in. Ms. Sigmon responded in the negative. Town Clerk Lail administered the oath as follows: "Do you solemnly affirm that the testimony you're about to give shall be the truth, the whole truth, and nothing but the truth, so help you God." Ms. Sigmon responded in the affirmative.

Ms. Sigmon reported that she lived directly across from the property that was under consideration. Ms. Sigmon stated her biggest question, and biggest fear, was theft. Ms. Sigmon questioned how the Town would ensure that an increase in theft would not occur. Ms. Sigmon shared that her house, individually, had been hit five (5) times, that her property, her Jeep, and her driveway, had property stolen out of them. Ms. Sigmon continued stating her whole house was hit, that everything was taken out of her building, and that she could go on and on.

Ms. Sigmon expressed that she was very concerned with the increase in traffic of individuals who would be coming to visit the residents of the proposed townhomes. Ms. Sigmon stated that there was already enough traffic on the road, that enough people were walking by. Ms. Sigmon noted that even a garden flag that she had put out was stolen, that someone had walked by and taken it. Ms. Sigmon asserted that she needed to know how the Town would ensure the safety of the personal property of the residents directly around the proposed townhomes.

Ms. Sigmon indicated that she was also concerned about the proposed 38-foot height of the buildings, that she had privacy concerns as people looked out their top window. Ms. Sigmon asked if those individuals would be able to see over her fence. Ms. Sigmon concluded that this was a concern that she would like the Council to consider.

Mr. Fergusson stepped up to the podium. Town Attorney Swanson prompted Town Clerk Lail to reset the timer to allow for a five (5) minute rebuttal period. Mr. Fergusson expressed that residents' concerns were always valid, that there was a lot that was said that had validity to it, and that he was not present to try and challenge the validity, but that he did want to make a few points about things. Mr. Fergusson stated that a lot of the concerns were outside of what a developer could control and do. Mr. Fergusson continued that concerns of safety, road safety, and theft safety, were things that were outside the scope of the proposed development. Mr. Fergusson noted that what was being proposed to be built was up to 20 units. Mr. Fergusson mentioned that the eyes of residence, presence of residents, and increased road traffic, would not be random individuals, that it would be individuals that would be residents in the proposed development, and that they would not want to have their property stolen. Mr. Fergusson asserted that folks could keep an eye on people walking down the road.

Mr. Fergusson addressed concerns with the size of the units and their height, stating that this was a market rate project, that it was not the first townhome project, and that setups like this had arisen as it allowed one to get the price of homes down so that folks who could not afford to buy, could rent. Mr. Fergusson claimed that this would include teachers, other municipal employees, and folks who may not have enough income to put down a deposit on a mortgage, especially due to housing scarcity. Mr. Fergusson asserted that adding units was a supply and demand equation, that it brought housing units to the area, that it provided an opportunity, and that it reduced prices. Mr. Fergusson noted that building costs were also high, and that the efficiencies that came with the townhome setup, such as shared walls, provided efficiencies for utilities, construction, and that ultimately the cost of land acquisition, plus the cost of development, would lead to what the rental rates would be in a for market project.

Mr. Fergusson stated it was important to note that the additional traffic would be neighborhood traffic, that the proposed development was not a commercial use. Mr. Fergusson addressed concerns of what it would be like to rent the property, stating it would be a compact area of residential units, but that they would have 14 acres of vacant property adjacent to them. Mr. Fergusson shared that he grew up next to a half-undeveloped neighborhood, that the vacant area provided nature, and that it would be nice if there were children there playing, in his opinion.

Mr. Fergusson pointed out the height of 38-feet and stated that it was fairly standard to have a 40-foot height limit for residential properties. Mr. Fergusson pointed out the length of the proposed driveways was 40 feet, stating that the proposed two (2) parking spaces were each 20 feet in length. Mr. Fergusson claimed that if one had two (2) F-150s that maybe it would be 2 parking spaces, but if you had three (3) sedans that one may fit three (3), or more, cars in the proposed driveways. Mr. Fergusson stated in regard to privacy concerns, that once one scaled out the proposed site plan, taking the 40-foot length of the driveways, plus the width of the road, and viewed what the sight triangles would be, one would realize that this was no longer a concern. Mr. Fergusson continued that it was not similar to the concern of a high-rise building looming over, when one considered the amount of setback distance. Mr. Fergusson claimed that the sight lines would not change significantly between a second or a third floor.

Mr. Fergusson believed that he had presented the evidence and facts to show that the proposed development would not be detrimental to the community, that it would actually be beneficial to the community. Mr. Fergusson noted by limiting the scope and reducing the amount of construction, by only developing a small section of the property, that it was not the intent to piecemeal the property. Mr. Fergusson stated it was about what was best for the property, and that there was not always an easy solution to figure those things out, that no one could know what was happening tomorrow or ten (10) to twenty (20) years from the present day. Mr. Fergusson asserted that by taking the development one step at a time, one would not create a precedent for the rest of the parcel, which would come to the Board again for further development. Mr. Fergusson noted that at the present moment it was not known what the rest of the development scope would be, that some of the area would not be developable due to elevation and topography. Mr. Fergusson continued that the proposed development was an appropriate step, that it fit within the neighborhood, that the amount of traffic was less than the capacity, and that the result of the development would be up to 20 additional market rate units for the Town of Valdese. Mr. Fergusson identified in their outreach that market rate rental units were a dire need. Mr. Fergusson thanked the Council for their time, and stated he would be happy to answer any questions.

Chair Huffman asked if the Board had any questions. Mr. Ogle asked where the driveways would dump into, if they would dump into Pineburr, or into the other side of Pineburr. Mr. Fergusson responded they would come directly onto Pineburr Avenue Southeast into the public right-of-way. Town Attorney Swanson clarified that cars would back out of the driveways onto Pineburr. Mr. Fergusson responded in the affirmative. Town Attorney Swanson questioned if there was an alternative design to where there could be a buffer area to avoid the aforementioned issue. Mr. Kevin Brown stepped forward to the podium. Mr. Brown shared that a lot of thought had been put into the proposed site plan. Mr. Brown shared that there was a large topographical challenge to the property, stating that those who had walked the property in the past would know that there was a 30 to 40 foot drop off at the rear of the property. Mr. Brown suggested that there was no economical, or realistic, way to come up the aforementioned slope, that economically, the only access that made sense for the proposed development, was through the Pineburr side of the property.

Town Attorney Swanson stated he was not familiar with the topography and clarified that the property was slanting down towards Pineburr. Mr. Brown responded in the negative, that the slope was slanting

away from Pineburr, and that the property went down to a utility easement. Mr. Brown shared that there were large powerlines, as well as the railroad, at the rear of the property, and that it fell a minimum of 30 feet towards the rear. Mr. Brown concluded there was no real way to address the issue from the rear of the property.

Town Attorney Swanson stated from a safety perspective, he could see how cars backing out onto Pineburr could be concerning. Town Attorney Swanson asked if there was a way to push the development back to create more of a parking lot area, or even a drive-in buffer area, as to stop individuals from backing out onto Pineburr. Mr. Ogle asked if the driveways could be put behind the homes instead of dumping onto Pineburr. Mr. Fergusson referred to the proposed site plan. Mr. Fergusson stated if one were to look directly north behind the proposed development, it dropped off. Mr. Fergusson noted that there was a road that came into the left of the property, but that it was 30 feet below the proposed development. Mr. Fergusson stated that it would be an unknown, but not insignificant, cost to move dirt and engineer a way to bridge the elevation gap. Mr. Brown claimed that if one were to push the footprint of the proposed buildings back much further, that the site would then become unbuildable due to the elevation change. Mr. Fergusson expounded that one would not want to build residential on the slope down, as if one went further back, it would start to drop in elevation. Town Attorney Swanson questioned if this would restrict the developer's ability to flip the design and build the driveways at the rear of the properties as the Board had suggested. Mr. Brown responded in the affirmative. Mr. Ogle stated that there was a road behind the proposed development. Mr. Brown agreed, but claimed that topography wise, this road was intended to serve the old mill which was next door. Mr. Brown stated this road did a good job of serving the mill, but that once one came past the mill, one would be fighting, literally, an uphill battle. Mr. Brown stated that if one were to get into the economics of accessing the property from the rear, it would dissuade a developer from pursuing this avenue. Mr. Fergusson added that with market rate projects and the proposed development, having control of one's own driveway was a thing as well, that it was a feature, not a loss. Mr. Brown added that he believed that the driveway gave the proposed development a single-family attached look, versus a parking lot, which he claimed would give the proposed development more of a commercial look.

Mr. Ogle followed up on Mr. Demiter's comment and asked about the proposed developments aesthetics, asking if the developer planned any specific tree planting. Mr. Brown responded in the affirmative, that they, the developers, always did a fair amount of landscaping, and that this was not something which they were opposed to. Mr. Brown stated this typically came at the next step, when they would be working with zoning, but that they had no hesitation that they would put a good amount of landscaping within the proposed development. Town Attorney Swanson stated that the Board understood that landscaping was not a part of this process.

Mr. Fergusson noted that the Unified Development Ordinance would apply to the proposed development, that all requirements would apply to the property, and that they were not waiving any of the aforementioned requirements. Chair Huffman asked the Board if there were any further questions. None were provided.

Town Attorney Swanson stated that rebuttal must now be offered, and that as a group, anyone against the proposed development would have an additional five (5) minutes to speak collectively.

Mr. Demiter expressed that he would like those who knew where he lived to consider less than 7/10 of an acre with a potential of 60 individuals and 20 driveways in that area. Mr. Demiter prompted the Board to think of the safety of pedestrians walking within the area, noting that a sidewalk needed to be constructed. Mr. Demiter shared that there were other things that needed to be addressed. Mr. Demiter asserted that it would have been great if the presented information could have been made available to citizens in the neighborhood so they could have studied it further and have been prepared to site other facts. Mr. Demiter claimed that it seemed as if the proposed development had been held a secret. Mr. Demiter continued that earlier on, when a request was made for information, that it was not available. Mr. Demiter urged the Board to look at the presented information and to ponder about the openness of the present hearing. Mr. Demiter stated he would like the Board to consider the size of the proposed development and the number of people living in such a small area. Mr. Demiter asked if the Board could imagine 60 people living on 7/10 of an acre, with each having two cars. Mr. Demiter asserted that this did not conform to the neighborhood and that it created a difference to the neighborhood. Mr. Demiter noted that the proposed development would create safety issues as well as other problems.

Town Attorney Swanson asked, for the record, when the records were requested, since he had brought up the topic of transparency. Crystal Davis, Mr. Demiter's attorney, asked if she may clear up the aforementioned question. Town Attorney Swanson stated that Ms. Davis was welcome to come to the podium. Ms. Davis shared that when the Special Use Permit first came up, several months ago, that Mr. Demiter had kindly asked for information to be shared. Ms. Davis stated that Mr. Demiter was told he could not speak at the hearing, by whoever was in charge of planning at that present moment in time, and that she did not know this individual's name, but that she did know that she was part of the Western Piedmont Council of Governments. Ms. Davis continued that Mr. Demiter was told he could not speak, that he was told that he had to present facts, and that none of the requested information was shared. Ms. Davis disclosed that she had the aforementioned communication in writing. Ms. Davis said they had to contact Town Manager Herms, who was on vacation at the time.

Town Attorney Swanson asserted that the hearing Ms. Davis was referring to had never been opened. Ms. Davis stated that Mr. Demiter had been told that he would be provided with a copy of the contract, and that he did not receive the contract until 4:29 PM on December 8, 2025, while he was present in the Council Chambers. Town Attorney Swanson clarified that his question was asking when Mr. Demiter requested the contract. Ms. Davis stated that the request was made on December 8, 2025. Town Attorney Swanson asked what time the request was made. Mr. Demiter responded that it was sometime in the afternoon. Mr. Demiter stated he had called the Town offices and was told they did not have a copy. Town Attorney Swanson stated the contract had been produced. Ms. Davis stated at the previous hearing it took an entire week for documents to be produced, and that she could swear to this under oath. Ms. Davis asserted that transparency had been an issue by the Town and by the officers who held these positions. Town Attorney Swanson clarified that as he understood it, a copy of the contract was requested after lunch, on December 8, 2025, and that the contract was received prior to the hearing, on December 8, 2025. Mr. Demiter responded in the affirmative, that he had records of the phone call where the initial request was made to the Town of Valdese Planning Department.

Ms. Davis stated that the first time the hearing was scheduled, when there were written objections by Mr. Demiter, the efforts to gather any information were quashed. Ms. Davis asserted that there had been no transparency, that they had asked about planned unit developments, any proposals, any site plans, or any PowerPoints, and that none of the information was provided. Town Attorney Swanson asked if those requests were submitted as public records requests and then denied. Ms. Davis continued that finally when the hearing was scheduled, which she believed was August 4, 2025. Town Attorney Swanson asked if this was a yes. Ms. Davis stated that Town Attorney Swanson's question may not require a yes or no answer. Town Attorney Swanson stated it was a yes or no question. Ms. Davis continued that before the August 4, 2025 hearing, on Friday, after having asked for a week, some of the information was provided, but that Mr. Demiter was told that other information was not accessible to the public, that it existed, but was not accessible. Town Attorney Swanson reported that it would be helpful if Mr. Demiter could provide his public records requests. Ms. Davis stated the Town already had them and prompted Town Attorney Swanson to talk to his client.

Mr. Fergusson stepped forward to the podium. Mr. Fergusson stated that he would object to statements made by Mr. Demiter and Ms. Davis, that a hearing was held about conflicts. Mr. Fergusson then moved to address Mr. Ogle's previous question. Mr. Brown stepped forward to the podium. Mr. Brown noted that there was a lot of room on the site plan for additional parking, and that they would be happy to put additional parking to the right of the proposed development. Mr. Fergusson asked if the Board would be agreeable to an amendment to the proposed site plan to allow for additional parking, that maybe it could be defined objectively in the hearing. Mr. Brown disclosed that he and Mr. Fergusson sat in front of the site at approximately 4:15 PM, on December 8, 2025, and did not observe a single car while they were there. Mr. Brown believed that the traffic allowed for those types of maneuvers in and out of the property.

Town Attorney Swanson provided to the Board that they had a couple of options and noted the hearing was still open. Town Attorney Swanson stated he did not anticipate that the applicant could amend that document within the time that was left. Town Attorney Swanson provided to the Board that they could continue the hearing, giving the applicant time to make such an amendment, which allowed the applicant to come back and provide additional documentation for their consideration. Town Attorney Swanson specified the Board could also close the hearing, vote, and make their decision on the present day.

Mr. Fergusson asked if parking was allowed by right on the property. Town Attorney Swanson responded that he believed the issue went to potential safety, that this was an issue he had heard in opposition, that the parking area could create safety issues. Town Attorney Swanson stated he was not speaking for the Board, but that they may want to see what the alternate proposal would look like, and see if it addressed the concerns. Town Attorney Swanson provided that the hearing should not be closed, if the intent was to continue the hearing for the purposes of gathering additional information.

Ms. Lowman made a motion to continue the hearing, until January 5, 2026, at 5:00 PM, to give the applicant a chance to update the proposed site plan. Seconded by Mr. Ogle. The vote was unanimous and the motion carried.

Ms. Zimmerman made a motion to adjourn at 6:03 PM. Seconded by Ms. Lowman. The vote was unanimous.

CONTINUATION OF HEARING – JANUARY 5, 2025 – 5:00 P.M.

Chairman Keith Huffman resumed the hearing at 5:00 pm. Chair Huffman announced general guidelines which were to be followed. Chair Huffman asked individuals present to silence all mobile devices. Chair Huffman announced that those who wished to speak on the dais were to come forward to the lectern when called. Chair Huffman asserted that exhibits would be delivered to the Board as they were presented.

Chair Huffman prompted anyone who had a conflict about the property in question to disclose said conflict at that present time. No conflicts were disclosed.

Chair Huffman expressed that those who had been previously sworn in, would remain sworn in, and that those who were not must come forward at the appropriate time to be sworn in by Town Clerk Jessica Lail.

Chair Huffman provided that in December, each side had been given an initial 15 minutes to make their case, and five (5) minutes for rebuttal. Chair Huffman stated that as he understood, those time limits had been exhausted. Chair Huffman asserted that moving forward, he would ask the Board to make a motion to vote to extend time limits for both the applicant and opposition by ten (10) minutes.

Ms. Zimmerman made a motion to extend the time limit for both the applicant and opposition by ten (10) minutes. Seconded by Ms. Radabaugh.

Mr. Ogle asked for clarification in regard to the motion. Chair Huffman stated that both parties had been given 15 minutes to present at the December meeting, that those 15 minutes had been exhausted, and that to allow the Board to move forward, that a motion would have to be made to grant both parties 10 minutes to state their case and present new evidence. The vote was unanimous and the motion carried.

Chair Huffman established there was a lot to unpack at the present time, that there was a legal matter, and that he was going to defer to Town Attorney Swanson at the present moment. Town Attorney Swanson understood there was a procedural matter that had to be addressed before the hearing was resumed. Town Attorney Swanson stated that there was an objection made, based on a conflict of interest, asking whoever had made that objection to step forward to the podium.

Mr. Demiter stepped forward to the podium. Town Attorney Swanson asked Mr. Demiter to reintroduce himself. Mr. Demiter disclosed that his name was Steve Dimeter, and that he owned the property across from the Pineburr property which the hearing was about. Town Attorney Swanson shared that an email had been received, entitled proposal for the resolution of conflict of interest, asking Mr. Demiter if this was the document he had submitted. Mr. Demiter responded in the

affirmative. Mr. Demiter disclosed that the reason he had sent the document was that he did not know what the procedure of the hearing would be, that he did not know if he would have an opportunity to present the document, and that this was the reason he had forwarded it to the Council. Town Attorney Swanson clarified that along with the document were two (2) email attachments. Mr. Demiter responded in the affirmative, that there were two emails copies of documents he had received through the Freedom of Information Act. Town Attorney Swanson asked if a copy had been provided to the applicant. Mr. Demiter responded that he did not know.

Town Attorney Swanson assumed that Mr. Demiter would want to submit his objection into the record. Mr. Demiter stated that he planned to. Town Attorney Swanson indicated that it would need to be presented to the Board for Chair Huffman's consideration, which was subject to objection, and that he assumed that the applicant and their attorney would want an opportunity to read the objection before Mr. Demiter presented his argument and before the applicant presented their rebuttal. Town Attorney Swanson asked Mr. Demiter to present his objection into the record. Mr. Demiter stated he had already given copies to Town Clerk Lail for distribution and for evidence. Exhibit Six (6), Proposal for the Resolution of Conflict of Interest, was submitted.

Town Attorney Swanson stated that before this document was to be considered by the Chair, that it needed to be known if there was any objection by the applicant. Town Attorney Swanson gave the applicant and their attorney a moment to study the document. Mr. Demiter asked if he could take a seat. Town Attorney Swanson responded in the affirmative.

Town Attorney Swanson asked Mr. Fergusson if he had finished reviewing the document. Mr. Fergusson responded that there were a lot of pages. Mr. Fergusson shared that there were a broad range of evidence rules for special use hearings. Mr. Fergusson stated that they would object to the document. Mr. Fergusson identified that much of the document seemed to be about the purchase of the property, which was not what the hearing was for. Mr. Fergusson continued that it was not relevant to the special use hearing and not relevant to what the applicant had applied for. Mr. Fergusson stated they would object on that, that he did not believe that it was the appropriate avenue for the conversation. Mr. Fergusson disclosed that they did not receive notice of this document in a timely manner, that it was his first time reviewing the document, and that it was roughly similar to the things that had been mentioned in the previous hearing. Mr. Fergusson reiterated that the document did not have to do with the subject matter of the hearing, so it would be tough to address some of the claims made. Mr. Fergusson indicated that there seemed to be a lot of conjecture in the document, that usually a special use hearing was limited to factual evidence and testimony from experts, and that there seemed to be a lot of opinion driven content in the document. Mr. Fergusson noted that the document was incorrectly referring to contracts that were not in existence.

Town Attorney Swanson summarized that there was a motion, noting an objection, based on a conflict of interest, and that there was an objection to the motion that had been presented. Town Attorney Swanson continued that the Board would have an opportunity to decide whether to sustain or overrule the presented objection.

Chair Huffman stated that the objection had been overruled.

Town Attorney Swanson provided that the hearing would now proceed, allowing both sides to present on the issue of conflict. Town Attorney Swanson noted that since it was Mr. Demiter's objection, he would be heard first.

Mr. Demiter thanked the Mayor and Council Members for their time. Mr. Demiter disclosed that he had submitted a proposal for the resolution of the conflict of interest in question. Mr. Demiter announced he would like to begin by giving a definition, which was fact and not made up, of a conflict of interest. Mr. Demiter read the following:

"A conflict of interest is a situation in which a person or organization is involved in multiple interests, financial or otherwise, and serving one interest could involve working against another. Typically, this relates to situations in which the personal interest of an individual or organization might adversely affect a duty owed to make decisions for the benefit of a third party. The interest is a commitment, obligation, duty or goal associated with a specific social role or practice. By definition a conflict of interest occurs if, within a particular decision making context, an individual, or organization, is subject to two coexisting interests that are in direct conflict with each other."

Mr. Demiter stated that the two interests were that the Town owned the property, and that the Town was making a decision about the property, which was the reason that the buyer had not yet purchased the property at the present time. Mr. Demiter wished to submit the following information: a purchase agreement, which the town had a copy of, the amendment to the purchase agreement, which the Town also had a copy of, the email exchanges of June 4 and 5, 2025, between individuals Tom Johnson, Ashley Young, Bo Weichel, with copies sent to Brad Hatfield, Kevin Brown, Jessica Lail, and Todd Herms, regarding the Pineburr purchase. Mr. Demiter noted that this exchange was attached. Mr. Demiter looked at the email exchange between Russell Fergusson and Tim Swanson, with copies sent to Todd Herms, Jessica Lail, and Kevin Brown, dated October 2, 2025 and September 11, 2025, regarding the 800 Pineburr Special Use Permit presentation and source for housing data. Mr. Demiter stated that the definition of conflict of interest was presented in the document.

Mr. Demiter asserted that based on the evidence submitted, there was an attempt to obscure the Town Council's conflict of interest by technically removing the contingency from the first proposed contract to purchase the property, which was that the special use permit would have to be approved in order for the sale to go through. Mr. Demiter expressed that the conflict of interest was perpetuated in full knowledge of the Town Attorney, as the only reason to extend the due diligence period, until January 15, 2026, was to give more time to the Town Council to hold the hearing on the Special Use Permit. Mr. Demiter noted that in other words, the only reason the buyer had asked for the extension to the due diligence period was to allow for more time for the Town Council to conduct the Special Use Hearing with the explicit conditional language removed from the contract. Mr. Demiter claimed that saying the aforementioned charade had cured the conflict of interest was ridiculous.

Mr. Demiter shared that further questions which may be asked of the buyer, if answered truthfully, may support the conflict of interest issue. Mr. Demiter stated that the buyer has had six (6) months to conduct their due diligence of the Pineburr property, and that despite his request, the Town Manager's

office had not provided him with any information about what the buyers had done during this due diligence period, except that they had asked for an extension of the due diligence period. Mr. Demiter disclosed that he had asked how to have access to the Pineburr property, and that he did not receive an answer, but that he did receive other information that he had made the request for.

Mr. Demiter then disclosed the following questions he had of the buyer: What had the buyer done during the examination period and what was left to be done during the examination period. Mr. Demiter recounted that the examination period began about or on June 25, 2025 and that it ended on January 15, 2026, which was approximately 10 days for the present day. Mr. Demiter asked why the applicant preferred, as indicated by emails, to use the old rules, rather than the new ones, which were to go into effect on January 1, 2026, and that the Town Council would be hearing a presentation at its regular meeting in regard to. Mr. Demiter asked if the buyer would be prepared to immediately move forward with the purchase of the property from the Town of Valdese, on January 15, 2026, irrespective of the special use permit being approved or not.

Mr. Demiter summarized that with that information, he was submitting the following proposal and resolution, and that this was an attempt to do what he thought was not only best for the neighborhood, but also best for the Town Council and the Citizens of Valdese. Mr. Demiter shared that in an effort to resolve the conflict of interest, regarding the special use permit, that the following proposal was offered for resolution. Mr. Demiter asserted that prior to any further hearing, deliberation, and decision, by the Town Council regarding the granting of a special use permit, because of the conflict of interest issue, that a written opinion regarding the conflict of interest be obtained from the Local Government Commission (LGC), the League of Municipalities (NCLM), and the UNC School of Government (UNC SOG). Mr. Demiter continued that the conflict of interest must be investigated by these independent agencies, and their council, and not any attorney involved with the current Special Use Application. Mr. Demiter believed that all of the aforementioned process would be done to ensure openness for not only those that were present at the meeting, but for all citizens. Mr. Demiter wished for the aforementioned agencies to investigate and interview all parties involved, and to review all evidence presented in the quasi-judicial public hearing, regarding the conflict of interest, between the Town of Valdese and the owner of the Pineburr property, including any financial benefits generated by the Town resulting from their conflicts of interests and that no extension of the examination period be granted for the sale in the future. Mr. Demiter expressed that if such written opinion from the LGC, the NCLM, or the UNC SOG, showed that a conflict of interest existed, that the LGC shall prepare guidelines, and a policy for adoption by the Town Council, so that any further question of a conflict of interest in a similar situation, be resolved by the following guidelines and policies as recommended by the LGC.

Mr. Demiter expressed that it was his opinion that inaction on the aforementioned resolution to the conflict of interest question by the Town Council would only strengthen the case that a fair and independent decision could not be made by the Town Council. Mr. Demiter concluded that this was his proposal and that the Council had the attached documents.

Mr. Fergusson stepped forward to the podium. Mr. Fergusson shared that he was reading the aforementioned document for the first time. Mr. Fergusson asserted that he was having trouble

following what the substance of the objection was. Mr. Fergusson noted that it seemed to start with the assumption that there was a conflict present. Mr. Fergusson asserted that no conflict was present, that the Town Council made decisions for the Town, and that this was the way it worked. Mr. Fergusson expressed that North Carolina General Statutes laid out a verbose and lengthy code of laws about how land use was applied in special use hearings, and that none of what he had heard was relevant to that code and that it tended to rewrite that code. Mr. Fergusson stated that he loved the UNC SOG, that he had friends that worked there, and that he was sure they would provide something instructive, but that he could provide the same from his experience. Mr. Fergusson shared that all over Burke County and the State of North Carolina cities and municipalities owned property and that they had to regulate them as they were the regulator authority for planning, land use, code enforcement, law enforcement, etc. Mr. Fergusson asserted that these were not conflicts, they were duties of the state, that it was part of the Council's essential functions to deal with property. Mr. Fergusson stated that the Special Use Hearing was about the use of the Pineburr property, that the use would run with the land, and that the hearing was not about the purchase of the property.

Mr. Fergusson noted there was not a conflict and that this had been discussed previously at two (2) open hearings. Mr. Fergusson then questioned what the standard was for how the Town dealt with property, as he did not hear that. Mr. Fergusson stated that what he heard was any time there was a discussion about land use, one would wait however many months and delay the petitioner. Mr. Fergusson believed that the applicant has rights under the special use hearing framework, that the applicant had followed the rules, made a proper application, and that the application was actually supported by the Planning Department and the regional planning authority which was utilized by the Town. Mr. Fergusson continued that he was not sure how the Town would deal with any of the property that they owned under the standard where one assumes a conflict exists because the Town was there. Mr. Fergusson asserted that this was literally the elected duty of the Council, to determine and to make rulings about what should be done with Town property. Mr. Fergusson stated that he did not hear a standard that was workable and made logical sense, and that he did not hear any facts that led to the determination that there was a conflict of interest. Mr. Fergusson indicated that he would not get into the property discussion, as even though his name was mentioned in some thank you emails, he was not a part of that negotiation. Mr. Fergusson provided that he and the applicant would be happy to answer further questions, but wanted to say that the predominant part of his work was doing land use, and working with towns, cities, and planning departments, and that purchasers of property needed to know what they could do with said property before they bought it. Mr. Fergusson asserted that there was not a universe in which people speculatively did those things. Mr. Fergusson then addressed the question of due diligence, stating that a site plan had been seen, that the site plan was stamped by engineers, and that a fair amount of work and planning went into the site plan. Mr. Fergusson concluded that this was his third (3) visit to the Council Chambers and that he and the applicants had been working to obtain a positive result from the Board.

Town Attorney Swanson stated that since the objection of conflict related to the entire voting body, the Board would have to vote as a body. Town Attorney Swanson asserted that this would be treated as if there was currently a motion to disqualify the whole body from making a decision, based on a conflict of interest. Town Attorney Swanson reported that a decision must be made as to whether or not the motion to disqualify would be sustained or overruled, with the first step being to make a

motion to either sustain, or in other words, to find there was a conflict, or to overrule, which would mean there was no conflict. Town Attorney Swanson continued that the aforementioned process would be followed by a second, and then a vote. Town Attorney Swanson asked if there were any questions.

Ms. Lowman asked Town Attorney Swanson to repeat the process. Town Attorney Swanson stated there was a motion to disqualify on the floor, identifying that the Board, as a body, had a conflict of interest. Town Attorney Swanson indicated that there must either be a motion to sustain the motion, or to overrule the motion, which would be followed by a second and a vote. Ms. Ward asked if there was a conflict, would it then go on to the vote about the UDO. Town Attorney Swanson stated that the matter of the UDO was at the Councils later, regular, meeting, and had nothing to do with the present hearing. Town Attorney Swanson asserted that if a conflict was found, that the body could no longer proceed with the hearing, and the matter would be over. Mr. Ogle stated that he understood what a conflict of interest was, but did not understand what the conflict of interest was in the present hearing. Town Attorney Swanson stated he did not want to recharacterize any arguments, that, as he understood it, the argument against the Board proceeding was that they both own the property and were making a decision about the special use permit, and that the argument for the Board was that there was always a possibility that the Town would own property and as a governing body, have to decide on a special use permit.

Ms. Zimmerman made a motion to overrule the objection and stated that there was no conflict of interest present. Seconded by Ms. Ward.

Ms. Zimmerman stated that their job was to make decisions, that she did not know how one got around that, and that a result she believed the Board had to proceed.

The vote was unanimous to overrule the objection and the motion carried.

Town Attorney Swanson stated that Chair Huffman may proceed with the hearing and assumed he would want to start with the proponents and give them their ten (10) minutes. Chair Huffman responded in the affirmative.

Mr. Fergusson stepped forward to the Podium. Mr. Fergusson recounted that he had provided a presentation at the previous hearing, where they had offered the condition of additional guest parking, and that he would now like to submit for the record a revised site plan which reflected the addition of a guest parking area. Mr. Fergusson shared that the parking area which was outlined was approximate. Mr. Fergusson moved to submit Exhibit Seven (7), the revised site plan, to the record. The exhibit was submitted without objection.

Mr. Fergusson presented the revised site plan. Mr. Fergusson recounted that the standard for the meeting was that the proposed development did not do negative things to the community, did not create safety hazards, and so on. Mr. Fergusson asserted that the proposed development did not create the problems which were set forth in the ordinance. Mr. Fergusson identified that the proposed

development was a residential development for market rate housing, and was a benefit to the community.

Mr. Fergusson highlighted the notes on the site plan. Mr. Fergusson identified the demarcation of a guest parking area, which was to the right of the housing area on the proposed site plan, where he believed the topography would allow for guest parking, also presenting where the approximate access area for this parking area would be.

Mr. Fergusson reminded those present that the proposed development would still have to go through permitting and building approvals before it was built. Mr. Fergusson shared that there were a few changes made to the site plan, due to the addition of the parking area. Mr. Fergusson noted that they had changed the wording to say up to 20 units, that the development may be smaller than 20 units, that the requirements for parking spaces were still there, and that the height restriction was still there and had not changed. Mr. Fergusson stated that they changed the lot coverage as well as the approximate land disturbance due to the addition of the guest parking area. Mr. Fergusson noted that these were approximate numbers, as they did not know how much land would be disturbed until they started grading work.

Mr. Fergusson noted that there was one (1) speaker that needed to be sworn in, which was Ms. Jennifer Hudson, who was going to speak on behalf of the petitioner. Mr. Fergusson reported that as there were questions about property management at the last hearing, Ms. Hudson, who would be the property manager of the proposed development, was present to speak to that matter.

Town Clerk Jessica Lail prompted Ms. Hudson to raise her right hand and administered the oath as follows: "Do you solemnly affirm that the testimony you're about to give shall be the truth, the whole truth, and nothing but the truth, so help you God." Ms. Hudson responded in the affirmative.

Ms. Hudson reported she lived at 412 Faet Street in Valdese, that she was a Realtor, Property Manager, and Chief Relationship Officer for Breeden Real Estate. Ms. Hudson stated that she would be responsible for the management of the proposed development if it were to be approved. Ms. Hudson stated she was speaking in favor of the applicant, that she would present her testimony in an expert capacity, and that she would provide supporting evidence to support the Special Use Permit.

Ms. Hudson disclosed that her firm managed approximately 1,000 doors, which included single-family homes, townhomes, multi-family communities, and commercial properties in Burke and 10 other surrounding counties. Ms. Hudson stated that her firm had established operational standards and applicant screening criteria, which related to safety, health, and maintenance. Ms. Hudson expressed that the key to proper management started with finding excellent tenants.

Ms. Hudson stated she would like to submit to the record Exhibit Eight (8), Tenant Screening Criteria Currently Enforced by Breeden Real Estate. Chair Huffman asked if there were any objections. None were provided.

Ms. Hudson disclosed that Exhibit Eight (8) was a summary of Breeden Real Estate's applicant screening criteria. Ms. Hudson identified key items to note, which were income requirements, along with verification of that income, credit score standards, criminal background checks, rental history verification, and eviction and rental collections history. Ms. Hudson expressed that Breeden Real Estate took every precaution which was legally available to them, to make sure they placed excellent tenants in their properties, not just the property that was being discussed, but every property.

Ms. Hudson shared that once tenants were placed, their focus switched to compliance. Ms. Hudson presented Exhibit Nine (9), Property Management Operational Standards, for the record. Chair Huffman asked if there were any objections. None were provided.

Ms. Hudson identified that this document contained a summary of Breeden Real Estate's management standards and services. Ms. Hudson acknowledged that it was not a complete list, that it was just a summary for her presentation. Ms. Hudson stated that these standards and services included but were not limited to weekly external inspections for their multi-family communities, a 24-hour emergency maintenance response, enforcement of occupancy limits, enforced exterior standards, identification of lease violations and corrective actions and/or penalties, and documented procedures for addressing habitability concerns. Ms. Hudson asserted that these items helped reduce deterioration of the property, that they protected adjacent properties, that they protected public infrastructure, and that they helped maintain a sound and peaceful community.

Ms. Hudson stated that Breeden Real Estate currently managed two (2) multi-family properties in Valdese, along with various duplexes, and other single-family residences. Ms. Hudson noted that if everyone were able to take a field trip, she would submit this as evidence, but that was not possible.

Ms. Hudson pointed out two (2) prominent communities, which she suggested were driven by often, the Rock Creek Apartments, which had just been revitalized by an investor, and the Abbey on Church Street. Ms. Hudson asserted that a simple drive-by of these properties would indicate Breeden Real Estate's ability to manage properties professionally and successfully. Ms. Hudson expounded that based on her experience managing similar developments, this type of use did not create an increased burden on public services beyond what the typical residential use was when operated under professional management. Ms. Hudson thanked the Board for their time.

Mr. Fergusson wished to characterize the comments that had just been given. Mr. Fergusson identified these were concerns that came up in the previous hearing, that they were mostly about security concerns. Mr. Fergusson added that properties managers must have the ability to amend their rules, which was why they were presented in summary.

Mr. Fergusson summarized that this was a good project, that it brought 20 units at market rate to Valdese. Mr. Fergusson recounted that there was a housing shortage for fair market rentals generally across the whole County, the State of North Carolina, and in Burke County, and that he believed the proposed development added value. Mr. Fergusson looked towards the security of the parcel, generally discussing how large vacant parcels were not great for security, but that having residents and neighbors that lived and cared about their belongings and property helped to bring security and

belonging. Mr. Fergusson thanked the Board for their time and stated he was open to questions. None were provided.

Chair Huffman asked if opposing parties had any comments. Mr. Demiter asserted that he did, that the comments of the attorney did not contain only facts. Town Attorney Swanson clarified that Chair Huffman intended to ask if anyone had any questions of the applicant, based on the evidence that was presented. Mr. Demiter stated he had not had a chance to review it. Town Attorney Swanson reported that the opposition could take a few minutes to review the documents submitted by Mr. Fergusson. Town Attorney Swanson stated that the only people that could ask questions of the applicant were parties to the proceeding, and that they had to have standing to be a party.

Mr. Demiter stepped forward to the podium. Mr. Demiter shared that he appreciated the opportunity to review and address the solution which was being presented. Mr. Demiter acknowledged that the presented solution consisted of an adjacent parking area, but that it did not connect the individual driveways, and did not give individuals an alternative to using their driveway. Mr. Demiter asked if the proposed solution would consist of multiple entrances onto Pineburr, rather than a parking lot and a single entrance on to Pineburr. Mr. Fergusson responded in the affirmative, that the measurements were approximate and general, as they were not sure about the implications of the Town's zoning ordinance in relation to the parking area. Mr. Demiter asked if sidewalks would be connecting to the proposed development. Mr. Fergusson stated that there could be. Mr. Demiter stated that this was all he had seen at the present moment.

Town Attorney Swanson stated that this was just the cross-examination of the applicant's case and that next there would be an opportunity for those who wanted to speak in opposition of the applicant.

Ms. Cole stepped to the podium. Ms. Cole reported that she had lived in Valdese for the past 31 years, and that she used Pineburr Avenue three (3) to four (4) times a week, in both directions. Ms. Cole asked if 21 driveways would still be dumped onto Pineburr.

Town Attorney Swanson asked Ms. Cole if she was an adjoining property owner. Ms. Cole responded that she was not an adjoining property owner, but that she used the street. Town Attorney Swanson clarified that with the present proceeding, in order to ask questions of the other side, one had to have standing, which meant you had to own property which adjoined. Town Attorney Swanson continued that Ms. Cole could present evidence, if there was anything she wanted the Board to consider. Ms. Cole stated the presented site plan was the only evidence she had, that this site plan showed all the separate driveways entering onto the street. Ms. Cole stated if she was interpreting the site plan correctly, that was the number one (1) safety hazard.

Town Attorney Swanson asked if anyone else wanted to speak in opposition. Ms. Stephens stepped forward to the podium. Chair Huffman noted that Ms. Stephens must be sworn in. Town Clerk Lail administered the oath as follows: "Do you solemnly affirm that the testimony you're about to give shall be the truth, the whole truth, and nothing but the truth, so help you God." Ms. Stephens responded in the affirmative.

Ms. Stephens reported that she lived at 505 Pineburr Avenue Southeast, and that her property would be directly across from the proposed townhomes. Ms. Stephens identified that at the previous meeting, individuals stood up and discussed the positives and negatives of the proposed development, and if that was what the Board wanted her to speak about. Town Attorney Swanson indicated that this was Ms. Stephens opportunity to present whatever she would like to the Board. Ms. Stephens started with the positives. Ms. Stephens stated that she did see a positive with the townhomes, as they were market rate, that individuals who resided there would be paying car taxes, they would be shopping locally, they would have their car maintained, and that these were benefits. Ms. Stephens moved to discuss the negatives. Ms. Stephens heard safety concerns mentioned at the previous meeting, she stated her study was longitudinal, that she had lived at the property for 34 years, and that this was her study. Ms. Stephens asserted that she had a problem with cars backing out onto Pineburr. Ms. Stephens gave the example that UPS, FedEx, and USPS all came into her driveway, and that they then turned around so they could pull out onto Pineburr, not back out.

Ms. Stephens stated she had a question about the study, she wondered if the study was a one-year data set, or a multiple year data set. Town Attorney Swanson asked which study Ms. Stephens was referring to. Ms. Stephens reported that she was discussing the traffic study. Town Attorney Swanson believed this study was prepared by Staff, so that they could potentially speak to that. Ms. Stephens questioned who did the analysis, and noted that Town Attorney Swanson had just answered that question. Town Attorney Swanson clarified that Staff presented it to the Board at the previous meeting. Ms. Stephens asked if there could be a compromise with the parking, so that it could be a little safer coming out onto Pineburr.

Ms. Stephens shared that she had looked at all townhomes and apartments within the Town, and that none of them had parking which went backwards. Ms. Stephens identified the Pineburr Apartments, Lydia Avenue, Aurora, Tron, Pine Crossing, the Meadows, the Village Apartments, and Agape, noting that none of those places had one going backwards. Ms. Stephens stated she was finished, that her list would have gone longer, but that there was a reason none of the aforementioned properties wanted to enter the roadway backwards.

Town Attorney Swanson questioned how much time was left for opposition. Mr. Rapp responded that there was approximately five and a half (5.5) minutes remaining. Town Attorney Swanson identified that Ms. Stephens had a question, and that her question would be addressed. Town Attorney Swanson asked if there was anyone else on the opposition who wished to provide comments. None were provided.

Town Attorney Swanson asked Mr. Rapp to speak to the traffic study. Mr. Rapp disclosed that the Institute of Transportation Engineers (ITE) was used to provide the daily trip rate generated per each dwelling unit. Mr. Rapp reported that the data provided was average annual data, which consisted of a rolling time frame measured 365 days from the past of when the data was pulled. Mr. Rapp continued that the data was pulled from vehicle probe data, which was widely available and used across the transportation planning field. Mr. Rapp stated that the capacity standards were prepared by the North Carolina Department of Transportation (NCDOT).

Town Attorney Swanson believed that everyone speaking for, and in opposition of, the proposed development had an opportunity to speak. Town Attorney Swanson indicated that before the closing of the hearing, the Board would have the opportunity to ask questions about the evidence they had heard. None were provided.

Chair Huffman declared the hearing closed at 5:51 pm.

Chair Huffman entertained a motion on the Board's decision.

Town Attorney Swanson stated this would either be a motion to approve the Special Use Permit, or a motion to deny the Special Use Permit, and that following that there would be a second and discussion.

Ms. Zimmerman made a motion to approve the Special Use Permit. Seconded by Ms. Radabaugh.

Town Attorney Swanson indicated to the Board that they had to evaluate what they had just heard and engage in discussion as to why they were in favor of issuing the Special Use Permit. Town Attorney Swanson brought the Board's attention back to the standard set out by the code of ordinances, stating a special use permit shall be granted if it would not adversely affect the health or safety of persons who resided or worked in the neighborhood of the proposed use and would not be detrimental to the public welfare or injurious to property or public improvements in the neighborhood. Town Attorney Swanson provided that the Board had heard information on traffic impacts and safety concerns and that they needed to discuss what they had heard and how it fit within the aforementioned standard.

Mr. Ogle shared that back in December he had mentioned facts about parking and the driveways which were proposed to connect to Pineburr individually. Mr. Ogle shared he had also heard the same concerns from Mr. Demiter and Ms. Stephens, and that he thought this was a real concern that everyone should have. Mr. Ogle asked if there could be a compromise, a separate site plan, to get all traffic to go through a single entrance. Mr. Ogle stated he did not know if this was feasible, but that it was a big thing he had heard that night from both Mr. Demiter and Ms. Stephens. Mr. Ogle noted that the safety of the Town's Citizens should be considered. Mr. Ogle mentioned that Ms. Stephens provided information about UPS, FedEx, and USPS exiting her driveway, that if they were to exit at the same time as a resident leaving out of the proposed development, one was looking for an accident. Mr. Ogle identified that there was a large curve in the road on Pineburr near Eldred, which was also a concern. Mr. Ogle stated he was for building the apartments, that he thought the Town needed rental space, but asked if there could be a compromise on the parking emptying directly onto Pineburr.

Town Attorney Swanson stated that compromises could no longer be discussed, that the Board had to decide whether or not the applicant had met the criteria for the special use. Town Attorney Swanson disclosed that the criteria primarily dealt with safety, and that the Board had heard a lot in information on that. Ms. Ward asked if NCDOT would evaluate the area, after the completion of the proposed development, to identify if speed bumps were necessary. Town Attorney Swanson asserted that the time for asking questions was over.

Ms. Zimmerman concluded that the application was completed and thorough. Ms. Zimmerman noted that comments and concerns had been heard from citizens. Ms. Zimmerman believed that some of the comments were emotionally driven, which she understood. Ms. Zimmerman did not believe that all the cars in the proposed development were going to come out of their driveway at the same time of the day. Ms. Zimmerman identified that she did not believe this would pose significant risk. Ms. Zimmerman stated that the safety concern had been addressed through facts and evidence from experts within the area, as presented by staff and the applicant. Ms. Zimmerman asserted that she did not believe the proposed development would adversely affect the health and safety of those in the area.

The vote was unanimous and the motion carried.

Chair Huffman stated that the application had been approved, that he extended his thank you to all that those were present, and that he was now asking for a motion to adjourn.

At 5:58 pm, a motion to adjourn was made by Ms. Zimmerman. Seconded by Ms. Lowman. The vote was unanimous.

Town Clerk

Mayor

mr

JANUARY 5, 2026, MB#33

**TOWN OF VALDESE
TOWN COUNCIL REGULAR MEETING
JANUARY 5, 2026**

The Town of Valdese Town Council met on Monday, January 5, 2026, at 6:00 p.m., in the Town Council Chambers at Town Hall, 102 Massel Avenue SW, Valdese, North Carolina. The following were present: Mayor Keith Huffman, Mayor Pro Tem Rexanna Lowman, Councilman Gary Ogle, Councilwoman Heather Ward, Councilwoman Melinda Zimmerman, and Councilwoman Shannon Radabaugh. Also present were: Town Manager Todd Herms, Assistant Town Manager/CFO Bo Weichel, Town Attorney Tim Swanson, Town Clerk Jessica Lail, and Various Department Heads.

Absent:

A quorum was present.

Mayor Huffman called the meeting to order at 6:03 p.m.

The invocation was offered by Reverend Matt Matthews of Waldensian Presbyterian Church, Valdese. Mayor Huffman then led the Pledge of Allegiance to the Flag.

OPEN FORUM/PUBLIC COMMENT

OPEN FORUM/PUBLIC COMMENT GUIDELINES: Mayor Pro Tem Rexanna Lowman read the following open forum/public comment guidelines: The Council shall provide at least one period for public comment per month during a regular meeting, unless no regular meeting is held that month. Any individual or group who wishes to address the Council shall inform the Town clerk, any time prior to the start of the meeting, and provide their name, address and subject matter about which they wish to speak. Person(s) must be present if they wish to address the Council. Comments should be limited to five minutes per speaker.

Open Forum is not intended to require Council or staff to answer impromptu questions. Speakers will address all comments to the entire Council as a whole and not one individual member. Discussions between speakers and the audience will not be permitted. Speakers will maintain decorum at all times. Speakers are expected to be courteous and respectful at all times regardless of who occupies the Council chairs. These guidelines will help ensure that a safe and productive meeting is held and all those wishing to address the Council will be afforded the opportunity.

Town Clerk Lail shared that no one had signed up for public comment.

CONSENT AGENDA: (enacted by one motion)

Councilwoman Ward made a motion to remove items E and F from the Consent Agenda, asking if they could be discussed after the Proclamations of Appreciation. Seconded by Councilwoman Zimmerman. The vote was unanimous and the motion carried.

APPROVED SPECIAL MEETING MINUTES OF NOVEMBER 24, 2025

APPROVED REGULAR MEETING MINUTES OF DECEMBER 8, 2025

APPROVED CLOSED SESSION MINUTES OF DECEMBER 8, 2025

APPROVED BUDGET AMENDMENT – POLICE VEHICLES

JANUARY 5, 2026, MB#33

Valdese Town Council Meeting

Monday, January 5, 2026

Budget Amendment #

3-10

Subject:

Patrol vehicle with upfitting

Description:

Proposed Action:

BE IT ORDAINED by the Council of the Town of Valdese that, pursuant to Section 15 of Chapter 159 of the General Statutes of North Carolina, the following amendment is made to the annual budget ordinance for the fiscal year ending June 30, 2026:

Section I:

The following revenues available to the Town will be increased:

Account	Description	Decrease/ Debit	Increase/ Credit
10.3990.000	General Fund Reserves		65,000
Total		\$0	\$65,000

Amounts appropriated for expenditure are hereby amended as follows:

Account	Description	Increase/ Debit	Decrease/ Credit
10.5100.740	Capital Outlay-Police	65,000	
Total		\$65,000	\$0

Section II:

Copies of this budget amendment shall be furnished to the Clerk to the Governing Board, to the Budget Officer and the Finance Officer for their direction.

MOVED TO NEW BUSINESS RESOLUTION ABOLISHING TOWN COMMITTEES

MOVED TO NEW BUSINESS RESOLUTION AUTHORIZING UPSET BID PROCESS – 0 PRALEY ST SW

End Consent Agenda

ITEMS REMOVED FROM CONSENT AGENDA: Item E, Resolution Abolishing Town Committees, and Item F, Resolution Authorizing Upset Bid Process – 0 Praley St. SW, were both moved to be discussed in New Business.

Mayor Huffman asked for a motion to approve the consent agenda. A motion was made by Mayor Pro Tem Lowman to approve the remaining items on consent agenda, Items A through D. Seconded by Councilwoman Ward. The vote was unanimous and the motion carried.

NEW BUSINESS:

PROCLAMATION OF APPRECIATION – RECOGNIZED AND COMMENDED THE DRAUGHN HIGH SCHOOL VARSITY VOLLEBALL TEAM FOR THEIR HISTORICAL 2024-2025 SEASON

Mayor Huffman read the proclamation as follows:

PROCLAMATION OF APPRECIATION FOR DRAUGHN HIGH SCHOOL VARSITY VOLLEYBALL TEAM

WHEREAS, the Draughn High School Varsity Volleyball Team achieved a historic and record-setting season during the 2024–2025 school year, exemplifying excellence, dedication, teamwork, and sportsmanship; and

WHEREAS, under the leadership of Head Coach Triniti Lambert in her second year and Assistant Coach Kelsey McGuire, the Wildcats completed the season with an outstanding 23–6 overall record, becoming the first volleyball team in Draughn High School history to surpass the 20-win mark; and

WHEREAS, the team compiled an 11–1 conference record, earning both the Western Piedmont Conference Regular Season Championship and the Western Piedmont Conference Tournament Championship; and

WHEREAS, the Wildcats advanced to the fifth round of the NCHSAA State Playoffs, reaching the Regional Finals, the deepest postseason run in program history and finishing just one game short of a state championship appearance; and

WHEREAS, following their postseason success, the team ranked 94th out of 444 teams statewide and 4th among all 3A programs in North Carolina, demonstrating elite performance at the state level; and

WHEREAS, the Varsity roster included Rebecca Feimster, Macy Auton, Ashlyn Heavner, Ava Kurtz, Kristyn Cozort, Braylen Clontz, Ava Aldridge, Shelby Proffitt, Bailey Mozeley, Amoree Pino, Lillian Collins, Peyton Brewer, Ella Anthony, Bella Whitson, and Kylie Corpening, with significant contributions from JV/Varsity swing players Madelyn Radabaugh, Olivia Miller, and Hayden Moss; and

WHEREAS, individual accomplishments further distinguished the season, including Bailey Mozeley (Senior) and Macy Auton (Junior) surpassing 1,000 career perfect receptions; and

WHEREAS, five student-athletes were selected to the All-Conference Team: Bailey Mozeley, Macy Auton, Shelby Proffitt, Bella Whitson, and Kylie Corpening; and

WHEREAS, Bailey Mozeley was named Western Piedmont Conference Player of the Year for the second consecutive year, and Coach Triniti Lambert was named Conference Coach of the Year for the second consecutive year, reflecting sustained excellence in leadership and performance; and

WHEREAS, the Draughn High School Varsity Volleyball Team has brought pride and distinction to their school, families, and the broader Valdese community through their accomplishments and conduct;

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Valdese that the Council hereby recognizes, commends, and congratulates the Draughn High School Varsity Volleyball Team, its coaches, and student-athletes for their historic and exceptional 2024–2025 season;

BE IT FURTHER RESOLVED that a copy of this resolution be presented to the team and entered into the official records of the Town of Valdese as a lasting expression of appreciation and community pride.

Adopted this the 5th day of January, 2026.

Keith Huffman, Mayor

The Players and Coaches from the Draughn High School Varsity Volleyball Team then posed for photos and were congratulated by the Mayor, Council Members, and Members of the Public.

**PROCLAMATION OF APPRECIATION – RECOGNIZED AND COMMENDED THE 2025 BURKE
BRAWL WRESTLING TOURNAMENT CHAMPIONS, DRAUGHN HIGH SCHOOL WRESTLERS**

Mayor Huffman read the proclamation as follows:

PROCLAMATION OF APPRECIATION FOR DRAUGHN HIGH SCHOOL WRESTLERS

WHEREAS, the 2025 Burke Brawl Wrestling Tournament was successfully hosted on December 19, 2025, at J. C. Draughn High School, bringing together all four Burke County high schools in a spirited display of athletic competition; and

WHEREAS, J. C. Draughn High School was proudly represented by tournament champions, Senior Gaston Garrison, Junior Diamond Vasquez, Junior Lucas Foley, and Freshman Larry Sarver, whose performances reflect dedication and hard work both on and off the mat; and

WHEREAS, this success is a testament to the leadership and commitment of Coaches Alex Garrison and Matt Smith, whose guidance continues to develop student-athletes and strengthen the wrestling program;

NOW, THEREFORE, BE IT RESOLVED, I, Keith Huffman, Mayor of the Town of Valdese, do hereby recognize and commend the athletes and coaches of J. C. Draughn High School for their outstanding achievements at the 2025 Burke Brawl Wrestling Tournament.

BE IT FURTHER RESOLVED that a copy of this resolution be presented to the team and entered into the official records of the Town of Valdese as a lasting expression of appreciation and community pride.

Adopted this the 5th day of January, 2026.

Keith Huffman, Mayor

The Wrestlers and Coaches from Draughn High School then posed for photos and were congratulated by the Mayor, Council Members, and Members of the Public.

APPROVED RESOLUTION ABOLISHING TOWN COMMITTEES

Councilwoman Ward made a motion to postpone the abolishment of the Committees until the Council's February 2, 2026 meeting. No second was provided and the motion failed.

Mayor Pro Tem Lowman made a motion to abolish the listed Town Committees. Seconded by Councilwoman Zimmerman.

Mayor Pro Tem Lowman disclosed that three (3) of the aforementioned committees had no one serving on them at the present moment. Mayor Pro Tem Lowman identified the Utilities Infrastructure Committee, and the Street Maintenance Committee as committees which never had any members. Mayor Pro Tem Lowman continued that the Facilities Review Committee had former Councilman Glenn Harvey recommending for the Committee to be abolished at its last meeting. Mayor Pro Tem Lowman then looked at the Merchants Advisory Committee, where she reported that the Merchants Committee had not been under the purview of the Town until the Committee had been appointed in 2024. Mayor Pro Tem Lowman expressed that the Merchants Committee was still welcome to do their own thing, but that when they were under the Town's purview they had to follow the Town's rules. Mayor Pro Tem Lowman noted that the Merchants Committee wanted to sell hamburgers and hotdogs to raise funds, but were unable to as the Town would not allow them to raise money. Mayor Pro Tem Lowman stated that the committee did not have a lot of freedom under the Town's purview. Mayor Pro Tem Lowman shared that no one was against the Merchants Committee, that it had existed for many years, and that she thought the Committee would be able to have more freedom if they were not under the Town. Mayor Pro Tem Lowman expressed that these were her reasons for abolishing the committees.

Councilwoman Ward stated that she knew that the committees had not had any participation and that she understood former Councilman Harvey wished to abolish the Building Committee. Councilwoman Ward shared that the Merchants had approached her, noting that this was the one committee the Town had that had more people putting in applications than there were spots on the committee. Councilwoman Ward disclosed that the only reason they had missed their past two (2) meetings was due to the fact that the Committees Chair was unavailable during the meeting times. Councilwoman Ward revealed that she had received several calls from the Merchants on the Committee, who stated they were upset that it was being looked at to be abolished. Councilwoman Ward expressed that if there was anything she would look at, it would probably be the Merchants Advisory Committee. Councilwoman Ward understood they could not raise money, that it would not be anything like the Valdese Merchants Association, but that it felt like it gave them more teeth in what they were bringing to the table, rather than them coming in and presenting to Council, it gave them a chance to discuss amongst themselves. Councilwoman Ward stated that it did not affect anybody, that she was the only one on the Merchants Advisory Committee, as a liaison. Councilwoman Ward reported she would encourage the Town to keep this committee as the members had been contacting her to keep it, that she understood the abolishing of the others, but that she would urge Council to keep the Merchant Advisory Committee, just as an advisory role and not as anything else. Councilwoman Ward stated if one wanted to start the Valdese Merchants Association back up, that would be great, but that it fell by the wayside.

Mayor Huffman shared that he had received a phone call from Eddie Jolly, who had planned on speaking at the meeting on behalf of the Merchants Committee, and that based on their conversation he had withdrawn his wishes to speak and had no objections to the Committee being abolished. Mayor Huffman disclosed that the last written comments that were provided to the Council from the Merchants Committee were dated back to October of 2024. Town Manager Herms added that from a staff perspective, there was no input whether or not to have the committees, but if they were to exist, they were subject to the same public body laws as the Council. Town Manager Herms explained that this meant they had to have minutes and that all meetings had to be published and open to the public, stating that he did not believe that either one of those things had occurred. Councilwoman Ward stated that they had presented those factors to the Chair, reporting that he did not get those things to the Council and that this was on him. Town Manager Herms affirmed that he was not for or against the committees, but that whatever committees created by the elected body were subject to the same procedures as the Council or the Planning Board.

Councilwoman Zimmerman added that it was her understanding that the merchants did have a connection back to the town via the Main Street Committee, that this was an avenue where staff worked with the merchants. Councilwoman Zimmerman stated that there was a connection back to the town, whether they had their own organization or individually worked through Community Affairs, that such an avenue existed. Councilwoman Zimmerman expressed it would be great if they wanted their own committee, but that she did not know that it needed to be under the auspices of the Town.

Councilwoman Ward stated that if this was the case, she would like to do a roll call vote before they got rid of the Citizens Advisory Committees, just so that it was on the record. Mayor Huffman specified that he respected Councilwoman Ward's wishes, but that this was not a part of the Council's procedures, and that unless there was further discussion, the vote would continue.

Town Attorney Swanson clarified that the Council's Rules of Procedures actually stated that it was not a roll call vote, that it was just verbal yes and no. Town Attorney Swanson stated for a roll call vote to occur a motion would have to be made to approve that formally.

Councilwoman Ward made a motion to have a roll call vote. Seconded by Councilman Ogle. The motion failed with two (2) votes for (Councilwoman Ward and Councilman Ogle) and three (3) votes against (Mayor Pro Tem Lowman, Councilwoman Radabaugh, and Councilwoman Zimmerman).

A RESOLUTION OF THE TOWN OF VALDESE TOWN COUNCIL ABOLISHING THE MERCHANTS ADVISORY COMMITTEE, AD HOC FACILITIES REVIEW COMMITTEE, AD HOC EFFICIENCY TASK FORCE COMMITTEE, AD HOC UTILITIES INFRASTRUCTURE REVIEW COMMITTEE, AND AD HOC STREET MAINTENANCE REVIEW COMMITTEE

JANUARY 5, 2026, MB#33

WHEREAS, N.C.G.S. 160A-146 authorizes the Town Council for the Town of Valdese to create, change, abolish and consolidate boards and commissions and to organize Town government in order to promote orderly and efficient administration of Town affairs; and

WHEREAS, the Town Council believes that the current Merchants Advisory Committee, Ad Hoc Facilities Review Committee, Ad Hoc Efficiency Task Force Committee, Ad Hoc Utilities Infrastructure Review Committee, and Ad Hoc Street Maintenance Committee should each be abolished to facilitate more efficient governance and operations.

NOW, THEREFORE, BE IT RESOLVED that the Town of Valdese Town Council hereby abolishes the Merchants Advisory Committee, Ad Hoc Facilities Review Committee, Ad Hoc Efficiency Task Force Committee, Ad Hoc Utilities Infrastructure Review Committee, and Ad Hoc Street Maintenance Committee.

ADOPTED this _____ day of _____, 2026.

THE TOWN OF VALDESE,
a North Carolina Municipal Corporation

(SEAL)

/s/ Keith Huffman, Mayor

ATTEST:

/s/ Town Clerk

The motion passed with three (3) votes for (Mayor Pro Tem Lowman, Councilwoman Radabaugh, and Councilwoman Zimmerman) and two (2) votes against (Councilwoman Ward and Councilman Ogle) and the listed committees were abolished.

NOT APPROVED - RESOLUTION AUTHORIZING UPSET BID PROCESS – 0 PRALEY ST SW

Councilwoman Ward made a motion to postpone authorization until the Council's February 2, 2026 meeting, due to lack of information and Council possibly needing to discuss further in closed session. Seconded by Councilwoman Zimmerman.

Councilwoman Zimmerman explained that the Town did not have the property advertised for sale, and that she did not see the purpose of the resolution. Mr. Weichel shared that anytime the Town received an offer on a property, it came in the form of a resolution to Council. Mr. Weichel stated that this resolution was not to sell the property, that it would just advertise that the Town was receiving upset bids for the property. Mr. Weichel disclosed that one (1) bid had already been received, and if the resolution were to be approved, all that would be done was advertisement of the property to see if anybody else had interest in it. Mr. Weichel stated that if there was no other interest, at the next Council meeting, the Council would decide on whether they wanted to sell the property or not.

Town Attorney Swanson clarified that the decision of whether or not to sell the property would always come back to Council for approval, that this was not that decision. Mr. Weichel added that the resolution was just to allow staff to advertise that they had received an upset bid, and that other bids were being taken in case there were other individuals interested in the property that could pay more for the property.

Mayor Pro Tem Lowman asked if the Town was allowed to put a price on the property or if they just had to take what somebody offered, followed by the upset bid process. Mr. Weichel stated that if Council felt as if the offer was not a fair price for the property, they could decline the offer and it would not go forward. Town

Attorney Swanson added that the Town could solicit offers, that they could go out and say "I think the property is worth X and want that amount," and then if an offer was received the upset bid process would be started.

Councilwoman Ward stated that this was a lot of information, that she wished the Council had before the item was put on the consent agenda. Councilwoman Ward stated that this was the great thing about having pre-agenda meetings, that they knew what was happening. Councilwoman Ward asked if it would be better for her to withdraw the motion. Town Attorney Swanson stated that there was a motion on the table, and a second, and that he thought the easiest path forward would be to take a vote on the motion. Mayor Pro Tem Lowman asked if the Council was to vote to table the item, would they then no longer be able to discuss it. Town Attorney Swanson responded in the affirmative, that if it were to be tabled, it would not be decided on the present day, but that if the motion was denied the Council would go back to the agenda item itself and discuss the upset bid process.

The motion failed with two (2) votes for (Councilwoman Ward and Councilman Ogle) and three (3) votes against (Mayor Pro Tem Lowman, Councilwoman Radabaugh, and Councilwoman Zimmerman).

Councilwoman Zimmerman made a motion to reject the resolution. Seconded by Councilwoman Radabaugh.

Councilwoman Zimmerman believed that the property had not been up for sale or advertised, and that she thought that if the Council were to sell it in the future it would be advertised accordingly with an appraised value. Councilwoman Radabaugh agreed that it needed to be open to the public so that they had more opportunity to know the property was for sale.

The vote was unanimous and the motion passed.

STATE OF THE DEPARTMENT – PARKS AND RECREATION

Mr. Andersen stated he wanted to provide a quick update on the state of the department of Valdese Parks and Recreation. Mr. Andersen started off by answering the biggest question, stating that the pool was being worked on. Mr. Andersen shared that rebar cages were being put into the trenches and that the contractors were working hard, noting that they worked both on New Years Eve and New Year's Day.

Mr. Andersen expressed that 2025 had been a big year for the Parks and Recreation department, that he would start the presentation with some larger trends, and then move through his brief presentation. Mr. Andersen disclosed that the National Recreation and Parks Association numbers stated 63% of Americans were highly likely to consider parks and recreation amenities when choosing where to live and that 68% of Americans strongly agreed that parks and recreation was an important service offered by local governments. Mr. Andersen stated that the Outdoor Recreation Roundtable, using Bureau of Economic Analysis statistics, cited that \$1,200,000,000,000 of economic output went to outdoor recreation in the United States, which equated to 2.3% of GDP. Mr. Andersen reported that satellite numbers from the North Carolina Department of Commerce stated that 2.1% of state GDP came from outdoor recreation. Mr. Anderson continued that 2.8% of jobs and 1.9% of payroll compensation, within the State of North Carolina, came strictly from outdoor recreation and supporting vocations. Mr. Anderson communicated that Burke County itself saw an increase in tourism dollars from 2023 and saw a 7.6% growth in tourism related employment.

Mr. Andersen reported that within the Town, citizens desired improvements and opportunities for recreation, as was outlined within the March 18, 2024 adopted strategic plan, which cited a large number of responses which indicated that opportunities and improvements for parks and recreation and public spaces were important.

Mr. Andersen recounted that the past year saw them successfully apply for the Accessible Parks Grant which saw the ramp addition to the front of the community center, as well as the tennis courts and the pool structure. Mr. Andersen was also happy to say that in approximately 10 minutes from the present moment, their first American Sign Language class was taking place at the Burke County Public Library with funds from the North Carolina Recreation and Parks Association New Initiative Grant. Mr. Andersen stated that long-standing events and traditions were continued, such as the Fun Fish Event, Junior Lifeguarding, and

the Great Waldensian Foot Race. Mr. Andersen reported that they worked with other Town departments such as the Community Affairs department for treats in the streets, and that they worked with other folks as well, like the Old Colony Players, with a highly successful Tales on the Trails event in October.

Mr. Andersen stated that they had introduced or brought back new things which would hopefully become traditions, such as the Outdoor Adaptive Recreation Day, which brought roughly 75 participants and twelve (12) different organizations to McGalliard Falls to see how they could continue to be a part of the outdoors. Mr. Andersen continued that they had their first adaptive hike on October 15, 2025, with roughly 50 participants of various ability levels and that they had the Triad Trackers wheelchair basketball team help them break in the new ramp and participate in a demo day. Mr. Andersen disclosed that their involvement with Burke County Special Olympics had allowed them to have further growth, and allowed them to grow from 115 registrations to 225 registered participants. Mr. Andersen stated that they were exploring the establishment of an inclusive recreation advocacy group and getting feedback as they moved forward with the year.

Mr. Andersen asked how this all happened. Mr. Anderson reported that they had five (5) full time staff, including himself, roughly 60 part-time that were active regularly, and that they had some seasonal folks that were present as they came back from college or on holidays. Mr. Anderson continued that they had center program supervisors, various fitness class instructors, their lifeguards, their counter staff downstairs, such as John Ray – the legend, their concession staff, and their park maintenance staff. Mr. Andersen shared that three (3) staff members had been with the Town for over 25 years and two (2) staff members who had been with the Town for over 15 years.

Mr. Anderson stated that they could not do their work without their volunteers, that just on the coaching side of things they had roughly 50 coaches that volunteered their time to help with their youth athletic programs throughout the course of the year. Mr. Anderson continued that the Friends of the Valdese Rec group, in the ten (10) years since they started, had logged just shy of 10,500 hours of volunteer service through all parks, not just Lakeside.

Mr. Anderson then referenced the participants chart in the PowerPoint. Mr. Anderson noted that some were overlapping, but that they had served over 1,000 participants in all of their different age groups, but that in this case, a lot of them were for the younger folks in Town. Mr. Andersen observed that these participants were not just residents of Valdese, but that some were from Rutherford College, Connelly Springs, Marion, and Hickory.

Mr. Anderson asked where all these things took place. Mr. Anderson stated that those five (5) people, plus 60, were responsible for maintaining and programming the Valdese Community Center which included the bowling alley, concession stand, fitness center, gymnasium, tennis/pickle ball courts, and Rotary Park. Mr. Andersen noted that Rotary Park was right above the pool, with picnic tables and grills, that they worked well with the Rotary Club, and that the Club did a lot to help maintain that space. Mr. Andersen looked at Children's Memorial Park, which had a ball field, picnic shelter, creek access, play equipment, and a batting cage, Fletcher Field, which had two ball fields, a concession stand, and was a part of the same plat as McGalliard Falls Park, which itself had the Meytre Grist Mill, a picnic shelter, grill, two falls overlooks, and greenway access. Mr. Anderson then looked at the Valdese Downtown Park, which was lovingly referred to as the splashpad, which had a splash pad, picnic shelter, multi-purpose building, and play equipment. Mr. Andersen moved to discuss the Tiger Gym, which was from the old Valdese High School and Junior High, stating that the facility was used largely as a practice facility, which was something the Department must have as their 14 basketball teams would be unable to practice otherwise. Mr. Andersen looked at Temple Field, where the Town worked with Burke County Public Schools to maintain this space. Mr. Andersen also identified Valdese Lakeside Park, which was over 300 acres and included a dog park, a pavilion, a fishing pier with a canoe and kayak launch, where Councilwoman Radabaugh may meet one if they were to borrow a kayak for the day. Mr. Andersen continued that there were also 12 miles of trail, including the only two (2) miles of Wilderness Gateway State Trail currently on the ground. Mr. Andersen stated that it was a part of the larger Burke River Trail system and included the McGalliard Creek Bridge. Mr. Andersen summarized that all of the aforementioned places were part of what the Parks and Recreation Department looked after and took care of throughout the year.

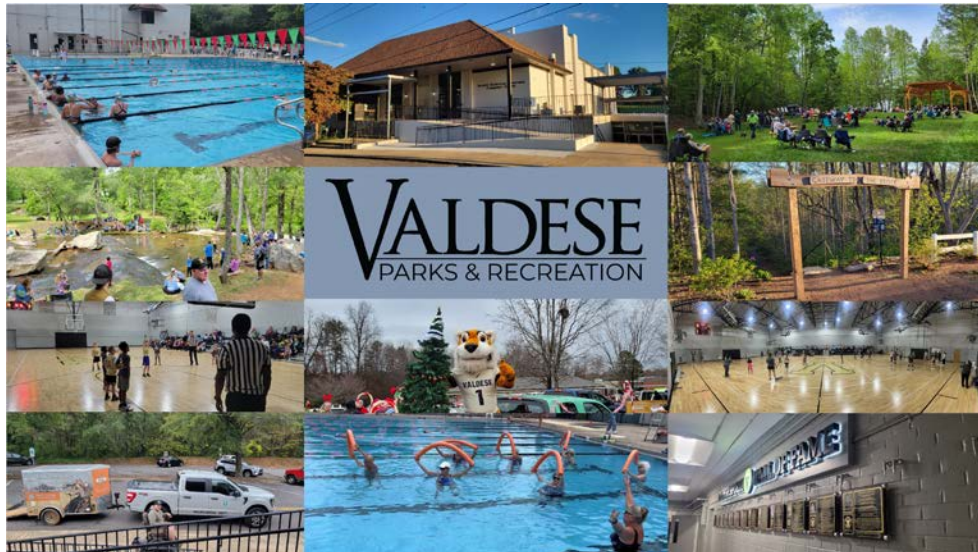
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Mr. Andersen then looked forward and discussed what was next for the Department as one looked toward 2026. Mr. Andersen referenced that this would be discussed in the 10-year plan which was up for adoption, but that they also wanted to work to implement strategic plans, such as the Core Study which was adopted several years back, to bring more of the recreation economy which was previously mentioned. Mr. Andersen noted that a grant application for Children's Park would also be discussed, which included playground equipment, stream bank repair, a new scoreboard, restroom upgrades, and better landscaping around the memorial.

Mr. Andersen expressed that they were excited about the reopening of the pool, reestablishing year-round programming, and working with partners and the community to increase offerings to more community members. Mr. Andersen mentioned that these collaborations may be through the Friends of the Valdese Rec, Special Olympics of Burke County, Foothills Conservancy, Burke County Public Schools, and a lot of local Businesses which helped as well. Mr. Andersen provided that Bimbo Bakeries generally spent a good chunk of time doing projects around the parks, as well as Kellex, Emerge Ortho, UNC Health Blue Ridge, and Pepsi. Mr. Andersen added that if one had ever come to Fun Fish, that all drinks were provided to the Town by Pepsi at no cost.

Mr. Andersen concluded that this was the state of the Department and asked if there were any questions.

Mayor Pro Tem Lowman commended Mr. Andersen on what a great job he and his staff had done, the recreation services they provided, and noted that they were provided to both the youngest citizens, and the oldest citizens of Valdese. Mayor Pro Tem Lowman noted that she was proud of the Town for the recreation facilities that they were able to provide to the Citizens. Councilwoman Radabaugh also thanked Mr. Andersen, stated that it had been a pleasure to work with him through the Rec Commission, and acknowledged all the hard work he had done. Councilwoman Radabaugh added that there was a lot of time and energy that went on behind the scenes day-in and day-out, and stated she commended and appreciated Mr. Andersen.



The People

Staff:

5 Full Time Staff

61 Active, Part Time Staff

Center & Program Supervisors

Instructors

Lifeguards

Counter Staff

Concession Staff

Park Maintenance Staff

3 Staff with 25+ Years; 2 Staff with 15+ Years

16 Years Old to 83 Years Old

Volunteers:

Coaches: ~50 coaches/annually

Friends of the Valdese Rec: 10,458+ Hours since 2015

Program Name	2025 Participants
Baseball	83
Softball	53
Cheerleading	40
Football	64
Volleyball	38
Fun Fish	162
Indoor Soccer	66
Basketball (Including Micro)	129
Microbasketball	47
Outdoor Soccer	49
Tee Ball	55
Torpedo Swim Team	81
Junior Lifeguard	8
Spring Homeschool PE	34
Summer Swim Lessons	151
Total Participants	1060

VALDESE
PARKS & RECREATION

The Facilities

- Valdese Community Center
 - Bowling Alley, Concession Stand/Grill, Fitness Center, Gymnasium, Pool, Tennis/Pickleball Courts
- Rotary Park
 - Picnic Tables, Grill
- Children's Memorial Park
 - Ball Field, Picnic Shelter, Creek Access, Play Equipment, Batting Cage
- Fletcher Field
 - Two Ball Fields, Concession Stand
- McGalliard Falls Park
 - Meytre Grist Mill, Picnic Shelter, Grill, Falls Overlooks, Greenway Access
- Valdese Downtown Park
 - Splash Pad, Picnic Shelter, Multi-Purpose Building, Play Equipment
- Tiger Gym
- Temple Field
- Valdese Lakeside Park
 - Dog Park
 - Pavilion
 - Fishing Pier with Canoe/Kayak Launch
 - 12 + Miles of Trails
 - Greenway/ Wilderness Gateway State Trail/ Burke River Trail
 - McGalliard Creek Bridge

VALDESE
PARKS & RECREATION

What's Next?

- 10 Year Plan Adoption and Implementation
- Work to implement adopted strategic plans and bring Valdese more of the Recreation Economy
- Grant Application for Children's Park (Due January 30, 2026)
 - Playground Equipment
 - Stream bank repair
 - Scoreboard
 - Restroom Upgrades
 - Memorial Landscaping
- Re-Open the Pool and Re-establish Year Around Aquatic Offerings
- Work with Partners and Community to Increase Offerings to More Community Members
 - Friends of the Valdese Rec
 - Special Olympics of Burke County
 - Foothills Conservancy
 - Burke County Public Schools
 - Local Business Partners: Bimbo Bakeries, Kellex, EmergeOrtho, UNC Health Blue Ridge, Pepsi

VALDESE
PARKS & RECREATION

ADOPTED PARKS AND RECREATION 10 YEAR COMPREHENSIVE PLAN

Mr. Andersen reported that the Comprehensive Plan was put together by the Western Piedmont Council of Governments (WPCOG) as a part of a contract entered into in 2024. Mr. Andersen expressed that this was an important piece for the Department as it helped them score high on grant applications and also brought direction in the form of citizen input from citizen peer group meetings. Mr. Andersen noted that this data was gathered through several public meetings and a survey which had 321 responses. Mr. Andersen reported that the WPCOG spent a good amount of time in different facilities, spoke to staff and members of the public, to see exactly what the Town wanted to have moving forward.

Mr. Andersen stated that this was the first comprehensive plan since one was adopted in 2013. Mr. Andersen recommended the adoption of the Comprehensive Plan.

Councilwoman Radabaugh made a motion to adopt the Parks and Recreation 10-year Comprehensive Plan. Seconded by Councilwoman Ward.

Councilwoman Zimmerman stated the plan was quite comprehensive, as its name suggested, and that it was a great document for individuals to review. Councilwoman Zimmerman asked what the alignment was referring to in the identified areas of concern. Mr. Andersen answered that this was put together by the WPCOG, that these were items that concerned Staff and needed to be a priority, and that the alignment reflected that there was alignment between citizen and staff input.

The vote was unanimous and the motion passed.

APPROVED – AUTHORIZATION TO APPLY FOR HELENE/PARTF GRANT FOR CHILDREN’S PARK

Mr. Andersen mentioned he had previously noted this item in his first presentation and that he would reference back to this presentation. Mr. Andersen shared that the State had authorized funding through the Parks and Recreation Trust Fund (PARTF) Program, which was a long running grant program that the Town had applied for and received many times. Mr. Andersen stated that this was a bit of an abbreviated application as there were only a couple of months to put it together.

Mr. Andersen indicated, as had been the case with PARTF grants previously, he required approval from the local governing board for the application. Mr. Andersen shared that the Town did have private funds for their donor match, noting that this was a one (1) to one (1) match. Mr. Andersen reported that the funds were created by the NC General Assembly specifically for areas that were impacted by Hurricane Helene.

Mayor Pro Tem Lowman asked how much Mr. Andersen was requesting. Mr. Andersen responded that at the present time they were looking for roughly \$130,000. Mayor Pro Tem Lowman asked if Mr. Andersen had a match for \$130,000. Mr. Andersen responded in the affirmative.

Councilman Ogle clarified that the stream bank restoration was one of the bigger things being requested. Mr. Andersen responded that the two big items for this particular project were the creek bank, making it more accessible, more of a play space, and stabilizing it so it was not a hazard. Mr. Andersen continued that the second item was upgrading the playground equipment which was over 30 years old. Councilman Ogle stated that there was no doubt that it needed to be replaced.

Mayor Pro Tem Lowman made a motion to approve the authorization for the application of the Helene PARTF Grant for Children’s Park. Seconded by Councilwoman Radabaugh. The vote was unanimous and the motion carried.

PUBLIC HEARING TO MODIFY UNIFIED DEVELOPMENT ORDINANCE

Mayor Huffman opened the public hearing at 6:51 pm. Mr. Rapp presented the following:

“This item is a requested text amendment to Section 1.2, “Applicability,” of the Unified Development Ordinance (UDO).

When the Town of Valdese adopted the Unified Development Ordinance, Council included a temporary provision that allowed applicants to choose between using the old zoning ordinance or the new UDO.

That was done with the expectation that the General Assembly would revise the State's down-zoning statute, which would have made the January 1, 2026 date in the ordinance legally valid.

That change has not yet happened at the state level. Because of that delay, the January 1, 2026 date currently in the ordinance needs to be adjusted to remain compliant with state law.

This amendment simply extends that transition date by six months, to July 1, 2026.

It's important to note that this is a technical and procedural change only. It does not change zoning districts, permitted uses, development standards, or how properties are regulated. It strictly adjusts the timeline language in Section 1.2.

The goal is to give the General Assembly additional time to act on proposed legislation, including SB 382, which is expected to be addressed during the Spring legislative session.

The Planning Board reviewed this amendment at its November 17, 2025 meeting and unanimously recommended approval.

Notice of this public hearing was properly advertised in The Paper on December 20 and December 27, 2025, in accordance with statutory requirements. Staff did not receive any written comments prior to tonight's meeting.

Following the public hearing, staff recommends:

- Adoption of the consistency statement, and
- Adoption of the text amendment to Section 1.2 of the Unified Development Ordinance, extending the effective date to July 1, 2026.

That concludes my presentation, and I'm happy to answer any questions."

Mayor Huffman asked if there were any members of the public that wished to speak for, or against, the proposed amendment. No comments were provided. Mayor Huffman Closed the public hearing at 6:53 pm.

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF VALDESE TO AMEND THE TOWN OF VALDESE UNIFIED DEVELOPMENT ORDINANCE

WHEREAS, in 2014, the Town of Valdese (the "Town") adopted a comprehensive land use plan entitled "The Valdese Vision: A Land Use Action Plan for the Future" (the "Plan") to guide growth, development, and investments made in the Town and focus on land use, environmental protection, and infrastructure planning; and

WHEREAS, in 2025, the Town of Valdese adopted a Unified Development Ordinance ("UDO") intended to combine the zoning, subdivision, and Flood Damage Prevention Ordinances into one comprehensive document that simplifies the Town's Ordinances into a more readable document; and

WHEREAS, Section 1.2 of the UDO provides for an effective date of January 1, 2026.

WHEREAS, Part III, Subpart III-K of Senate Bill 382 ("SB 382") entitled LOCAL GOVERNMENT, amends N.C.G.S. § 160D-601(d) by prohibiting local governments from enacting or enforcing any amendment to zoning regulations (e.g., text amendments to zoning ordinances) or zoning maps (e.g., rezonings) that would constitute "down-zoning" without first obtaining the written consent of all property owners whose property would be subject to such an amendment; and

WHEREAS, due to the complications SB 382 creates for local governments, it is unclear at this time whether SB 382 will be repealed and/or what impacts, if any, SB 382 will have on the UDO. Council desires to extend the applicability provisions of the UDO until July 1, 2026 to comply with SB 382 while awaiting further clarity from the General Assembly; and

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WHEREAS, the Planning Board met on November 17, 2025 and voted five in favor and zero against recommending that the Town Council amend Section 1.2 of the UDO to delay the effective date until July 1, 2026;

WHEREAS, the Town of Valdese has held a duly advertised public hearing to consider public comments regarding the proposed UDO amendment and found the proposed UDO amendment is consistent with the Plan.

NOW, THEREFORE, IT IS HEREBY ORDAINED that the Town Council of the Town of Valdese that:

SECTION 1: The UDO is hereby amended to extend the effective date thereof as described in the attached Exhibit 1 designated "Town of Valdese UDO Amendment: Section 1.2 Applicability."

SECTION 2: This Ordinance shall become effective upon adoption.

ORDAINED by Town Council for the Town of Valdese, North Carolina, this ___ day of January, 2026.

THE TOWN OF VALDESE,
a North Carolina Municipal Corporation

/s/ Keith Huffman, Mayor

ATTEST:

/s/ Town Clerk

Councilwoman Zimmerman made a motion to approve the recommended text amendment to the UDO as presented. Seconded by Councilwoman Radabaugh. The vote was unanimous and the motion carried.

VALDESE TOWN COUNCIL UNIFIED DEVELOPMENT ORDINANCE TEXT AMENDMENT CONSISTENCY STATEMENT

On January 5th, 2026, the Valdese Town Council ("Council") met to consider a Proposed Text Amendment to Section 1.2 "Applicability" of the Unified Development Ordinance after receiving a recommendation for approval from the Town of Valdese Planning Board. Upon consideration of the Comprehensive Plan (defined below), ordinances, and other materials presented, the Valdese Town Council makes the following findings and conclusions:

1. In 2014, the Town of Valdese adopted a comprehensive land use plan entitled "The Valdese Vision: A Land Use Action Plan for the Future" (hereinafter the "Plan"). The Plan identifies the type of community that Valdese wants to become in the future and the strategies that the Town will use to guide development and land use activities.
2. In 2025, the Town of Valdese adopted a Unified Development Ordinance ("UDO") intended to combine the zoning, subdivision, and Flood Damage Prevention Ordinances into one comprehensive document that simplifies the Town's Ordinances into a more readable document.
3. Section 1.2 of the UDO provides for an effective date of January 1, 2026.
4. Part III, Subpart III-K of Senate Bill 382 ("SB 382") entitled LOCAL GOVERNMENT, amends N.C.G.S. § 160D-601(d) by prohibiting local governments from enacting or enforcing any amendment to zoning regulations (e.g., text amendments to zoning ordinances) or zoning maps (e.g., rezonings) that would constitute "down-zoning" without first obtaining the written consent of all property owners whose property would be subject to such an amendment.
5. Due to the complications SB 382 creates for local governments, it is unclear at this time whether SB 382 will be repealed or what impacts, if any, SB 382 will have on the UDO. Council desires to extend the

applicability provisions of the UDO until July 1, 2026 so as to comply with SB 382 while awaiting further clarity from the General Assembly.

6. North Carolina General Statute 160D-605(a) provides, in pertinent part, as follows:

When adopting or rejecting any zoning text or map amendment, the governing board shall approve a brief statement describing whether its action is consistent or inconsistent with an adopted comprehensive or land-use plan. The requirement for a plan consistency statement may also be met by a clear indication in the minutes of the governing board that at the time of action on the amendment, the governing board was aware of and considered the Planning Board's recommendations and any relevant portions of an adopted comprehensive or land-use plan. If a zoning map amendment is adopted and the action was deemed inconsistent with the adopted plan, the zoning amendment has the effect of also amending any future land-use map in the approved plan, and no additional request or application for a plan amendment is required. A plan amendment and a zoning amendment may be considered concurrently.

7. Council finds that the proposed amendment to the UDO is consistent with and supports the Valdese Vision: A Land Use Action Plan priorities in that it, among other things, it aims to bring the UDO into compliance with current state statutes pending a final decision on SB 382.
8. The Planning Board met on November 17, 2025 and voted five in favor and zero against recommending that Council amend Section 1.2 of the UDO to delay the effective date until July 1, 2026.

Based upon the recommendation of the Planning Board and the findings from the Public Hearing, Council, having found the Proposed Text Amendment to Section 1.2 "Applicability" to be consistent with the Plan, approves the Proposed Text Amendment to section 1.2 "Applicability."

THE TOWN OF VALDESE,
a North Carolina Municipal Corporation

/s/ Keith Huffman, Mayor

ATTEST:
/s/ Town Clerk

A motion was made by Councilwoman Zimmerman to approve the Unified Development Ordinance Text Amendment Consistency Statement. Seconded by Mayor Pro Tem Lowman. The vote was unanimous and the motion carried.

CONTINUED INDEFINITELY – RESOLUTION ABOLISHING THE VALDESE HOUSING AUTHORITY

Town Attorney Swanson recounted that this item had been tabled at the last meeting to give him more time to explore how it would be resolved. Town Attorney Swanson disclosed that he needed more time to explore resolutions. Town Attorney Swanson suggested, instead of the item returning to the Agenda repeatedly, that Council could make a motion to table the item indefinitely. Town Attorney Swanson noted that when the opportune time arose he would bring the item back to Council.

Councilman Ogle made a motion to table the resolution indefinitely. Seconded by Mayor Pro Tem Lowman. The vote was unanimous and the motion carried.

APPOINTMENT TO THE VALDESE PLANNING BOARD – ALTERNATE POSITION

Mayor Huffman disclosed that there were two applicants for the position.

Mayor Pro Tem Lowman made a motion to appoint Charlie Watts to the Planning Board, as an alternate. Seconded by Councilwoman Radabaugh. The motion passed with four (4) votes for (Mayor Pro Tem Lowman, Councilwoman Radabaugh, Councilman Ogle, and Councilwoman Zimmerman) and one (1) vote against (Councilwoman Ward).

MANAGER'S REPORT Town Manager Todd Herms reported:

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Bluegrass at the Rock welcomes the Malpass Brothers – January 10, 2026, at 7:30 p.m., Old Rock School Auditorium – tickets available at visitvaldese.com

Members of the Valdese Town Council will attend the Essentials of Municipal Government course on January 15 and 16, 2026 in Asheville, NC. A quorum may be present, but no Town business will be discussed.

Members of the Valdese Town Council will be taking site visits to different departments in January. A quorum may be present, but no Town business will be discussed.

Town Offices Closed on January 19, 2026, in observance of Martin Luther King Jr. Day Holiday.

Old Colony Players Present: Disney Pixar Finding Nemo Jr., January 29, 30, 31 at 7:30 p.m. & February 1 at 2:30 p.m., Old Rock School Auditorium

Next Regular Council meeting scheduled for Monday, February 2, 2026, 6:00 p.m., Council Chambers, Valdese Town Hall

Members of the Valdese Town Council will be attending the Rotary Club, on January 6, 2026. A quorum may be present, but no Town business will be discussed.

MAYOR AND COUNCIL COMMENTS:

Councilwoman Zimmerman shared that she appreciated the State of the Department Agenda Item which was started on the present day. Councilwoman Zimmerman also thanked Mr. Andersen for presenting. Councilwoman Zimmerman believed this was a welcome agenda item going forward, and that she looked forward to their insights, discussions, challenges, improvements, and what they had accomplished.

At 7:00 pm, Mayor Pro Tem Lowman made a motion to go into Closed Session under NC General Statute 143-318.11(a)(3) to consult with an attorney retained by the Town in order to preserve the attorney-client privilege between the Town attorney and the Town Council, which privilege is hereby acknowledged. Seconded by Councilwoman Zimmerman. The vote was unanimous and the motion carried.

At 7:14 pm, Councilwoman Ward made a motion to go out of Closed Session, seconded by Mayor Pro Tem Lowman. The vote was unanimous and the motion carried.

ADJOURNMENT: At 7:15 p.m., there being no further business to come before Council, Mayor Pro Tem Lowman made a motion to adjourn, seconded by Councilwoman Radabaugh. The vote was unanimous.

Town Clerk

Mayor

mr

Town of Valdese

AGENDA MEMO



☒ Resolution ☐ Ordinance ☐ Contract ☐ Discussion ☐ Information Only

To: Valdese Town Council

From: Michael Rapp - Town Planner

Subject: Resolution Declaring Intent to Consider the Closure of an Unopened ROW & Calling a Public Hearing

Meeting: February 2, 2026

Presenter: Consent Agenda

ITEM OF INTEREST:

Closure of UnOpened Right-of-Way on Faet Street Southwest

BACKGROUND INFORMATION:

The Town has received a request to permanently close an unopened portion of the Faet Street SW right-of-way (the "Unopened ROW"). The Unopened ROW is located south of Burke County PIN 2733825079 and north of Burke County PIN 2733814633, extends beyond the existing improved portion of Faet Street SW through undeveloped property, and has an approximate length of 160 feet. This segment has never been opened or improved for vehicular or pedestrian use and does not serve a current or future public transportation purpose.

Under N.C.G.S. 160A-299, the Valdese Town Council has authority to permanently close streets, alleys, or portions thereof that are not needed for public purposes. The statute requires that Council first adopt a resolution declaring its intent to consider the closure and call a public hearing, with notice provided by (1) publication of the resolution once each week for four consecutive weeks, (2) mailed notice by certified mail to all adjoining property owners, and (3) posting notice at two or more locations along the unopened right-of-way proposed for closure.

The attached Resolution of Intent is the required first step in the statutory process and does not itself close the Unopened ROW. Following the public hearing, if Council determines that the proposed closure is not contrary to the public interest and that no property owner would be deprived of reasonable means of ingress and egress, Council may then consider adoption of a separate Order to Permanently Close the Unopened ROW of Faet Street SW and record that order with the Burke County Register of Deeds.

Public Hearing would occur at the March 2, 2026 Regular Council Meeting.

BUDGET IMPACT:

N/A

RECOMMENDATION / OPTIONS:

Staff recommends that Council adopt the attached resolution.

LIST OF ATTACHMENTS:

Resolution of Intent to Consider the Closure of an Unopened Right-of-Way and Calling a Public Hearing

RESOLUTION OF INTENT TO PERMANENTLY CLOSE UNOPENED RIGHT-OF-WAY OF FAET STREET SW

WHEREAS, the Town of Valdese has received a request from an adjoining property owner to permanently close an unopened portion of a right-of-way identified as Faet Street SW (the “Unopened ROW”), said Unopened ROW being located to the south of Burke County PIN: 2733825079 and to the north of Burke County PIN: 2733814633; and

WHEREAS, the Unopened ROW extends beyond the existing improved street through an undeveloped property and serves no current or future public transportation purpose; and

WHEREAS, the Town Council of the Town of Valdese finds that the Unopened ROW is not needed for public use and that its closure would promote orderly land development, clarify property boundaries, and eliminate an unnecessary right-of-way from the Town’s inventory; and

WHEREAS, N.C.G.S. 160A-299 authorizes municipalities to permanently close any street or portion thereof that is not needed for public purposes, following proper notice and public hearing; and

WHEREAS, adoption of this Resolution of Intent is the first step in the statutory process and establishes the date, time, and place of a public hearing to consider the proposed closure.

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Valdese that:

1. Intent to Close: The Town Council hereby declares its intent to permanently close the Unopened ROW, more particularly described as follows:

The southeastern portion of Faet Street SW being located to the south of Burke County PIN: 2733825079 and to the north of Burke County PIN: 2733814633, having an approximate length of 160 feet. The road segment lies within the corporate limits of the Town of Valdese.

2. Public Hearing: A public hearing on the proposed permanent closure of the Unopened ROW shall be held by the Town Council at 6:00 p.m. on March 2, 2026, at the Town of Valdese Town Hall located at 102 Massel Avenue, Valdese, North Carolina, at which time all interested persons shall be heard on the question of whether the proposed closure is contrary to the public interest or would deprive any property owner of reasonable means of ingress and egress.
3. Notice of Hearing: The Town Clerk is directed to:
 - a. Publish this Resolution of Intent once each week for four (4) consecutive weeks in a newspaper of general circulation prior to the public hearing;

- b. Post a copy of this Resolution of Intent at two or more prominent locations along the unopened portion of Faet Street SW proposed for closure for a minimum of twenty (20) days prior to the hearing; and
 - c. Mail a copy of this Resolution of Intent by certified mail to all property owners adjoining the portion of Faet Street SW proposed for closure.
4. Purpose: The purpose of this Resolution of Intent and the subsequent public hearing is to allow all interested persons an opportunity to be heard on the question of whether closing the Unopened ROW would be contrary to the public interest or would deprive any individual owning property in the vicinity of reasonable access to their property.
5. Further Action: Following the public hearing, the Town Council may adopt an Order to Permanently Close the Unopened ROW of Faet Street SW if it determines that the closing is not contrary to the public interest and that no property owner will be deprived of reasonable access as a result of the closure.

ADOPTED and APPROVED this the ____ day of _____, 2026.

Keith Huffman

Mayor

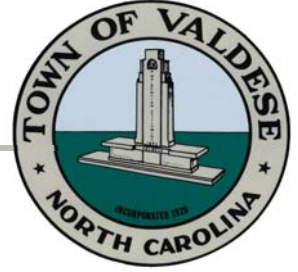
ATTEST:

Jessica Lail

Town Clerk

Town of Valdese

AGENDA MEMO



☐ Resolution ☐ Ordinance ☒ Contract ☐ Discussion ☐ Information Only

To: Valdese Town Council

From: Town Attorney - Timothy Swanson

Subject: Settlement Agreement - Hook Properties LLC

Meeting: Regular Council Meeting - February 2, 2026

Presenter: Consent Agenda

ITEM OF INTEREST:

Settlement Agreement between the Town of Valdese and Hook Properties LLC

BACKGROUND INFORMATION:

Hook Properties LLC owns the property at 1017 Faet Street SW containing a principal dwelling and an accessory dwelling. In October 2024, a zoning permit was issued to renovate the accessory dwelling. Subsequent inspections determined the renovation exceeded permitted size, failed to meet setback requirements, and unlawfully expanded a nonconforming structure. On June 9, 2025, the Town issued a Notice of Violation and assessed a \$50 per day civil penalty. The NOV was not appealed. Due to lot constraints, the violations cannot be remedied without incorporating an adjacent unopened ROW.

Key terms of the Settlement Agreement include:

Hook Properties will deposit \$10,550.00 into the Town Attorney's trust account. Funds are held pending completion of the agreement. The Town will initiate a public hearing under N.C.G.S. 160A-299 to consider closure of approximately 160 feet of unopened ROW along Faet Street SW. If Council does not approve closure, the agreement terminates. If closed, Hook Properties may submit an offer to purchase the Town's one-half interest in the ROW for \$500.00, subject to the upset bid process under N.C.G.S. 160A-269. Council retains full discretion to reject any offer. If the ROW is closed and conveyed, Hook Properties will combine the ROW with the property, subdivide to create conforming lots, obtain required change-of-use and zoning permits, and abate all zoning violations. If the agreement terminates at any stage, the Town resumes enforcement. Civil penalties are tolled during the agreement period and resume if invalidated.

The agreement does not obligate Council to close the ROW or convey Town property. Council discretion is preserved at each step. Approval of the agreement authorizes a process, not a predetermined outcome.

BUDGET IMPACT:

RECOMMENDATION / OPTIONS:

The Town Attorney recommends Council review the proposed Settlement Agreement and, if agreeable, authorize staff to proceed with the statutory public hearing on the unopened ROW. Any further actions remain subject to Council approval.

LIST OF ATTACHMENTS:

Settlement Agreement

SETTLEMENT AGREEMENT

This Settlement Agreement (the “**Agreement**”) is made and entered into by and between Town of Valdese, a North Carolina municipal corporation, having a mailing address of P.O. Box 339, Valdese, NC 28690 (“**Valdese**”) and Hook Properties, LLC, a North Carolina limited liability company, having a mailing address of P.O. Box 789, Morganton, NC 28655 (“**Hook Properties**”). This Agreement is effective as of the last date herein below signed (“**Effective Date**”). The identified parties are at times referred to herein collectively as “**Parties**” and individually as a “**Party**.”

RECITALS

WHEREAS, Valdese is a municipal body politic and corporate authorized to exercise all powers, duties, rights, privileges, and immunities conferred upon it by its charter, the North Carolina Constitution, and general or local law. See Division 1, Article I, Section 1.2 of the Code of Ordinances. N.C. Gen. Stat. § 160D-702 authorizes cities and towns to regulate and restrict the height, number of stories, and size of buildings and other structures, as well as the location and use of buildings, structures and land. N.C. Gen. Stat. § 160D-703 further authorizes cities and towns to divide their territorial jurisdictions into zoning districts to regulate and restrict the erection, construction, reconstruction, alternation, repair, or use of buildings, structures, or land; and

WHEREAS, acting on the authority granted by Chapter 160D of the North Carolina General Statutes, Valdese has adopted zoning regulations for the Town of Valdese in Division II, Part 9, Chapter 3 of the Code of Ordinances and has divided its territorial jurisdiction into the following zoning districts: R-8 Residential District, R-12 Residential District, R-12A Residential District, O-I Office-Institutional District, B-1 Central Business District, B-2 General Business District, M-1 General Manufacturing District, and FP Floodplain Overlay District. The R-8 Residential District is intended to provide for scaled residential development. Properties located within the R-8 Residential District are regulated and restricted by Division II, Part 9, Chapter 3, Article E of the Code of Ordinances; and

WHEREAS, single-family dwellings are permitted by right in the R-8 Residential District. See Section 9-3051.1(a)(11) of the Code of Ordinances. Accessory dwellings are permitted in the R-8 Residential District only upon satisfaction of special requirements, including but not limited to the following: (a) a detached accessory dwelling must be housed in a building not exceeding six hundred fifty (650) square feet of first-floor area (maximum footprint); (b) the accessory dwelling living area must not exceed six hundred fifty (650) square feet of floor area; (c) detached accessory dwelling must be located in the established rear yard and meet the setback standards applicable for accessory buildings; and (d) the maximum height for an accessory dwelling must be no more than twenty (20) feet. See Sections 9-3051.1(b)(1), 9-3060, and 9-3060.01 of the Code of Ordinances; and

WHEREAS, the setback standards applicable to accessory dwellings require that all parts of an accessory building, including the footings and roof overhang, must be a minimum of ten (10) feet from any lot line and, in the case of corner lots, must be a minimum of twenty (20) feet from any side line right-of-way line. See Section 9-3039 of the Code of Ordinances.

WHEREAS, the Code of Ordinances defines “accessory dwelling” as a dwelling which is located on the same lot as a detached or attached single-family house, has a first-floor area no greater than six hundred fifty (650) square feet, and is owned by the owner of the principal dwelling unit but occupied by another. See Section 9-3012 of the Code of Ordinances; and

WHEREAS, on June 19, 2023, Hook Properties purchased the property commonly known as 1017 Faet Street SW, Valdese, North Carolina, PIN: 2733825079 (the “**Property**”), being more particularly described in Book 2690, Page 576, Burke County Registry. The Property is located within the corporate limits of the Town of Valdese, is zoned R-8 Residential District, and is subject to the regulations and restrictions contained in Division II, Part 9, Chapter 3 of the Town of Valdese Code of Ordinances; and

WHEREAS, as of June 19, 2023, the Property contained one single-family dwelling and one accessory dwelling; and

WHEREAS, on or about October 24, 2024, Hook Properties applied for a zoning permit to renovate the accessory dwelling located on the Property. On October 24, 2024, the Planning Director for Valdese approved the zoning permit application and issued Zoning Permit Number: Z2024-00067 (the “**Zoning Permit**”). The Zoning Permit expressly required that all renovations comply with the requirements of the R-8 Residential District and Section 9-3060.1, Accessory Dwelling Conditions, of the Code of Ordinances; and

WHEREAS, Valdese contends that following issuance of the Zoning Permit, Hook Properties renovated the accessory dwelling on the Property in a manner that did not comply with Sections 9-3060.1(5), (6), and (7) the Code of Ordinances. Specifically, the renovation resulted in: (a) the first-floor area exceeding 650 square feet; (b) failure to meet applicable setback standards; (c) structure exceeding the maximum permitted height of twenty (20) feet; and (d) enlargement of a nonconforming structure; and

WHEREAS, on June 9, 2025, after determining work had been undertaken in violation of the development regulations adopted pursuant to Chapter 160D of the North Carolina General Statutes, Valdese, by and through its Planning Department, issued and delivered a written Notice of Violation (“**NOV**”) to Hook Properties citing Hook Properties for violation of Sections 9-3060.1(5)-(7) and 9-3032.2(a) of the Code of Ordinances. In the NOV, and pursuant to Section 9-3120 of the Code of Ordinances and N.C. Gen. Stat. §§ 160D-404 and 160A-175, Valdese imposed a civil penalty of fifty dollars (\$50.00) per day for the violations until the violations are abated (the “**Daily Civil Penalty**”). Hook Properties did not appeal the NOV to the Board of Adjustment and has not abated the violations; and

WHEREAS, as of January 7, 2026, the total balance of the Daily Civil Penalty amounted to Ten Thousand Five Hundred Fifty and No/100 Dollars (\$10,550.00) (the “**Accumulated Civil Penalty**”); and

WHEREAS, the Parties, now desiring to resolve all outstanding matters between them, have reached a mutual understanding and settlement of all matters in controversy between them including, but not limited to, those claims which relate to the zoning violations and civil penalties.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth in this Agreement and for such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties to this Agreement hereby agree as follows:

1. SETTLEMENT PAYMENT. Within five (5) days from the Effective Date of this Agreement, Hook Properties shall deposit the Accumulated Civil Penalty in the amount of \$10,550.00 into the “Young, Morphis, Bach & Taylor, LLP Trust Account.” Young, Morphis, Bach & Taylor, LLP (“**YMBT**”) shall hold the Accumulated Civil Penalty in its trust account subject to the terms of this Agreement. If the ROW (defined below) is closed, and if Hook Properties purchases Valdese’s one-half interest in the ROW, YMBT shall distribute the Accumulated Civil Penalty to Valdese in full and final satisfaction of the civil penalty owed. If the ROW is not closed or if Hook Properties does not purchase Valdese’s one-half interest in the ROW, YMBT shall return the Accumulated Civil Penalty to Hook Properties.

2. ROAD CLOSURE. After the Accumulated Civil Penalty is deposited in the YMBT Trust Account, Valdese shall call a public hearing pursuant to N.C. Gen. Stat. § 160A-299 to consider closure of approximately 160 feet of an unopened right of way located along Faet Street SW (the “**ROW**”). The Parties acknowledge that Hook Properties owns the Property situated to the north of the ROW (PIN: 2733825079) and Valdese owns the properties situated to the south of the ROW (PIN: 2733814633 and 2733814911). Valdese will use its best efforts to consider the road closure on its March 2, 2026 agenda. If the Council for Valdese does not vote to close the ROW, this Agreement shall become null and void.

3. OFFER TO PURCHASE TOWN-OWNED PORTION OF UNOPENED ROW. If the Council for Valdese votes to close the ROW, the Parties acknowledge and agree that in accordance with N.C. Gen. Stat. § 160A-299, all right, title, and interest in the ROW shall be conclusively presumed to be vested in those persons owning lots or parcels of land adjacent thereto, namely, Hook Properties and Valdese, and that the title of such adjoining owners, for the width of the abutting land owned by them, shall extend to the centerline of the ROW.

If the Council for Valdese votes to close the ROW, Hook Properties shall have the option to make an offer to purchase Valdese’s one-half interest in the ROW and, if Council for Valdese proposes to accept the offer, Hook Properties shall deposit five percent (5%) of its bid with the Valdese town clerk and the town clerk shall publish notice of the offer pursuant to N.C. Gen. Stat. § 160A-269. Within ten (10) days any person may raise the bid by not less than ten percent (10%) of the first one thousand dollars (\$1,000) and five percent (5%) of the remainder. When a bid is raised, the bidder shall deposit with the town clerk five percent (5%) of the increased bid, and the clerk shall readvertise the offer at the increased bid. This procedure shall be repeated until no further qualifying upset bids are received, at which time the Council may accept the offer and sell Valdese’s one-half interest in the ROW to the highest bidder. The Council for Valdese may at any time reject any and all offers.

The Council for Valdese will authorize the upset bid process upon receipt of an offer from Hook Properties to purchase Valdese’s one-half interest in the ROW for \$500.00. If Hook Properties is the highest bidder and the Council for Valdese accepts the offer, the Parties shall promptly close on the transaction. If Hook Properties withdraws its offer or is not the highest bidder, or if the Council rejects Hook Properties’ offer, this Agreement shall become null and void.

4. REMEDICATION OF ZONING VIOLATIONS. In the event the Parties fulfill the terms outlined in Section 1-3 of this Agreement, Hook Properties will have the ability to and shall abate all existing zoning violations by combining the entire ROW with the Property and then subsequently subdividing the Property to create two conforming parcels under the Valdese zoning ordinance. Hook Properties shall obtain a change-of-use permit from Valdese changing the designated use of the Property from residential to mixed use and shall obtain a zoning permit from Valdese allowing the accessory dwelling to be treated as a duplex/office space. The Valdese Planning Department will use best efforts to review any required permit applications, surveys, or other documents required for issuance of the change-of-use permit and zoning permit within five (5) days of Hook Properties submitting required application and supporting documentation.

Absent any unforeseen circumstances, upon payment of all required fees, the Valdese Utilities Department will use its best efforts to install the water taps and meters at the Property within ten (10) days of Hook Properties' compliance with all permitting requirements.

5. EFFECT OF INVALIDATION OF AGREEMENT. If this Agreement is declared null and void under Sections 2 or 3 above, the Parties agree that they will be returned to the positions they were in prior to entering into this Agreement and shall be entitled to pursue and/or defend enforcement of the NOV as permitted by law. The Parties agree that the Daily Civil Penalty shall be tolled beginning January 7, 2026 until invalidation of this Agreement under Sections 2 or 3 if invalidation occurs, at which time the Daily Civil Penalty shall resume and shall be added to the Accumulated Civil Penalty until the violations are abated. This provision shall survive termination or invalidation of this Agreement.

6. COST, FEES, AND EXPENSES. The Parties agree to bear their own attorneys' fees and costs arising from or related to the matters settled herein.

7. BINDING EFFECT. This Agreement shall be binding upon the Parties and their respective heirs, representatives, successors, and assigns.

8. NO ADMISSION. This Agreement shall not be construed as an admission of liability on the part of any Party hereto.

9. REPRESENTATION. Each Party has consulted with, or had the opportunity to consult with, an attorney of their choice regarding this Agreement prior to its execution. Each attorney or Party has been afforded a full opportunity to read, review, and consider this Agreement. Each attorney or Party has had the opportunity to and has negotiated the Agreement terms.

10. PARTIAL INVALIDITY. If any Agreement term is to any extent illegal, otherwise invalid, or incapable of being enforced, such part shall be excluded to the extent of such invalidity or unenforceability, the remaining Agreement terms shall remain in full force and effect, and, to the extent permitted and possible, any invalid or unenforceable term shall be replaced or modified by the court in a manner that is valid and enforceable and that comes closest to expressing the Parties' intention as expressed in the Agreement.

11. ENTIRE AGREEMENT; CONSTRUCTION. This Agreement constitutes the entire agreement between the Parties relating to the Litigation. The Agreement may not be

altered, amended, modified, or otherwise changed in any respect whatsoever except by a writing signed by the Parties hereto. The Agreement shall be construed without regard to the identity of the drafter and therefore shall not be construed against the drafting Party. The paragraph headings in the Agreement shall not bear independent meaning and shall be disregarded in the construction of any provision, term, or condition of the Agreement.

12. COUNTERPART EXECUTION; FACSIMILE SIGNATURES. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which shall, when collated together, constitute one and the same Agreement. Each person signing the Agreement represents hereby that they have the authority to execute the Agreement for the Party for whom they sign. Either Party may provide a facsimile or electronic signature of its execution of this Agreement and the other Party shall accept the same as an original.

13. GOVERNING LAW; ENFORCEMENT. This Agreement shall be deemed to have been made and performed in North Carolina. All rights arising under this Agreement, and all disputes and controversies arising from or in connection with this Agreement, including but not limited to, enforcement of any term of condition of this Agreement, shall be governed by and determined in accordance with the laws of North Carolina only, and without regard for any choice of laws rules. If any action or claim for breach, alleged breach, or which in any way relates to this Agreement is brought, the Parties agree that the prevailing Party is entitled to an award of costs and reasonable attorneys' fees.

14. NON-ASSIGNMENT/AUTHORITY. Each person who signs this Agreement represents and warrants that he/she has the authority to sign the Agreement on behalf of the Party on whose behalf he/she is signing the Agreement, he/she is acting within the course and scope of such authority in executing this Agreement, and that this Agreement shall be binding on said Party. The Parties have entered this Agreement voluntarily and neither this Agreement nor the settlement that it memorializes results from duress, coercion, misrepresentation, or undue influence by or on behalf of any Party. Each Party states that Party has the sole right and exclusive authority to execute this Agreement and to receive the Settlement Payment and no part of any claim released herein has been assigned to any third party.

[SIGNATURE APPEAR ON THE FOLLOWING PAGES]

IN WITNESS WHEREOF, the Parties, having read the foregoing Agreement and fully understanding it, voluntarily execute this Agreement as of the Effective Date.

Town of Valdese

Hook Properties, LLC

By:

By:

Title

Title:

Attest

Attest:

Title:

Title:

Approved as to Form:

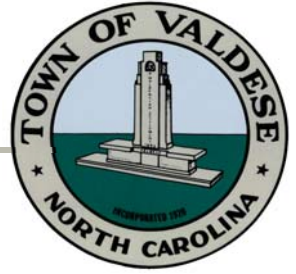
By:

Title:

Date:

Town of Valdese

AGENDA MEMO



☐ Resolution ☐ Ordinance ☐ Contract ☐ Discussion ☒ Information Only

To: Valdese Town Council

From: Town Clerk

Subject: State of the Department Report

Meeting: February 2, 2026

Presenter: Assistant Town Manager/CFO Bo Weichel

ITEM OF INTEREST:

State of the Department Report - Finance Department

BACKGROUND INFORMATION:

Each month, a Town of Valdese department will provide Council with a short State of the Department report. This report is intended to offer an overview of current operations, highlight recent accomplishments, and outline priorities moving forward.

For this month, the Finance Department is providing its State of the Department.

BUDGET IMPACT:

N/A

RECOMMENDATION / OPTIONS:

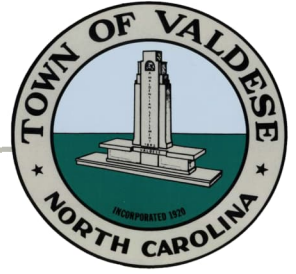
N/A

LIST OF ATTACHMENTS:

N/A

Town of Valdese

COUNCIL MEMO



☐ Resolution ☐ Ordinance ☐ Contract ☐ Discussion ☒ Information Only

To: Valdese Town Council

From: Bo Weichel, Assistant Town Manager / CFO

Subject: Annual Audit

Meeting: 2/2/2026

Presenter: Lowdermilk Church & Co., LLP

ITEM OF INTEREST:

Financial update for fiscal year ending June 30, 2025

BACKGROUND INFORMATION:

The Town's audit has been submitted, reviewed, and accepted by the Local Government Commission (LGC).

The final step in the annual audit process is for the Town's audit firm, Lowdermilk Church & Co., LLP, to provide a financial update.

They will also be available to answer any financial audit related questions.

Any financial advisory or opinion related questions on the health of the Town's finances should be directed to the CFO. The auditors do not have legal authority and could cause a conflict of interest if providing financial related advice.

BUDGET IMPACT:

None

RECOMMENDATION / OPTIONS:

None

LIST OF ATTACHMENTS:

Audit report for fiscal year ending June 30, 2025

TOWN OF VALDESE, NORTH CAROLINA

Financial Statements, Supplemental Schedules,
Independent Auditors' Report, and Compliance Reports
For the Year Ended June 30, 2025

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

TOWN OF VALDESE, NORTH CAROLINA

Town Officials
June 30, 2025

Mayor

Charles Watts

Town Council Members

Glenn Harvey

Rexanna Lowman

Gary Ogle

Heather Ward

Melinda Zimmerman

Other Town Officials

Bo Weichel

Interim Town
Manager/CFO

Rexanna Lowman

Town Treasurer

Gary Ogle

Mayor Pro Tem

Jessica Lail

Town Clerk/HR

Kimberly Cline

Tax Collector

Timothy D Swanson

Town Attorney

TOWN OF VALDESE, NORTH CAROLINA

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Financial Section

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

121 North Sterling Street
Morganton, North Carolina 28655
Phone: (828) 433-1226
Fax: (828) 433-1230

Independent Auditors' Report

To the Honorable Mayor and
Members of the Town Council
Town of Valdese, North Carolina

Report on the Audit of Financial Statements

Opinion

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

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Valdese, 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Valdese, North Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Town of Valdese ABC Board were not audited in accordance with *Government Auditing Standards*.

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

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Town of Valdese, North Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Valdese, North Carolina's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Post-employment Benefits' Schedule of Changes in Total OPEB Liability and Related Ratios, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, on pages 4-11 and 56-60 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Valdese, North Carolina's basic financial statements. The accompanying combining and individual fund financial statements, budgetary schedules, other schedules and schedules of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Award and the State Single Audit Implementation Act.

are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2025, on our consideration of the Town of Valdese, North Carolina'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 the Town of Valdese, North Carolina'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 Town of Valdese, North Carolina's internal control over financial reporting and compliance.

Lowdermilk Church & Co., L.L.P.

Morganton, North Carolina
December 5, 2025

Management's Discussion and Analysis

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

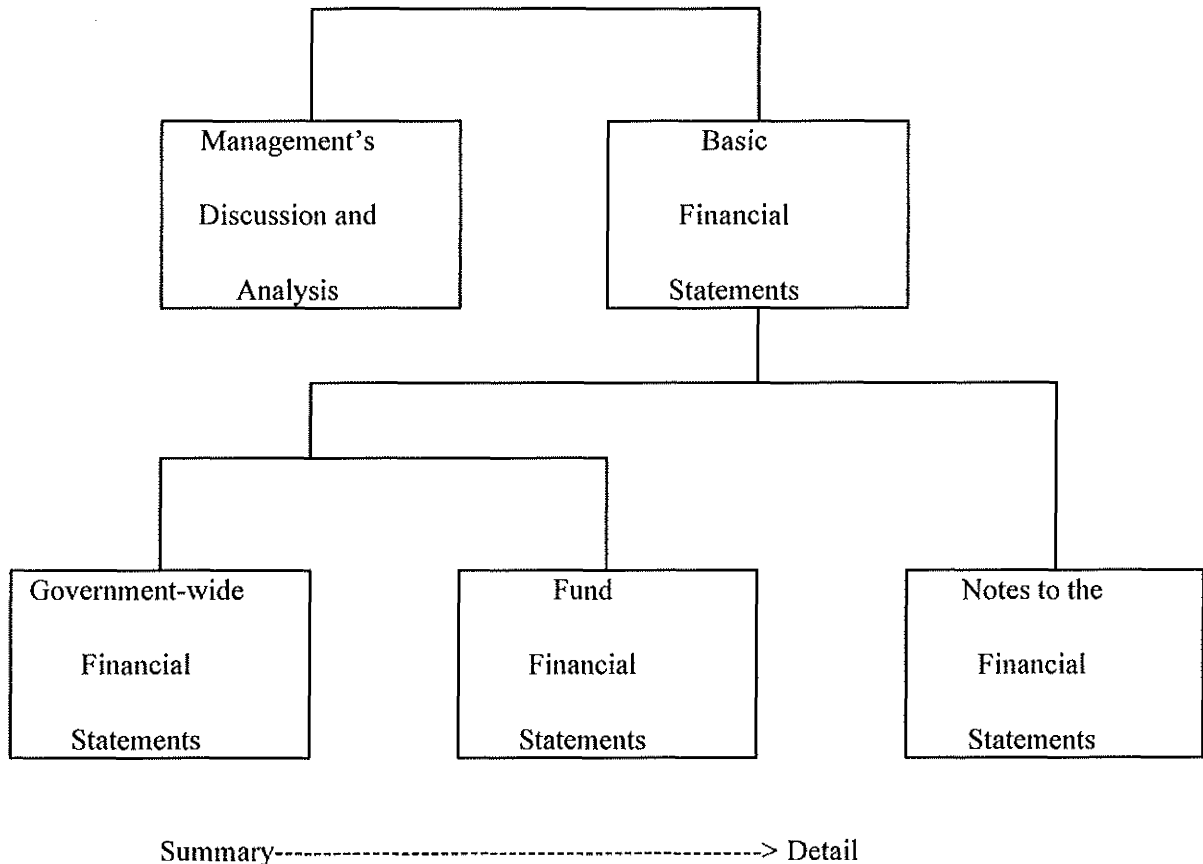
Financial Highlights

- The assets of the Town of Valdese exceeded its liabilities at the close of the fiscal year by \$36,867,845 (net position).
- The government's total net position increased by \$2,255,510.
- As of the close of the current fiscal year, the Town of Valdese's governmental funds reported combined ending fund balances of \$12,066,251, with a net increase of \$1,502,085, in fund balance. Approximately 11.29 percent of this total amount, or \$1,362,938, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,123,452, or 125.43 percent of total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 10) are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the Fund Financial Statements: 1) the Governmental Funds Statements; 2) the Budgetary Comparison Statements; and 3) the Proprietary Fund Statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this part of the statements.

Government-Wide Financial Statements

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

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer services offered by the Town of Valdese. The final category is the component unit. Although legally separate from the Town, the ABC Board is important to the Town. The Town exercises control over the Board by appointing its members, and because the Board is required to distribute its profits to the Town.

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

Fund Financial Statements

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

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

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

Proprietary Funds - The Town of Valdese has one proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Valdese uses enterprise funds to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Valdese's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 55 of this report.

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

Government-Wide Financial Analysis

Town of Valdese's Net Position						
Figure 2						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 14,446,712	\$ 13,058,092	\$ 6,737,150	\$ 5,808,568	\$ 21,183,862	\$ 18,866,660
Capital assets	5,930,997	5,771,327	23,565,347	23,671,038	29,496,344	29,442,365
Deferred outflows of resources	1,091,520	1,345,755	421,375	510,138	1,512,895	1,855,893
Total assets and deferred outflows of resources	21,469,229	20,175,174	30,723,872	29,989,744	52,193,101	50,164,918
Long-term liabilities outstanding	5,675,389	5,845,378	6,609,826	6,541,155	12,285,215	12,386,533
Other liabilities	2,294,017	2,385,285	286,375	226,746	2,580,392	2,612,031
Deferred inflows of resources	395,208	479,054	64,443	74,970	459,651	554,024
Total liabilities	8,364,614	8,709,717	6,960,644	6,842,871	15,325,258	15,552,588
Net Position:						
Net investment in capital assets	3,418,505	3,105,984	17,983,061	18,158,521	21,401,566	21,264,505
Restricted	1,110,156	1,403,065	-	-	1,110,156	1,403,065
Unrestricted	8,575,954	6,956,408	5,780,168	4,988,356	14,356,122	11,944,764
Total net position	\$ 13,104,615	\$ 11,465,457	\$ 23,763,229	\$ 23,146,877	\$ 36,867,844	\$ 34,612,334

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets of the Town of Valdese exceeded liabilities by \$36,867,844 as of June 30, 2025. The Town's net position increased by \$2,255,510 for the fiscal year ended June 30, 2025. However, the largest portion, 58.04%, reflects the Town's investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The Town of Valdese uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Valdese's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Valdese's net position \$1,110,156 (3.01%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$14,356,122 is unrestricted.

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

- Partnership with the Burke County Tax Collectors office in the collection of taxes and penalization of delinquent taxes, with a collection rate of 99.35%.
- Continued decrease in outstanding principal balance of long-term debt.
- Grant funding contributions toward projects, especially grants cover a significant portion of large water and wastewater projects.
- Annual review and re-prioritizing of 10-year capital improvement needs.
- Proactive stance on monitoring spending across Town departments to ensure compliance with the budget.

Town of Valdese's Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue:						
Program revenues:						
Charges for services	\$ 821,393	\$ 799,426	\$ 7,301,423	\$ 6,149,682	\$ 8,122,816	\$ 6,949,108
Operating grants and contributions	558,013	254,082	26,875	-	584,888	254,082
Capital grants and contributions	1,479,809	237,484	104,147	158,382	1,583,956	395,866
General revenues:					-	-
Property taxes	2,512,594	2,940,020	-	-	2,512,594	2,940,020
Other taxes	2,576,341	2,531,627	-	-	2,576,341	2,531,627
Other	966,917	522,892	244,270	54,703	1,211,187	577,595
Total revenues	8,915,067	7,285,531	7,676,715	6,362,767	16,591,782	13,648,298
Expenses:						
General government	956,413	1,077,601	-	-	956,413	1,077,601
Public safety	2,450,353	2,682,018	-	-	2,450,353	2,682,018
Transportation	499,399	470,328	-	-	499,399	470,328
Environmental protection	585,559	406,288	-	-	585,559	406,288
Economic and physical development	1,441,163	1,373,523	-	-	1,441,163	1,373,523
Culture and recreation	1,475,838	1,477,594	-	-	1,475,838	1,477,594
Interest on long-term debt	88,184	93,794	-	-	88,184	93,794
Water and sewer	-	-	6,839,362	6,099,218	6,839,362	6,099,218
Total expenses	7,496,909	7,581,146	6,839,362	6,099,218	14,336,271	13,680,364
Increase (decrease) in net position before transfers	1,418,158	(295,615)	837,353	263,549	2,255,510	(32,066)
Transfers	221,000	221,000	(221,000)	(221,000)	-	-
Increase (decrease) in net position	1,639,158	(74,615)	616,352	42,548	2,255,510	(32,067)
Net position July 1	11,465,457	11,540,072	23,146,877	23,104,329	34,612,334	34,644,401
Net position June 30	\$ 13,104,615	\$ 11,465,457	\$ 23,763,229	\$ 23,146,877	\$ 36,867,845	\$ 34,612,334

Governmental Activities - Governmental activities increased the Town's net position by \$1,639,158.

Key elements of this increase are anticipated, and unanticipated events as follows:

- Increased investment income due to idle reserve balance refunds.
- Revenues from grants and contributions higher than the previous year.
- Cost of materials and services from the previous year held steady.
- Total increase in revenue exceeded the smaller increase in expenditures to decrease the net position.

Business-type Activities - Business-type activities increased the Town of Valdese's net position by \$616,352.

Key elements of this increase are as follows:

- Continuation of a Capital Improvement Plan and utility system rate model.
- Increase in the amount of grants received.
- Intentional buildup of fund balance.

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Valdese. At the end of the current fiscal year, available fund balance of the General Fund was \$8,123,452, while the total fund balance reached \$9,584,938. The Town currently has an available fund balance of 125.43 percent of General Fund expenditures, while the total fund balance represents 147.99 percent of that same amount.

At June 30, 2025, the governmental funds of the Town of Valdese reported a combined fund balance of \$12,066,251, a 14.21 percent increase from last year. Included in this change in fund balance are increases in the fund balance in the General Fund and a decrease in the fund balances of the Other Governmental Funds.

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

Proprietary Funds - The Town of Valdese's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$5,780,168. The total change in net position was an increase of \$616,352. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Valdese's business-type activities.

Capital Assets and Debt Administration

Capital Assets - The Town of Valdese's investment in capital assets for its governmental and business-type activities as of June 30, 2025, totals \$29,496,344 (net of accumulated depreciation). These assets include buildings, land, equipment, plant and distribution systems, and vehicles.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Patrol vehicle
- Fire Medic/Emergency Services truck
- Clock tower repairs
- Bowling Center upgrades
- Fitness Center equipment
- Parks and Recreation Comprehensive Plan
- Replace one of eight HVAC units at Town Hall
- Waste Water Plant Aeration Basin upgrades
- Water Plant Valves and Electric Valve Operators
- Jetter for Sewer Lines

**The Town of Valdese's Capital Assets
(Net of Depreciation)**

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 1,859,787	\$ 1,805,787	\$ 316,070	\$ 316,070	\$ 2,175,857	\$ 2,121,857
Buildings	3,048,139	2,869,132	-	-	3,048,139	2,869,132
Plant and distribution systems	-	-	21,280,794	22,458,317	21,280,794	22,458,317
Equipment	667,470	742,312	659,515	524,193	1,326,985	1,266,505
Vehicles and motorized equipment	355,601	354,096	116,759	136,963	472,360	491,059
Construction in progress	-	-	1,192,209	235,495	1,192,209	235,495
Total	\$ 5,930,997	\$ 5,771,327	\$ 23,565,347	\$ 23,671,038	\$ 29,496,344	\$ 29,442,365

Additional information on the Town's capital assets can be found in Note III.A.4 of the Basic Financial Statements.

Long-Term Debt - As of June 30, 2025 the Town of Valdese had total debt outstanding of \$8,094,778.

The Town of Valdese's Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ -	\$ -	\$ 966,000	\$ 991,000	\$ 966,000	\$ 991,000
Direct placement revolving loans	-	-	4,487,245	4,366,727	4,487,245	4,366,727
Direct placement installment purchases	2,512,492	2,665,343	129,041	154,790	2,641,533	2,820,133
Total	\$ 2,512,492	\$ 2,665,343	\$ 5,582,286	\$ 5,512,517	\$ 8,094,778	\$ 8,177,860

The Town of Valdese's total debt decreased by \$83,082 (1.02%) during the past fiscal year.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Valdese is \$42,312,317.

Additional information regarding the Town of Valdese's long-term debt can be found in Note III.B.6 beginning on page 49 of this report.

Economic Factors and Next Year's Budgets and Rates

The following are key economic indicators that continue to affect the status of the Town:

- The Town of Valdese (regional) unemployment rate was 4.1%, compared to the State's rate of 3.7% and the national rate of 4.1% as of June 30, 2025.
- Property taxes remain our largest revenue source.
- Sales and Utility taxes are our next largest revenue source. Both have slowed in growth significantly compared to a few years ago. We project a very modest 2-3% increase for the upcoming budget.
- Through efforts to attract new industry along with pursuing interconnection opportunities with neighboring communities, we are attempting to keep our water and sewer rates as low as possible for both inside and outside customers. The more customers we can add to the system (residential, commercial, and other communities) the cost of the Utility system is spread out more.

- Our utility system has aging infrastructure in the ground and at both the Water and Wastewater Treatment Plants. The Town implements a rate study annually that take these factors into consideration to develop our utility rates.
- In addition to aging infrastructure, the cost of goods and materials such as chemicals and securing States certified professional staff continue to increase. These elements are critical to provide clean water, treat sewage, and provide Town services that exceeds State and industry standards for our communities. These increases are felt nationwide and require additional revenues to maintain the level of services and compliance with regulatory State agencies.

Budget Highlights for the Fiscal Year Ending June 30, 2026

The budget for fiscal year 2025-2026 increased over the previous fatal year. The General fund increased 4.5% due to an increase of capital needs. The majority of the budget increase was in the Utility fund. This is due to a focus on replacing a small portion of aging water and sewer lines.

The property tax rate was unchanged at \$0.415 per one hundred dollars (\$100) valuation.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report, or requests for additional information, should be directed to Director of Finance, Town of Valdese, P. O. Box 339, Valdese, N. C. 28690-0339. One can also call (828) 879-2120 or visit our website www.townofvaldese.com.

**Basic
Financial
Statements**

TOWN OF VALDESE, NORTH CAROLINA

Exhibit 1

Statement of Net Position
June 30, 2025

	Primary Government			Town of Valdese ABC Board
	Governmental Activities	Business- type Activities	Total	
<u>Assets</u>				
Current assets:				
Cash and investments	\$ 13,240,844	\$ 5,557,325	\$ 18,798,169	\$ 157,894
Restricted cash and investments	311,406	106,586	417,992	-
Taxes receivable, net	63,331	-	63,331	-
Accounts receivable, net	65,944	904,237	970,181	-
Interest receivable	23,112	-	23,112	-
Due from other governmental agencies	520,875	-	520,875	-
Prepaid expenses	28,023	9,174	37,197	-
Inventories	193,177	159,829	353,006	329,492
Total current assets	14,446,712	6,737,150	21,183,864	487,386
Non-current assets:				
Capital assets:				
Land, non-depreciable assets and construction in progress	1,859,787	1,508,279	3,368,066	-
Other capital assets, net of depreciation	4,071,210	22,057,068	26,128,278	27,032
Total capital assets	5,930,997	23,565,347	29,496,344	27,032
Total non-current assets	5,930,997	23,565,347	29,496,344	27,032
Total assets	20,377,709	30,302,496	50,680,208	514,418
Deferred outflows of resources	1,091,520	421,375	1,512,895	71,675
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and other current liabilities	240,017	179,789	419,806	145,289
Refundable advances	2,054,000	-	2,054,000	-
Customer deposits	-	106,586	106,586	-
Long-term liabilities				
Due within one year	84,432	401,780	486,212	-
Due in more than one year	5,590,957	6,208,046	11,799,003	91,280
Total liabilities	7,969,406	6,896,201	14,865,607	236,569
Deferred inflows of resources	395,208	64,443	459,651	1,415
<u>Net Position</u>				
Net investment in capital assets	3,418,505	17,983,061	21,401,566	27,032
Restricted for stabilization by state statute	757,849	-	757,849	67,769
Restricted for town revitalization	40,901	-	40,901	-
Restricted for USDA	139,449	-	139,449	-
Restricted for streets	171,957	-	171,957	-
Unrestricted	8,575,954	5,780,168	14,356,122	253,308
Total net position	\$ 13,104,615	\$ 23,763,229	\$ 36,867,845	\$ 348,109

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

TOWN OF VALDESE, NORTH CAROLINA

Exhibit 2

Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Primary Government				Town of Valdese ABC Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position				
					Governmental Activities	Business- type Activities	Total		
Governmental activities:									
General government	\$ 956,413	\$ 107,563	\$ 31,775	\$ -	\$ (817,075)	\$ -	\$ (817,075)	\$ -	
Public safety	2,450,353	799	81,175	-	(2,368,379)	-	(2,368,379)	-	
Transportation	499,399	-	201,179	-	(298,220)	-	(298,220)	-	
Environmental protection	585,559	299,573	-	146,000	(139,986)	-	(139,986)	-	
Cultural and recreational	1,475,838	413,458	243,884	1,333,809	515,313	-	515,313	-	
Economic and physical development	1,441,163	-	-	-	(1,441,163)	-	(1,441,163)	-	
Interest on long-term debt	88,184	-	-	-	(88,184)	-	(88,184)	-	
Total governmental activities	7,496,909	821,393	558,013	1,479,809	(4,637,694)	-	(4,637,694)	-	
Business-type activities:									
Water and sewer	6,839,362	7,301,423	26,875	104,147	-	593,083	593,083	-	
Total business-type activities	6,839,362	7,301,423	26,875	104,147	-	593,083	593,083	-	
Total primary government	\$ 14,336,271	\$ 8,122,816	\$ 584,888	\$ 1,583,956	(4,637,694)	593,083	(4,044,611)	-	
Component unit:									
ABC Board	2,228,955	2,283,073	-	-	-	-	-	54,118	
Total component unit	2,228,955	2,283,073	-	-	-	-	-	54,118	
General revenues:									
Ad valorem taxes					2,512,594	-	2,512,594	-	
Local option sales tax					2,055,943	-	2,055,943	-	
Other taxes					520,398	-	520,398	-	
Unrestricted investment earnings					772,393	41,212	813,605	1,354	
Miscellaneous					194,524	203,058	397,582	-	
Transfers					221,000	(221,000)	-	-	
Total general revenues and transfers					6,276,852	23,270	6,300,122	1,354	
Change in net position					1,639,158	616,352	2,255,510	55,472	
Net position, beginning					11,465,457	23,146,877	34,612,334	292,637	
Net position - ending					\$ 13,104,615	\$ 23,763,229	\$ 36,867,845	\$ 348,109	

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

TOWN OF VALDESE, NORTH CAROLINA

Exhibit 3

Balance Sheet Governmental Funds June 30, 2025

	Major Funds			Total	Total
	General	Old Rock School	Hoyle Creek	Non-Major	Governmental
<u>Assets</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
Cash and investments	\$ 8,705,231	\$ 4,129	\$ 2,054,000	\$ 2,477,484	\$ 13,240,843
Restricted cash and investments	311,406	-	-	-	311,406
Taxes receivable, net	63,331	-	-	-	63,331
Accounts receivable, net	65,944	-	-	-	65,944
Due from other governmental agencies	520,875	-	-	-	520,875
Prepaid expenses	28,023	-	-	-	28,023
Inventories	193,177	-	-	-	193,177
Total assets	<u>\$ 9,887,986</u>	<u>\$ 4,129</u>	<u>\$ 2,054,000</u>	<u>\$ 2,477,484</u>	<u>\$ 14,423,599</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable and other current liabilities	\$ 239,717	\$ 300	\$ -	\$ -	\$ 240,017
Refundable advances	-	-	2,054,000	-	2,054,000
Total liabilities	<u>239,717</u>	<u>300</u>	<u>2,054,000</u>	<u>-</u>	<u>2,294,017</u>
Deferred inflows of resources:					
Property taxes receivable	<u>63,331</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,331</u>
Fund balances:					
Nonspendable:					
Prepaid expenses	28,023	-	-	-	28,023
Inventories	193,177	-	-	-	193,177
Restricted:					
Stabilization by State Statute	757,849	-	-	-	757,849
Encumbrances	171,031	-	-	-	171,031
Town revitalization	-	-	-	40,901	40,901
Streets	171,957	-	-	-	171,957
Committed:					
USDA reserve	139,449	-	-	-	139,449
Assigned:					
Capital projects	-	3,829	-	2,436,583	2,440,412
Unassigned	<u>8,123,452</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,123,452</u>
Total fund balances	<u>9,584,938</u>	<u>3,829</u>	<u>-</u>	<u>2,477,484</u>	<u>12,066,251</u>
Total liabilities and fund balances	<u>\$ 9,887,986</u>	<u>\$ 4,129</u>	<u>\$ 2,054,000</u>	<u>\$ 2,477,484</u>	<u>\$ 14,423,599</u>

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

TOWN OF VALDESE, NORTH CAROLINA
Exhibit 4

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2025**

Total governmental fund balances	\$ 12,066,251
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	5,930,997
Deferred outflows of resources related to pensions are not reported in the funds	1,000,355
Deferred outflows of resources related to OPEB are not reported in the funds	91,165
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	86,444
Deferred inflows of resources related to pensions are not reported in the funds	(147,643)
Deferred inflows of resources related to OPEB are not reported in the funds	(247,565)
Long-term liabilities, including bonds payable, OPEB, pension liability and compensated absences are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(5,675,389)</u>
Net position of governmental activities	<u>\$ 13,104,615</u>

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

TOWN OF VALDESE, NORTH CAROLINA

Exhibit 5

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

	Major Funds			Total	Total
	General	Old Rock School	Hoyle Creek	Non-Major	Governmental
	<u>Fund</u>	<u>Renovation</u>	<u>Restoration</u>	<u>Funds</u>	<u>Funds</u>
Revenues:					
Ad valorem taxes	\$ 2,534,783	\$ -	\$ -	\$ -	\$ 2,534,783
Other taxes and licenses	1,949,273	-	-	-	1,949,273
Unrestricted intergovernmental revenues	649,642	-	-	-	649,642
Restricted intergovernmental revenues	201,179	1,333,809	146,000	-	1,680,988
Sales and services	793,188	-	-	-	793,188
Investment earnings	742,035	-	-	30,358	772,393
Other revenues	232,162	140,784	-	184,053	556,999
Total revenues	<u>7,102,261</u>	<u>1,474,593</u>	<u>146,000</u>	<u>214,411</u>	<u>8,937,267</u>
Expenditures:					
Current:					
General government	934,696	-	-	-	934,696
Public safety	2,347,669	-	-	387,512	2,735,181
Environmental protection	404,733	-	146,000	-	550,733
Transportation	384,482	-	-	-	384,482
Cultural and recreational	1,396,390	-	-	-	1,396,390
Economic and physical development	-	1,035,357	-	378,528	1,413,885
Debt service:					
Principal	152,851	-	-	-	152,851
Interest and other charges	88,184	-	-	-	88,184
Total expenditures	<u>5,709,006</u>	<u>1,035,357</u>	<u>146,000</u>	<u>766,040</u>	<u>7,656,402</u>
Revenues over (under) expenditures	<u>1,393,256</u>	<u>439,236</u>	<u>-</u>	<u>(551,629)</u>	<u>1,280,866</u>
Other Financing Sources (Uses):					
Operating transfers - in	234,460	-	-	754,069	988,529
Operating transfers - out	(767,308)	-	-	-	(767,308)
Total other financing sources (uses)	<u>(532,848)</u>	<u>-</u>	<u>-</u>	<u>754,069</u>	<u>221,221</u>
Net change in fund balances	860,407	439,236	-	202,440	1,502,085
Fund balances (deficit), beginning	8,724,530	(435,407)	-	2,275,043	10,564,166
Fund balances, ending	<u>\$ 9,584,938</u>	<u>\$ 3,829</u>	<u>\$ -</u>	<u>\$ 2,477,484</u>	<u>\$ 12,066,251</u>

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

TOWN OF VALDESE, NORTH CAROLINA
Exhibit 6

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of the 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 because:

Net changes in fund balances - total governmental funds	\$ 1,502,085
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Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.	159,670
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Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	346,223
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in deferred revenue for tax revenues.	22,194

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 assets. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(152,851)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Other postemployment benefits	(15,096)
Pension expense	(210,289)
Compensated absences	<u>(12,778)</u>

Total changes in net position of governmental activities	<u><u>\$ 1,639,158</u></u>
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The notes to the financial statements are an integral part of this statement.

TOWN OF VALDESE, NORTH CAROLINA

Exhibit 7

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

	General Fund			Variance with Final Budget - Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 2,502,069	\$ 2,509,954	\$ 2,534,783	\$ 24,829
Other taxes and licenses	1,879,492	1,879,492	1,949,273	69,781
Unrestricted intergovernmental revenues	579,500	571,615	649,642	78,027
Restricted intergovernmental revenues	166,300	166,300	201,179	34,879
Sales and services	810,886	800,886	793,188	(7,698)
Investment earnings	243,000	243,000	742,035	499,035
Other revenues	165,500	133,450	232,162	98,712
Total revenues	<u>6,346,747</u>	<u>6,304,697</u>	<u>7,102,261</u>	<u>797,566</u>
Expenditures:				
Current:				
General government	1,280,039	1,370,439	934,696	435,743
Public safety	2,299,130	2,374,325	2,347,669	26,656
Transportation	459,764	463,331	404,733	58,598
Environmental protection	382,919	418,874	384,482	34,392
Cultural and recreational	1,381,103	1,486,729	1,396,390	90,339
Debt service:				
Principal	152,851	152,851	152,851	-
Interest and other charges	88,184	88,184	88,184	-
Total expenditures	<u>6,043,990</u>	<u>6,354,733</u>	<u>5,709,006</u>	<u>645,727</u>
Revenues over (under) expenditures	<u>302,757</u>	<u>(50,037)</u>	<u>1,393,256</u>	<u>1,443,293</u>
Other Financing Sources (Uses):				
Appropriated fund balance	(23,757)	582,885	-	(582,885)
Operating transfers - in (out)	(279,000)	(532,848)	(532,848)	-
Total other financing sources (uses)	<u>(302,757)</u>	<u>50,037</u>	<u>(532,848)</u>	<u>(582,885)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>860,407</u>	<u>\$ 860,407</u>
Fund balance, beginning			<u>8,724,530</u>	
Fund balance, ending			<u>\$ 9,584,938</u>	

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

TOWN OF VALDESE, NORTH CAROLINA

Exhibit 8

Statement of Fund Net Position Proprietary Fund June 30, 2025

	<u>Enterprise Fund</u>
	<u>Utility</u>
	<u>Fund</u>
<u>Assets</u>	
Current assets:	
Cash and investments	\$ 5,557,325
Accounts receivable, net	904,237
Inventories	159,829
Prepaid expenses	9,174
Restricted cash and cash equivalents	<u>106,586</u>
Total current assets	<u>6,737,150</u>
Noncurrent assets:	
Capital assets:	
Land and improvements	316,070
Buildings and improvements	20,522,256
Distribution systems	28,896,412
Furniture and maintenance equipment	1,269,282
Vehicles	630,930
Construction in progress	1,192,209
Less accumulated depreciation	<u>(29,261,812)</u>
Capital assets, net	<u>23,565,347</u>
Total noncurrent assets	<u>23,565,347</u>
Total assets	<u>30,302,496</u>
Deferred Outflows of Resources	<u>421,375</u>
<u>Liabilities</u>	
Current liabilities:	
Accounts payable and other current liabilities	179,789
Customer deposits	106,586
General obligation bonds payable - current	37,546
Loans payable - current	<u>364,234</u>
Total current liabilities	688,154
Noncurrent liabilities:	
General obligation bonds payable	1,055,456
Loans payable	4,125,050
Net pension liability	830,010
Other postemployment benefits liability	112,007
Accrued compensated absences	<u>85,523</u>
Total liabilities	<u>6,896,199</u>
Deferred Inflows of Resources	<u>64,443</u>
<u>Net Position</u>	
Net investment in capital assets	17,983,061
Unrestricted	<u>5,780,168</u>
Total net position	<u>23,763,229</u>
Net position of business-type activities	<u>\$ 23,763,229</u>

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

TOWN OF VALDESE, NORTH CAROLINA
Exhibit 9

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2025

	<u>Enterprise Fund</u> <u>Utility</u> <u>Fund</u>
Operating Revenues:	
Charges for services	\$ 6,448,661
Other operating revenues	<u>852,761</u>
Total operating revenues	<u>7,301,423</u>
 Operating Expenses:	
Administration	1,124,758
Water supply and treatment	1,785,049
Wastewater treatment	1,403,983
Water and sewer maintenance	1,093,780
Depreciation	<u>1,386,499</u>
Total operating expenses	<u>6,794,068</u>
 Operating income (loss)	<u>507,355</u>
 Nonoperating Revenues (Expenses):	
Investment earnings	41,212
Interest expense	(45,294)
Disposal of fixed assets	26,875
Grants	120,424
Other	<u>82,634</u>
Nonoperating revenues (expenses), net	<u>225,850</u>
 Income (loss) before operating transfers and capital contributions	733,205
 Capital contributions	104,147
 Transfers (to) from other funds: General fund	<u>(221,000)</u>
 Change in net position	616,352
 Total net position-beginning	<u>23,146,877</u>
 Total net position- ending	<u><u>\$ 23,763,229</u></u>

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

TOWN OF VALDESE, NORTH CAROLINA
Exhibit 10
Page 1 of 2
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2025

	<u>Enterprise Fund</u>
	<u>Utility</u>
	<u>Fund</u>
Cash Flows From Operating Activities:	
Cash received from customers	\$ 7,157,580
Cash paid for goods and services	(5,029,576)
Cash paid to employees	<u>(234,515)</u>
Net cash provided (used) by operating activities	<u>1,893,489</u>
Cash Flows From Noncapital Financing Activities:	
Operating transfers out	<u>(221,000)</u>
Cash Flows From Capital and Related Financing Activities:	
Proceeds from sale of fixed assets	26,875
Addition of construction in progress	(956,714)
Acquisition of capital assets	(324,091)
Proceeds from borrowings on long-term debt	382,609
Principal paid on bonds	(312,841)
Interest paid on bonds	(45,294)
Other	193,057
Capital contributions	<u>114,147</u>
Net cash provided (used) for capital and related financing activities	<u>(922,252)</u>
Cash Flows From Investing Activities:	
Interest on investments	<u>41,212</u>
Net cash provided (used) by investing activities	<u>41,212</u>
Net increase (decrease) in cash and cash equivalents	791,449
Cash and cash equivalents at beginning of year	<u>4,872,462</u>
Cash and cash equivalents at end of year	<u>\$ 5,663,911</u>
	cont.

TOWN OF VALDESE, NORTH CAROLINA
Exhibit 10, cont.
Page 2 of 2
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2025

Enterprise Fund
Utility
Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)
by Operating Activities:

Operating income (loss)	\$ 507,355
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Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided
(Used) by Operating Activities:

Depreciation	1,386,499
Changes in assets, deferred outflows of resources and liabilities:	
(Increase) decrease in receivables	(151,893)
(Increase) decrease in deferred outflows of resources - pension	82,069
(Increase) decrease in deferred outflows of resources - OPEB	6,694
(Increase) decrease in inventories	14,759
Increase (decrease) in net pension liability	(5,552)
Increase (decrease) in payables	51,581
Increase (decrease) in accrued vacation pay and other postemployment benefits	4,454
Increase (decrease) in deferred inflows of resources - pension	5,588
Increase (decrease) in deferred inflows of resources - OPEB	(16,115)
Increase (decrease) in customer deposits	8,050
Total adjustments	<u>1,386,134</u>
Net cash provided (used) by operating activities	<u>\$ 1,893,489</u>

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

TOWN OF VALDESE, NORTH CAROLINA

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

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Valdese, and its discretely presented component unit, conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Valdese is a municipal corporation which is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

The Town of Valdese ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Valdese ABC Board, P. O. Box 1058, Valdese, N. C. 28690.

B. Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities, generally, are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole, or in part, by fees charged to external parties.

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

Fund Financial Statements: The Fund Financial Statements provide information about the Town's funds. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of Fund Financial Statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

Hoyle Creek Restoration Fund - This fund accounts for the funding and expenditures relating to the restoration of Hoyle Creek.

Old Rock School Renovation Fund - This fund is used to account for the renovation of the Old Rock School.

The Town reports the following non-major governmental funds:

Street Improvements Fund - This fund is used to account for improvements to Town streets.

Police Department Capital Project Fund - This fund is used to account for police department capital expenditures.

Public Safety Building Project Fund - This fund is used to account for costs associated with the planning of a new public safety building.

Public Art Fund - This fund is used to account for assets to add art to the Town.

Capital Outlay Fund - This fund accounts for assets held by the Town for the construction of a community house or other capital projects.

Lake Rhodhiss Capital Project Fund - This fund is used to account for improvements to the Lake Rhodhiss Plant.

Pool Structure Fund - This fund is used to account for the construction of a new pool structure.

Community Center Gym Renovation Fund - This fund is used to account for the renovation of the community center gym.

Lakeside Park Phase I Project Fund - This fund is used to acquire revenue for the first phase of the Lakeside Park construction.

The Town reports the following major enterprise fund:

Utility Fund - This fund is used to account for the Town's water and sewer operations.

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements - The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a 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. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when the vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates, are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Town, are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because, generally, they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Capital Project Funds, Special Revenue Funds, and the Enterprise Fund Capital Projects Funds, which are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the object level for the multi-year funds. The Town manager has unlimited authority to transfer appropriations within a department. He is authorized to transfer up to \$1,000 between departments of the same fund with subsequent Board approval. During the year, several immaterial 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 annual ordinance can be adopted. The Capital Outlay Fund is not required to be budgeted.

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

1. Deposits and Investments

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

State law (G.S. 159-30(c)) authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

The Town's investments and the ABC Board's investments are reported at fair value. Non-participating, interest-earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2025, the Term portfolio has a duration of 0.15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents. The ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

Powell Bill Funds are also classified as restricted cash because they can be expended only for the purpose outlined in G.S. 136-41.1 through 136-41.4.

Town of Valdese Restricted Cash

Governmental activities

General Fund

Streets	\$ 171,957
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USDA	139,449
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Total governmental activities	<u>311,406</u>
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Business-type activities

Water and sewer fund

Customer deposits	106,586
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Total restricted cash	<u>\$ 417,992</u>
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4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2024. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

The inventories of the Town and the ABC Board are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies, and they are recorded as expenditures as used, rather than when purchased.

The inventories of the Town's Enterprise Fund, and those of the ABC Board, consists of materials and supplies held for subsequent use. The cost of this inventory is expensed when consumed, rather than when purchased.

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

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the assets, or materially extend assets' lives, is not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Improvements	25
Vehicles	6
Furniture and equipment	10
Computer equipment	3

Property and equipment of the ABC Board are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Equipment and furniture	10
Leasehold improvements	10-20
Computers	3

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension and OPEB deferrals for the 2025 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has three items that meet the criterion for this category - property taxes receivable, unavailable revenues (reported only on the Balance sheet of the Government Funds), and pension and OPEB deferrals.

9. Refundable Advances

During the year ending June 30, 2025, the Town received a grant from the State to assistance in the restoration of Hoyle Creek. Any unspent grant proceeds at the end of the grant period will have to be refunded to the State.

10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

11. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of the time that is estimated to be used in the next fiscal year has been designated as current liability in the government-wide financial statements.

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

12. 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 externally imposed by creditors, grantors, contributors, laws, or regulations of other governments, or imposed by law through State statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Inventories - the 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.

Prepaid expense - the portion of fund balance that is not an available resource, because it represents the year-end balance of prepaid expenses.

Restricted Fund Balance - This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State Statute - the portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

Restricted for Encumbrances - the portion of fund balance to be used for future obligations.

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

Restricted for Town Revitalization - the portion of fund balance to be used for Town improvements.

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

USDA Reserve - the portion of fund balance restricted as stated by USDA.

Assigned Fund Balance - the portion of fund balance that the Town of Valdese intends to use for specific purposes.

Capital Projects - the portion of fund balance that has been budgeted for future capital projects.

Subsequent Year's Expenditures - the portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed.

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

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

13. Defined Benefit Cost Sharing Plans

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

II. Stewardship, Compliance and Accountability

A. Deficit in Fund Balance of Individual Funds

None

B. Excess of Expenditures over Appropriations

None

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town and the ABC Board are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's or the ABC Board's agent 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 Town and the ABC Board, these deposits are considered to be held by the Town's and the ABC Board's agent in their 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 Town, the ABC Board, or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town and the ABC Board under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all Pooling Method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2025, the Town's deposits had a carrying amount of \$510,351 and a bank balance of \$1,058,033. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remainder was covered by collateral held under the Pooling Method. The carrying amount of deposits for the ABC Board was \$76,622, and the bank balance was \$97,146. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2025, the Town's investment balances were as follows:

<u>Investment by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2025</u>	<u>Less Than 6 Months</u>	<u>Rating</u>
N.C. Capital Management Trust Government Portfolio	Fair Value Level 1	\$7,356,730	\$7,356,730	AAAm
US government agencies	Fair Value Level 1	<u>11,349,080</u>	<u>11,349,080</u>	AAAm
Total investments		<u>\$18,705,810</u>	<u>\$18,705,810</u>	

Interest Rate Risk. The Town has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Town has no formal policy regarding credit risk but has internal management procedures that limit the Town's 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. The Town's investment in the N. C. Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30, as amended.

The ABC Board had the following investments at June 30, 2025.

<u>Investment by Type</u>	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2025</u>	<u>Less Than 6 Months</u>	<u>Rating</u>
N.C. Capital Management Trust Government Portfolio	Fair Value Level 1	<u>\$81,272</u>	<u>\$81,272</u>	AAAm

3. Receivables - Allowance for Doubtful Accounts

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

	<u>Accounts</u>	<u>Taxes and Related Accrued Interest</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
General	\$ 65,944	\$ 126,443	\$ 520,875	\$713,262
Other governmental	-	-	-	-
Total	65,944	126,443	520,875	713,262
Allowance for doubtful accounts	-	(40,000)	-	(40,000)
Total - Governmental activities	<u>\$ 65,944</u>	<u>\$ 86,443</u>	<u>\$ 520,875</u>	<u>\$673,262</u>
Business-type Activities:				
Utility fund	\$904,237	\$ -	\$ -	\$904,237
Allowance for doubtful accounts	-	-	-	-
Total - Business-type activities	<u>\$904,237</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$904,237</u>

The due from other governments that is owed to the Town consists of the following:

Sales tax and utility franchise tax	<u>\$ 520,875</u>
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The amounts presented in the Balance Sheet and the Statement of Net Position are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	<u>\$ 40,000</u>

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 1,805,787	\$ 54,000	\$ -	\$ 1,859,787
Total capital assets not being depreciated	<u>1,805,787</u>	<u>54,000</u>	<u>-</u>	<u>1,859,787</u>
Capital assets being depreciated:				
Buildings	6,700,037	306,000	-	7,006,037
Equipment	1,422,392	116,588	-	1,538,980
Vehicles and motorized equipment	2,573,646	111,277	-	2,684,923
Total capital assets being depreciated	<u>10,696,075</u>	<u>533,865</u>	<u>-</u>	<u>11,229,940</u>
Less accumulated depreciation for:				
Buildings	3,830,905	126,993	-	3,957,898
Equipment	680,080	191,430	-	871,510
Vehicles and motorized equipment	2,219,550	109,772	-	2,329,322
Total accumulated depreciation	<u>6,730,535</u>	<u>428,195</u>	<u>-</u>	<u>7,158,730</u>
Total capital assets being depreciated, net	<u>3,965,540</u>	<u>105,670</u>	<u>-</u>	<u>4,071,210</u>
Governmental activity capital assets, net	<u>\$ 5,771,327</u>	<u>\$ 159,670</u>	<u>\$ -</u>	<u>\$ 5,930,997</u>

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

General government	\$ 58,830
Public safety	132,393
Transportation	107,958
Environmental protection	24,030
Cultural and recreational	104,984
Total depreciation expense	<u>\$ 428,195</u>

	Beginning Balances	Increase	Decreases	Ending Balances
Business-type Activities:				
Utility Fund:				
Capital assets not being depreciated:				
Land	\$ 316,070	\$ -	\$ -	\$ 316,070
Construction in progress	235,495	956,714	-	1,192,209
Total capital assets not being depreciated	551,565	956,714	-	1,508,279
Capital assets being depreciated:				
Plant and distributions systems	49,404,793	13,878	-	49,418,671
Equipment	987,795	281,487	-	1,269,282
Vehicles	602,203	28,727	-	630,930
Total capital assets being depreciated	50,994,791	324,092	-	51,318,883
Less accumulated depreciation for:				
Plant and distributions systems	26,946,476	1,191,401	-	28,137,877
Equipment	463,602	146,165	-	609,767
Vehicles	465,238	48,933	-	514,171
Total accumulated depreciation	27,875,316	1,386,499	-	29,261,815
Total capital assets being depreciated, net	23,119,475	(1,062,407)	-	22,057,068
Utility fund capital assets, net	\$ 23,671,040	\$ (105,693)	\$ -	\$ 23,565,347

Discretely Presented Component Unit

Activity for the ABC Board for the year ended June 30, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Furniture and equipment	\$ 63,783	\$ -	\$ -	\$ 63,783
Leasehold improvements	168,245	-	-	168,245
Computers	4,857	-	-	4,857
Total capital assets being depreciated	236,885	\$ -	\$ -	236,885
Less accumulated depreciation for:				
Furniture and equipment	48,252	4,636	-	52,888
Leasehold improvements	142,429	11,216	-	153,645
Computers	3,201	118	-	3,319
Total accumulated depreciation	193,882	\$ 15,970	\$ -	209,852
ABC capital assets, net	\$ 43,003			\$ 27,033

B. Liabilities**1. Payables**

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

	<u>Vendors</u>
Governmental activities:	
General	\$ 239,717
Non-Major Funds	300
Total - governmental activities	<u>\$ 240,017</u>
Business-type activities:	
Water and Sewer	\$ 179,789
Total - business-type activities	<u>\$ 179,789</u>

2. Pension Plan and Post-employment Obligations**a. Local Government Employees' Retirement System**

Plan Description. The Town of Valdese is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, and one appointed by the State House of Representatives and the State Treasurer and the State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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 full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. General employee plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters 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 or a return of the member's contributions. 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 North Carolina General Assembly.

LGERS plan members who are Law Enforcement Officers (LEOs) are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Effective July 1, 2019, LEOs who complete 25 years of creditable service, with 15 years as an officer, are eligible to retire with partial 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 creditable service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by North Carolina General Statute 128-30 and may be amended only by the North Carolina General Assembly. Plan members are required to contribute 6% of their annual pay. The required contribution rates for employers are set periodically, and affirmed annually, by the LGERS Board of Trustees. The Board establishes a funding policy from which the accrued liability rates and the normal contribution rates are developed by the consulting actuary for general employees and firefighters as well as for law enforcement officers. The sum of those two rates developed under the funding policy and the past service liability contribution rates, if applicable, is the actuarially determined contribution rate (ADC). Further, the required employer contribution rates set by the Board of Trustees may not be less than the normal contribution rates developed under the established funding policy. For the fiscal year ended June 30, 2025, all employers made contributions of 15.04% of covered payroll for law enforcement officers and 13.66% for general employees and firefighters. These amounts, combined with member contributions and investment income, fund the benefits earned by plan members during the year, a payment to reduce the net pension liability, a payment for past service liability, if applicable, and administrative expenses. In addition, employers with an unfunded liability, established when the employer initially enters the system, must make additional contributions towards that liability.

The State's responsibility is administrative only. Contributions to the pension plan from the Town of Valdese was \$494,604 for the year ended June 30, 2025.

Refunds of Contributions. Members who have terminated service as contributing members 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 of 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 any other retirement or survivor benefit provided by LGERS.

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

At June 30, 2025, the Town reported a liability of \$2,766,700 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 Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024, (measurement date) the Town's proportion was 0.04104% which was a decrease of 0.00101% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of \$764,811. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 484,831	\$ 3,260
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	376,131	-
Changes in proportion, and differences between, the Town contributions and proportionate share of contributions	398	79,515
Town contributions subsequent to the measurement date	494,604	-
Total	<u>\$ 1,355,964</u>	<u>\$ 82,775</u>

\$494,604, reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date, will be recognized as an increase of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2026	\$ 237,061
2027	516,093
2028	67,960
2029	(42,530)
	<u>\$ 778,584</u>

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

Inflation	2.5 percent
Salary increase	3.25 to 8.5 percent, including inflation and productivity factor
Investment rate of return	6.50 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 valuation were based on the results of an actuarial experience study for the period January 1, 2014 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighing 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, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	4.0%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation Protection	6.0%	4.3%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting firm's 2025 long term capital market assumptions. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. All rates of return and inflation are annualized figures. Source data provided in the 2025 Annual Comprehensive Financial Report published on the website of the NC Office of State Controller.

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's Proportionate share of the net pension liability (asset)	<u>\$4,902,673</u>	<u>\$2,766,700</u>	<u>\$1,009,568</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

Plan Description - The Town administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85% 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.

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

Inactive members currently receiving benefits	-
Active plan members	<u>11</u>
Total	<u>11</u>

2. Summary of Significant Accounting Policies

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

The Separation Allowance has no assets accumulated in a trust that meet the following criteria which we outlined in GASB Statements 73.

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2024 valuation. The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.30 to 7.80 percent, including inflation and productivity factor
Discount rate	4.28 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2024.

Mortality rates are based on the MP-2019 Mortality Tables with adjustments for males and females.

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the 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 Town's obligation to contribute to this plan is established, and may be amended by, the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$-0- as benefits came due for the reporting period.

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

At June 30, 2025, the Town reported a total pension liability of \$308,323. The total pension liability was measured as of December 31, 2024, based on a June 30, 2024 actuarial valuation. The total pension liability was then 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 Town recognized pension expense of \$13,359.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,943	\$ 81,914
Changes of assumptions	47,823	47,397
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	\$ 65,766	\$ 129,311

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

Year ending June 30:

2026	\$ (13,306)
2027	(12,470)
2028	(22,252)
2029	(14,282)
2030	(1,235)
Thereafter	-

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 4.28 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77 percent) or 1-percentage-point higher (4.77 percent) than the current rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total pension liability	<u>\$330,915</u>	<u>\$308,323</u>	<u>\$287,611</u>

Schedule of Changes in Total Pension Liability

Law Enforcement Officers' Special Separation Allowance

Beginning Balance	\$ 310,188
Service cost	16,256
Interest on the total pension liability	11,359
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(17,754)
Changes of assumptions or other inputs	(11,726)
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u>\$ 308,323</u>

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

The actuarial assumptions used in the December 31, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

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

	LGERS	LEOSSA	Total
Pension expense	\$ 764,811	\$ 13,359	\$ 778,170
Pension liability	2,766,700	308,323	3,075,023
Proportionate share of the net pension liability	0.04104%	n/a	
Deferred outflows of resources:			
Differences between expected and actual experience	484,831	17,943	502,774
Changes of assumptions	-	47,823	47,823
Net difference between projected and actual earnings on plan investments	376,131	-	376,131
Changes in proportion, and differences between, contributions and proportionate share of contributions	398	-	398
Town contributions subsequent to the measurement date	494,604	-	494,604
Deferred inflows of resources:			
Differences between expected and actual experience	3,260	81,914	85,174
Changes of assumptions	-	47,397	47,397
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion, and differences between, contributions and proportionate share of contributions	79,515	-	79,515

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description - The Town contributes to the Supplemental Retirement Income Plan (the "Plan"), a defined contribution pension plan administered by the Department of the State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2025 were \$50,746, which consisted of \$36,411 from the Town, and \$14,335 from the law enforcement officers.

d. Other Post-employment Benefits

Healthcare Benefits

Plan Description - Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the "HCB Plan"). This plan provides post-employment healthcare benefits to retirees of the Town, provided they participate in

the North Carolina Local Governmental Employees' Retirement System (the "System") and have at least twenty-five years of creditable service with the Town and were hired prior to July 1, 2016. The Town pays the full cost of coverage for these benefits through private insurers. Also, the Town retirees can purchase coverage for their dependents at the Town's group retiree rates. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at June 30, 2024, the date of the latest actuarial valuation:

Inactive members or beneficiaries currently receiving benefits	6
Inactive members entitled to, but not yet receiving benefits	0
Active plan members	<u>25</u>
Total	<u>31</u>

Total OPEB Liability

The Town's total OPEB liability of \$840,324 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

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	2.5 percent
Salary increases	3.3 to 8.3 percent, average,
Discount rate	3.97 percent
Healthcare cost trend rates	Pre-Medicare – 7.00% for 2024, decreasing to an ultimate rate of 4.5% by 2031

The discount rate is based on the yield of the Bond Buyer 20 Year General Obligation Bond Index as of the measurement date.

Changes in the Total OPEB Liability

Balance at July 1, 2024	<u>\$ 858,296</u>
Changes for the year	
Service cost	12,510
Interest	32,031
Changes of benefit terms	-
Differences between expected and actual experience	(18,714)
Changes in assumptions	(5,564)
Benefit payments	<u>(38,235)</u>
Net changes	<u>(17,972)</u>
Balance at June 30, 2025	<u><u>\$ 840,324</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.86% to 3.97%.

Mortality rates were based on the MP-2019 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.97 percent) or 1-percentage-point-higher (4.97 percent) than the current discount rate:

	1 % Decrease	Discount Rate	1% Increase
	<u>(2.97%)</u>	<u>(3.97%)</u>	<u>(4.97%)</u>
Total OPEB liability	<u>\$895,681</u>	<u>\$840,324</u>	<u>\$789,033</u>

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Town, as well as what the Town'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:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	<u>\$783,547</u>	<u>\$840,324</u>	<u>\$903,588</u>

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

For the year ended June 30, 2025, the Town recognized OPEB expense of \$(38,620). At June 30, 2025, the Town 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	\$ 6,269	\$ 166,700
Changes of assumptions	84,896	80,865
Total	<u>\$ 91,165</u>	<u>\$ 247,565</u>

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

Year ending June 30:

2026	\$ (83,049)
2027	(62,400)
2028	(10,951)
2029	-
2030	-
Thereafter	-

e. Other Employee Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (the "Death Benefit Plan"), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000, or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan, and not by the Town, the Town does not determine the number of eligible participants. The Town 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. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

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

Contribution to pension plan in current fiscal year	\$ 494,604
Changes of assumptions	132,719
Difference between expected and actual experience	509,043
Net difference between projected and actual earnings on pension plan investments	376,131
Changes in proportion, and differences between, employer contributions and proportionate share of contributions	398
Total	<u>\$ 1,512,895</u>

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

Taxes receivable, less penalties (General Fund)	\$ 63,331
Differences between expected and actual experience	251,874
Changes of assumptions	128,262
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion, and differences between, employer contributions and proportionate share of contributions	79,515
Total	<u>\$ 522,982</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded, risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insurance values of the property policy, Workers' Compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large Workers' Compensation claims that exceed certain dollar cost levels.

Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess, and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the N.C. League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

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

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more, at any given time, of the Town's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are each individually bonded for \$1,000,000 and \$10,000, respectively. The remaining employees that have access to funds are bonded under a policy with the following coverage: \$10,000, per occurrence for forgery or alteration, \$5,000, per occurrence for theft inside the premises, and \$5,000, per occurrence for outside.

5. Claims, Judgments and Contingent Liabilities

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

6. Long-Term Obligations

a. General Obligation Indebtedness

The Town's general obligations bonds, issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources, are reported as long-term debt in the Utility Fund. All general obligation debt is collateralized by the full faith, credit, and taxing power of the Town. In the event of a default, the Town agrees to pay the purchaser, on demand, interest on any and all amounts due and owing by the Town under the related agreements. Principal and interest requirements are appropriated when due.

The Town's bond indebtedness at June 30, 2025 is comprised of the following:

Serviced by the Utility Fund:

\$1,280,000 Water and Sewer Series 2008 Bonds with annual principal payments of \$14,000 to \$56,000 due on June 1, with interest at 4.25%, final payment due June 2048, for The Settings	<u>\$966,000</u>
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b. Installment Purchases

The Town's direct placement installment purchases are comprised of the following:

Serviced by the General Fund:

\$469,000 USDA direct installment purchase with annual payments of \$19,483, including interest at 2.75%, final payment due September 2058, secured by splash pad	\$ 418,919
\$1,826,500 USDA direct installment purchase with annual payments of \$88,878, including interest at 3.75%, final payment due November 2051, secured by town hall	1,459,358
\$214,839 bank direct installment purchase with annual payments of \$53,743, including interest at 1.41%, final payment due September 2025, secured by vehicles and equipment	6,785
\$850,000 USDA direct installment purchase with annual payments of \$52,761, including interest at 2.75%, final payment due November 2038, secured by a fire ladder truck	627,429

Serviced by Utility Fund:

\$58,389 bank direct installment purchase with annual payments of \$14,610, including interest at 1.41%, final payment due September 2025, secured by vehicles and equipment	2,039
\$230,913 installment purchase, with annual principal payments of \$11,546, due on May 1, with interest, and an interest only payment due November 1; interest 2.00%, final payment due May 2036, for Inflow and Infiltration	127,002
Total	\$ 2,641,532

c. Direct Placement Revolving Loans**Serviced by the Utility Fund:**

\$466,548 Direct placement revolving loan with annual principal payments of \$19,940 due on May 1, with 0.0% interest, final payment due in 2040, water systems improvements	\$ 349,911
\$1,019,223 direct placement revolving loan with principal payment of \$85,444 due on May 1, with 0.0% interest, final payment due May 2041, for main street water line improvement	1,131,254
\$1,699,039 direct placement revolving loan with annual principal payments of \$84,952 due on May 1, with 0.0% interest, final payment due in 2040, secured by water meter project	1,321,678
\$596,461 direct placement revolving loan with annual principal payments of \$31,453 due on May 1, with 0.0% interest, final payment due May 2040, for water plant bleach conversion	503,244
\$596,609 direct placement revolving loan with principal payments of \$41,961 due on May 1, with 0.0% interest, final payment due May 2042	677,792
\$1,488,510 Direct placement revolving loan with annual principal payments of \$74,426 due on May 1, with 1.10% interest due on May 1 and November 1, final payment due in 2045, secured by Cline Basin and Pump Station, in process at June 30, 2025.	356,930
\$500,000 Direct placement revolving loan with annual principal payments of \$40,000 due on May 1, with 0.0% interest, final payment due in 2031, secured by lead service line inventory project, in process at June 30, 2025.	25,679
\$172,510 Direct placement revolving loan with annual principal payments of \$8,626 due on May 1, with 0.0% interest, final payment due in 2039, secured by St. Germain Street water lines	120,757
Total	<u>\$ 4,487,245</u>

At June 30, 2025 the Town of Valdese had a legal debt margin of \$42,312,317.

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

Year Ending June 30, 2025	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	\$ 84,432	\$ 84,223	\$ 401,780	\$ 54,385
2027	80,123	80,999	375,062	57,814
2028	82,681	78,441	376,062	55,617
2029	85,322	75,800	378,062	53,377
2030	88,050	73,072	363,864	44,504
2031-2035	484,400	321,211	1,544,181	165,396
2036-2040	545,904	237,453	1,529,379	120,336
2041-2045	382,912	158,894	445,896	70,126
2046-2050	456,708	85,097	168,000	14,280
2051-2055	166,895	17,683	-	-
2056-2058	55,064	3,047	-	-
Total	<u>\$ 2,512,491</u>	<u>\$ 1,215,920</u>	<u>\$ 5,582,286</u>	<u>\$ 635,835</u>

d. Changes in Long-Term Liabilities

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Current Portion of Balance
Governmental activities:					
Direct placement	\$ 2,665,343	\$ -	\$ 152,851	\$ 2,512,492	\$ 84,432
Total OPEB liability	743,413	-	15,096	728,317	-
Net pension liability (LGERS)	1,949,645	-	12,955	1,936,690	-
Total pension liability (LEO)	310,188	-	1,865	308,323	-
Compensated balances	176,789	12,778	-	189,567	-
Governmental activity long-term liabilities	<u>\$ 5,845,378</u>	<u>\$ 12,778</u>	<u>\$ 182,767</u>	<u>\$ 5,675,389</u>	<u>\$ 84,432</u>
Business-type activities:					
Direct placement	\$ 154,790	\$ -	\$ 25,749	\$ 129,041	\$ 13,585
General obligation bonds	991,000	-	25,000	966,000	26,000
Total OPEB liability	114,883	-	2,876	112,007	-
Net pension liability (LGERS)	835,562	-	5,552	830,010	-
Direct placement revolving loans	4,366,727	382,609	262,091	4,487,245	362,195
Compensated balances	78,193	7,330	-	85,523	-
Business-type activity long-term liabilities	<u>\$ 6,541,155</u>	<u>\$ 389,939</u>	<u>\$ 321,268</u>	<u>\$ 6,609,826</u>	<u>\$ 401,780</u>

Compensated absences typically have been liquidated in the General Fund, and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

C. Interfund Balances and Activities

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

From the Lakeside Park Phase I Project Fund to the General Fund - to close out the project	\$ 222
From the Community Center Gym Renovation Fund to the General Fund - to close out the project	13,239
From the General Fund to the Street Improvement Fund - to fund the project	500,000
From the General Fund to the Pool Structure Fund - to fund the project	267,308
From the Utility Fund to the Lead Service Line Inventory Fund - to fund the project	10,000
From the Utility Fund to the General Fund - debt service	221,000
Total	<u>\$ 1,011,769</u>

D. On-Behalf Payments for Fringe Benefits and Salaries

The Town has recognized, as a revenue and an expenditure, on-behalf payments for fringe benefits and salaries of \$8,915 for the salary supplement and stipend benefits paid to eligible firefighters by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2025. Under State law, the local board of trustees for the Fund receives an amount each year which the Board may use at its own discretion for eligible firefighters or their departments.

E. Fund Balance

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

Total fund balance - General Fund	\$ 9,584,938
Less:	
Inventories	193,177
Prepays	28,023
Stabilization by State Statute	757,849
Encumbrances	171,031
USDA Reserve	139,449
Streets - Powell Bill	171,957
Remaining Fund Balance	<u>\$ 8,123,452</u>

F. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 5,930,997	\$ 23,565,347
Less long-term debt	2,512,492	5,582,286
Add: unexpended debt proceeds	-	-
Net investment in capital assets	<u>\$ 3,418,505</u>	<u>\$ 17,983,061</u>

IV. Joint Venture

The Town, in conjunction with five other local governments, established the Burke Partnership for Economic Development, Inc. The Town appoints two members of the 24-member board. The Town has an ongoing financial responsibility for the joint venture because the Partnership's continued existence depends on the participating governments' continued funding. None of the participating governments have any equity interest in the Partnership, so no equity interest has been reflected in the financial statements at June 30, 2025. In accordance with the intergovernmental agreement between the participating governments, the Town appropriated \$24,758 to the Partnership to supplement its activities. Complete financial statements for the Partnership can be obtained from the Partnership's office in Morganton, North Carolina.

V. Jointly Governed Organization**Western Piedmont Council of Governments**

The Western Piedmont Council of Governments (WPCOG) is a regional planning organization. It consists of twenty-four municipalities and four counties within western North Carolina. The WPCOG's governing board is comprised of one elected official from each of these local governments and seven at-large citizen members. Each local government has one vote. The Town paid membership dues of \$4,827 during the fiscal year ended June 30, 2025.

VI. Related Organization

The five-member board of the Town of Valdese Housing Authority is appointed by the mayor of the Town of Valdese. The Town is accountable for the Housing Authority because it appoints the governing board; however, the Town is not financially accountable for the Housing Authority. The Town of Valdese is also disclosed as a related organization in the notes to the financial statements for the Town of Valdese Housing Authority.

VII. Summary Disclosure of Significant Contingencies**Federal and State Assisted Programs**

The Town 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 money.

Other

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

VIII. Significant Utility Customers

The Town of Valdese has four utility customers whose sales represent approximately 19% of the total Utility Sales to all customers for fiscal year 2025. Loss of these customers could have a significant impact on the Town's Utility Fund.

IX. Subsequent Event

Management has evaluated subsequent events through December 5, 2025, the date on which the financial statements were available to be issued. During the period from the end of the year and through this date, no circumstances occurred that would require recognition or disclosure in these financial statements.

**Required Supplemental
Financial Data**

TOWN OF VALDESE, NORTH CAROLINA

Schedule 1-1

Schedule of Changes in the Total OPEB Liability and Related Ratios Last Eight Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability								
Service cost	\$ 12,510	\$ 27,887	\$ 35,506	\$ 49,308	\$ 34,038	\$ 51,300	\$ 53,146	\$ 57,631
Interest	32,031	35,067	24,249	25,159	31,724	37,297	33,291	27,725
Changes in benefit terms	-	-	-	(13,533)	68,763	-	-	-
Difference between expected and actuarial experience	(18,714)	(154,463)	342	(149,942)	15,125	(145,954)	2,074	3,578
Changes in assumptions and other inputs	(5,564)	(18,093)	(112,446)	128,438	113,749	19,291	(32,452)	(53,731)
Benefit payments	<u>(38,235)</u>	<u>(45,416)</u>	<u>(42,689)</u>	<u>(40,198)</u>	<u>(52,831)</u>	<u>(43,938)</u>	<u>(21,089)</u>	<u>(21,248)</u>
Net change in total OPEB liability	(17,972)	(155,018)	(95,038)	(768)	210,568	(82,004)	34,970	13,955
Total OPEB liability, beginning	<u>858,296</u>	<u>1,013,314</u>	<u>1,108,352</u>	<u>1,109,120</u>	<u>898,552</u>	<u>980,556</u>	<u>945,586</u>	<u>931,631</u>
Total OPEB liability, ending	<u>\$ 840,324</u>	<u>\$ 858,296</u>	<u>\$ 1,013,314</u>	<u>\$ 1,108,352</u>	<u>\$ 1,109,120</u>	<u>\$ 898,552</u>	<u>\$ 980,556</u>	<u>\$ 945,586</u>
 Covered payroll	 \$1,201,853	 \$1,201,853	 \$1,661,507	 \$1,661,507	 \$1,879,478	 \$1,879,478	 \$2,711,425	 \$2,711,425
Total OPEB liability as a percentage of covered payroll	69.92%	71.41%	60.99%	66.71%	59.01%	47.81%	36.16%	34.87%

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>
2025	3.97%
2024	3.86%
2023	3.54%
2022	2.16%
2021	2.21%
2020	3.50%
2019	3.89%

TOWN OF VALDESE, NORTH CAROLINA

Schedule 1-2

Town of Valdese's Proportionate Share of Net Pension Liability (Asset) Required Supplementary Information Last Ten Fiscal Years* Local Government Employees' Retirement System

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Valdese's proportion of the net pension liability (asset) (%)	0.04104%	0.04205%	0.04232%	0.04225%	0.04817%	0.04487%	0.04526%	0.04553%	0.04679%	0.04626%
Valdese's proportion of the net pension liability (asset) (\$)	\$ 2,768,700	\$ 2,785,207	\$ 2,387,452	\$ 647,944	\$ 1,721,319	\$ 1,225,365	\$ 1,073,722	\$ 695,572	\$ 993,041	\$ 207,612
Valdese's covered employee payroll	\$ 3,463,059	\$ 3,431,364	\$ 3,204,580	\$ 3,106,073	\$ 3,177,195	\$ 2,988,593	\$ 3,055,887	\$ 3,046,132	\$ 2,860,645	\$ 2,739,307
Valdese's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	79.94%	81.17%	74.50%	20.86%	54.17%	41.00%	35.13%	22.83%	34.71%	7.58%
Plan fiduciary net position as a percentage of the total pension liability (asset)**	83.30%	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%

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

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

TOWN OF VALDESE, NORTH CAROLINA
Schedule 1-3

**Town of Valdese's Contributions
Required Supplementary Information
Last Ten Fiscal Years
Local Government Employees' Retirement System**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 494,604	\$ 454,577	\$ 423,018	\$ 369,379	\$ 321,181	\$ 290,201	\$ 237,585	\$ 235,238	\$ 227,315	\$ 195,576
Contributions in relation to the contractually required contribution	<u>494,604</u>	<u>454,577</u>	<u>423,018</u>	<u>369,379</u>	<u>321,181</u>	<u>290,201</u>	<u>237,585</u>	<u>235,238</u>	<u>227,315</u>	<u>195,076</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Valdese's covered-employee payroll	<u>\$ 3,546,481</u>	<u>\$ 3,463,059</u>	<u>\$ 3,431,364</u>	<u>\$ 3,204,580</u>	<u>\$ 3,106,073</u>	<u>\$ 3,177,195</u>	<u>\$ 2,988,593</u>	<u>\$ 3,055,887</u>	<u>\$ 3,046,132</u>	<u>\$ 2,860,645</u>
Contributions as a percentage of covered-employee payroll	13.94%	13.13%	12.32%	11.52%	10.34%	9.13%	7.94%	7.69%	7.46%	6.84%

TOWN OF VALDESE, NORTH CAROLINA
Schedule 1-4

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Nine Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 310,188	\$ 330,993	\$ 357,781	\$ 408,298	\$ 200,396	\$ 188,730	\$ 175,301	\$ 164,871	\$ 151,859
Service cost	16,256	18,412	25,933	25,559	15,928	12,022	13,254	11,128	13,364
Interest	11,359	13,405	8,050	7,880	6,533	6,870	5,540	6,364	5,421
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actuarial experience	(17,754)	(58,500)	-	(73,491)	54,258	(14,437)	4,344	(20,472)	-
Changes in assumptions and other inputs	(11,726)	5,878	(60,771)	(10,465)	131,183	7,211	(9,709)	13,410	(5,773)
Benefit payments	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 308,323</u>	<u>\$ 310,188</u>	<u>\$ 330,993</u>	<u>\$ 357,781</u>	<u>\$ 408,298</u>	<u>\$ 200,396</u>	<u>\$ 188,730</u>	<u>\$ 175,301</u>	<u>\$ 164,871</u>

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

TOWN OF VALDESE, NORTH CAROLINA
Schedule 1-5

**Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Nine Fiscal Years**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 308,323	\$ 310,188	\$ 330,993	\$ 357,781	\$ 408,298	\$ 200,396	\$ 188,730	\$ 175,301	\$ 164,871
Covered payroll	507,857	507,857	563,191	563,191	550,520	473,632	502,527	479,954	534,204
Total pension liability as a percentage of covered payroll	60.71%	61.08%	58.77%	63.53%	74.17%	42.31%	37.58%	36.52%	30.86%

Notes to schedules:

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

**Supplementary
Statements**

TOWN OF VALDESE, NORTH CAROLINA
Schedule 2
Page 1 of 11

General Fund
Statement 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</u> <u>Positive</u> <u>(Negative)</u>
Revenues:			
Ad valorem taxes:			
Current year	\$ 2,456,454	\$ 2,504,420	\$ 47,966
Prior years	43,500	21,881	(21,619)
Penalties and interest	10,000	8,482	(1,518)
Total ad valorem taxes	<u>2,509,954</u>	<u>2,534,783</u>	<u>24,829</u>
Other taxes and licenses:			
Unrestricted local option sales tax	<u>1,879,492</u>	<u>1,949,273</u>	<u>69,781</u>
Total other taxes and licenses	<u>1,879,492</u>	<u>1,949,273</u>	<u>69,781</u>
Unrestricted intergovernmental revenues:			
Payments in lieu of taxes -			
Valdese Housing Authority	20,000	28,205	8,205
Franchise tax	440,000	500,608	60,608
Alcohol/beverage tax	19,500	19,790	290
Occupancy taxes	95,000	106,670	11,670
Sales tax refunds	<u>(2,885)</u>	<u>(5,631)</u>	<u>(2,746)</u>
Total unrestricted intergovernmental revenues	<u>571,615</u>	<u>649,642</u>	<u>78,027</u>

cont.

TOWN OF VALDESE, NORTH CAROLINA
Schedule 2
Page 2 of 11

General Fund
Statement 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</u> <u>Positive</u> <u>(Negative)</u>
Revenues (Continued):			
Restricted intergovernmental revenues:			
"State Street - Aid" allocation	\$ 166,300	\$ 201,179	\$ 34,879
Total restricted intergovernmental revenues	<u>166,300</u>	<u>201,179</u>	<u>34,879</u>
Sales and services:			
Refuse collection fees	210,000	212,075	2,075
Recycling fees	86,000	87,498	1,498
Jail fees	500	799	299
Rent and miscellaneous fees	82,119	79,358	(2,761)
Valdese Community Center	315,700	299,371	(16,329)
Valdese Tourism Commission	1,000	-	(1,000)
Rock School fees	83,492	92,303	8,811
Community affairs	<u>22,075</u>	<u>21,784</u>	<u>(291)</u>
Total sales and services	<u>800,886</u>	<u>793,188</u>	<u>(7,698)</u>
Investment earnings:			
Interest on investments	<u>243,000</u>	<u>742,035</u>	<u>499,035</u>
Total investment earnings	<u>243,000</u>	<u>742,035</u>	<u>499,035</u>
Other revenues:			
Sale of fixed assets	-	180	180
Grants	-	31,776	31,776
Other	<u>133,450</u>	<u>200,206</u>	<u>66,756</u>
Total other revenues	<u>133,450</u>	<u>232,162</u>	<u>98,712</u>
Total revenues	<u>6,304,697</u>	<u>7,102,261</u>	<u>797,565</u>

cont.

TOWN OF VALDESE, NORTH CAROLINA
Schedule 2
Page 3 of 11

General Fund
Statement 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</u> <u>Positive</u> <u>(Negative)</u>
Expenditures:			
General government:			
Governing body:			
Salaries and wages	\$ -	\$ 28,050	\$ -
FICA tax expense	-	2,092	-
Group insurance	-	9,001	-
Travel	-	2,125	-
Miscellaneous	-	129	-
Total governing body	<u>59,437</u>	<u>41,397</u>	<u>18,040</u>
Administration:			
Salaries and wages	-	387,771	-
Professional services	-	138,490	-
FICA tax expense	-	29,110	-
Group insurance	-	38,461	-
Retirement	-	47,586	-
Telephone and postage	-	23,477	-
Utilities	-	10,440	-
Travel	-	5,294	-
Maintenance and repair - buildings and grounds	-	14,259	-
Maintenance and repair - equipment	-	4,313	-
Advertising	-	2,670	-
Auto supplies	-	118	-
Supplies and materials	-	13,702	-
Dues and subscriptions	-	17,847	-
Printing expense	-	1,737	-
Insurance and bonds	-	142,545	-
Contracted services	-	29,065	-

cont.

TOWN OF VALDESE, NORTH CAROLINA
Schedule 2
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General Fund
Statement 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</u> <u>Positive</u> <u>(Negative)</u>
Expenditures (Continued):			
Administration (continued):			
Burke County Public Library	\$ -	\$ 40,000	\$ -
Capital outlay	-	5,591	-
Debt service	-	88,878	-
Miscellaneous	-	68,462	-
Utility fund reimbursement	-	(550,000)	-
Total administration	<u>847,213</u>	<u>559,818</u>	<u>287,395</u>
Planning and zoning:			
Salaries and wages	-	35,497	-
Professional services	-	718	-
FICA tax expense	-	1,232	-
Advertising	-	187	-
Supplies and materials	-	15	-
Condeminations	-	810	-
Capital outlay	-	20,965	-
Total planning and zoning	<u>97,924</u>	<u>59,424</u>	<u>38,500</u>
Public works:			
Salaries and wages	-	268,038	-
Professional services	-	300	-
FICA tax expense	-	19,767	-
Group insurance	-	48,108	-
Retirement	-	32,825	-
Utilities	-	11,680	-

cont.

TOWN OF VALDESE, NORTH CAROLINA
Schedule 2
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General Fund
Statement 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</u> <u>Positive</u> <u>(Negative)</u>
Expenditures (Continued):			
Public works (continued):			
Travel	\$ -	\$ 820	\$ -
Maintenance and repair - buildings and grounds	-	21,855	-
Maintenance and repair - equipment	-	2,771	-
Maintenance and repair - autos and trucks	-	1,728	-
Auto supplies	-	10,552	-
Supplies and materials	-	2,827	-
Chemicals	-	2,018	-
Uniforms	-	2,977	-
Contracted services	-	6,979	-
Arbor beautification	-	3,200	-
Capital outlay	-	88,856	-
Miscellaneous	-	2,634	-
Utility fund reimbursement	-	(165,000)	-
Total public works	<u>454,743</u>	<u>362,936</u>	<u>91,808</u>
 Total general government	 <u>1,459,317</u>	 <u>1,023,574</u>	 <u>435,744</u>
 Public safety:			
Police department:			
Salaries and wages	-	818,718	-
FICA tax expense	-	60,294	-
Group insurance	-	137,584	-
Retirement	-	116,371	-
Deferred compensation	-	36,411	-
Professional services	-	1,169	-
Telephone and postage	-	10,458	-
Utilities	-	1,065	-
Travel	-	1,872	-
Maintenance and repair - buildings and grounds	-	539	-
Maintenance and repair - equipment	-	1,711	-
Maintenance and repair - auto and trucks	-	19,109	-
Auto supplies	-	34,167	-
Supplies and materials	-	60,820	-
Uniforms	-	16,332	-
IT	-	12,062	-

cont.

TOWN OF VALDESE, NORTH CAROLINA
Schedule 2
Page 6 of 11

General Fund
Statement 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</u> <u>Positive</u> <u>(Negative)</u>
Expenditures (Continued):			
Police department (continued):			
Insurance and bonds	\$ -	\$ 2,065	\$ -
Capital outlay	-	60,041	-
Printing	-	158	-
Contracted services	-	11,777	-
Debt service	-	18,470	-
Total police department	<u>1,440,727</u>	<u>1,421,193</u>	<u>19,534</u>
Fire department:			
Salaries and wages	-	411,247	-
FICA tax expense	-	31,602	-
Group insurance	-	76,861	-
Retirement	-	50,685	-
Professional services	-	5,320	-
Telephone and postage	-	1,058	-
Utilities	-	17,333	-
Travel	-	19,012	-
Maintenance and repair - buildings and grounds	-	9,350	-
Maintenance and repair - equipment	-	12,210	-
Maintenance and repair - autos and trucks	-	28,465	-
Auto supplies	-	10,025	-
Supplies and materials	-	120,351	-
Uniforms	-	6,967	-
Insurance and bonds	-	26,347	-
Dues and subscriptions	-	5,621	-
Printing	-	500	-
Capital outlay - equipment	-	75,000	-
Fire safety expense	-	9,594	-
IT	-	9,000	-
Contracted services	-	26,098	-
Debt service	-	52,761	-
Total fire department	<u>1,012,529</u>	<u>1,005,407</u>	<u>7,122</u>
Total public safety	<u>2,453,256</u>	<u>2,426,600</u>	<u>26,656</u>

cont.

TOWN OF VALDESE, NORTH CAROLINA

Schedule 2
Page 7 of 11

General Fund
Statement 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</u> <u>Positive</u> <u>(Negative)</u>
Expenditures (Continued):			
Environmental protection:			
Sanitation department:			
Salaries and wages	\$ -	\$ 38,179	\$ -
FICA tax expenses	-	2,881	-
Group insurance	-	9,197	-
Retirement	-	5,144	-
Maintenance and repair - autos and trucks	-	136	-
Auto supplies	-	4,875	-
Supplies and materials	-	1,241	-
Uniforms	-	398	-
Chemicals	-	161	-
Contracted services	-	337,810	-
Capital outlay - equipment	-	3,042	-
Miscellaneous	-	1,669	-
Total sanitation department	<u>418,874</u>	<u>404,733</u>	<u>14,141</u>
Total environmental protection	<u>418,874</u>	<u>404,733</u>	<u>14,141</u>

cont.

TOWN OF VALDESE, NORTH CAROLINA
Schedule 2
Page 8 of 11

General Fund
Statement 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</u> <u>Positive</u> <u>(Negative)</u>
Expenditures (Continued):			
Transportation:			
Street department:			
Salaries and wages	\$ -	\$ 148,566	\$ -
FICA tax expense	-	10,929	-
Group insurance	-	33,909	-
Retirement expense	-	20,032	-
Travel expense	-	200	-
Utilities	-	101,568	-
Maintenance and repair - buildings and grounds	-	13,817	-
Maintenance and repair - equipment	-	9,987	-
Maintenance and repair - autos and trucks	-	9,196	-
Auto supplies	-	15,979	-
Supplies and materials	-	(1,232)	-
Chemicals	-	2,000	-
Uniforms	-	2,577	-
Contracted services	-	1,059	-
Debt service	-	53,743	-
Total street department	<u>475,774</u>	<u>422,330</u>	<u>53,444</u>

cont.

TOWN OF VALDESE, NORTH CAROLINA
Schedule 2
Page 9 of 11

General Fund
Statement 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</u> <u>Positive</u> <u>(Negative)</u>
Expenditures (Continued):			
Powell Bill:			
Supplies and materials	\$ -	\$ 89	\$ -
Maintenance and repair	-	12,654	-
Snow and ice removal	-	3,153	-
Total Powell Bill	<u>41,300</u>	<u>15,895</u>	<u>25,405</u>
Total transportation	<u>517,074</u>	<u>438,225</u>	<u>78,849</u>
 Cultural and recreational:			
Recreation:			
Salaries and wages	-	557,432	-
FICA tax expense	-	41,099	-
Group insurance	-	55,970	-
Retirement	-	39,630	-
Telephone and postage	-	393	-
Utilities	-	84,105	-
Travel	-	2,730	-
Maintenance and repair - buildings and grounds	-	85,499	-
Maintenance and repair - equipment	-	16,165	-
Maintenance and repair - autos and trucks	-	782	-
Auto supplies	-	1,877	-
Supplies and materials	-	35,990	-
Chemicals	-	15,656	-
Purchases for resale	-	41,124	-
Dues and subscriptions	-	3,060	-
Swim team	-	2,090	-
Triathlon	-	4,851	-
Uniforms	-	1,500	-
Contracted services	-	43,197	-
Advertising	-	1,433	-
Capital outlay	-	93,580	-
Debt service	-	19,483	-
Professional services	-	1,163	-
Total recreation	<u>1,167,132</u>	<u>1,148,808</u>	<u>18,324</u>
			cont.

TOWN OF VALDESE, NORTH CAROLINA
Schedule 2
Page 10 of 11

General Fund
Statement 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</u> <u>Positive</u> <u>(Negative)</u>
Expenditures (Continued):			
Community affairs:			
Salaries and wages	\$ -	\$ 211,077	\$ -
FICA tax expense	-	15,858	-
Group insurance	-	35,079	-
Retirement expense	-	24,416	-
Printing	-	4,587	-
Utilities	-	50,281	-
Supplies and materials	-	13,987	-
Telephone and postage	-	393	-
Maintenance and repair	-	33,421	-
Advertising	-	7,626	-
Contracted services	-	122,848	-
Dues and subscriptions	-	1,036	-
Main Street program	-	2,590	-
Valdese Tourism Commission	-	84,919	-
Festival	-	22,345	-
IT	-	461	-
Capital outlay	-	10,704	-
Concession stand trailer	-	4,345	-
Miscellaneous	-	6,092	-
Utility fund reimbursement	-	(385,000)	-
Total community affairs	<u>339,080</u>	<u>267,065</u>	<u>72,015</u>
			cont.

TOWN OF VALDESE, NORTH CAROLINA
Schedule 2, cont.
Page 11 of 11

General Fund
Statement 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 Positive (Negative)</u>
Total cultural and recreational	\$ 1,506,212	\$ 1,415,873	\$ 90,338
Total expenditures	<u>6,354,733</u>	<u>5,709,006</u>	<u>645,728</u>
Revenues over (under) expenditures	<u>(50,037)</u>	<u>1,393,256</u>	<u>1,443,293</u>
Other Financing Sources (Uses):			
Operating transfers - in (out)			
Capital project funds	(753,848)	(753,848)	-
Enterprise fund	221,000	221,000	-
Appropriated fund balance	<u>582,885</u>	<u>-</u>	<u>(582,885)</u>
Total other financing sources (uses)	<u>50,037</u>	<u>(532,848)</u>	<u>(582,885)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>860,407</u>	<u>\$ 860,407</u>
Fund balance, July 1		<u>8,724,530</u>	
Fund balance, June 30		<u>\$ 9,584,938</u>	

TOWN OF VALDESE, NORTH CAROLINA

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Combining Balance Sheet
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2025

	Special Revenue Fund	Capital Project Funds			
	Public Art Fund	Street Improvements Fund	Lakeside Park Phase I Project Fund	Pool Structure Fund	Community Center Gym Renovation Fund
<u>Assets</u>					
Current assets:					
Cash and investments	\$ 40,901	\$ 501,500	\$ -	\$ 107,952	\$ -
Total assets	<u>\$ 40,901</u>	<u>\$ 501,500</u>	<u>\$ -</u>	<u>\$ 107,952</u>	<u>\$ -</u>
<u>Liabilities and Fund Balances</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Restricted:					
Town revitalization	40,901	-	-	-	-
Assigned:					
Capital projects	-	501,500	-	107,952	-
Total fund balance	<u>40,901</u>	<u>501,500</u>	<u>-</u>	<u>107,952</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 40,901</u>	<u>\$ 501,500</u>	<u>\$ -</u>	<u>\$ 107,952</u>	<u>\$ -</u>

TOWN OF VALDESE, NORTH CAROLINA

Schedule 3
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Combining Balance Sheet
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2025

	Capital Project Funds				
	Public	Lake	Police Dept.		Total
	Capital	Safety	Rhodhiss	Capital	Nonmajor
	Outlay	Building	Capital	Project	Governmental
	<u>Fund</u>	<u>Project Fund</u>	<u>Project Fund</u>	<u>Fund</u>	<u>Funds</u>
				<u>Total</u>	
<u>Assets</u>					
Current assets:					
Cash and investments	\$ 873,709	\$ 809,936	\$ 143,350	\$ 136	\$ 2,436,583
Total assets	<u>\$ 873,709</u>	<u>\$ 809,936</u>	<u>\$ 143,350</u>	<u>\$ 136</u>	<u>\$ 2,436,583</u>
<u>Liabilities and Fund Balances</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance:					
Restricted:					
Town revitalization	-	-	-	-	40,901
Assigned:					
Capital projects	<u>873,709</u>	<u>809,936</u>	<u>143,350</u>	<u>136</u>	<u>2,436,583</u>
Total fund balance	<u>873,709</u>	<u>809,936</u>	<u>143,350</u>	<u>136</u>	<u>2,436,583</u>
Total liabilities and fund balances	<u>\$ 873,709</u>	<u>\$ 809,936</u>	<u>\$ 143,350</u>	<u>\$ 136</u>	<u>\$ 2,436,583</u>

TOWN OF VALDESE, NORTH CAROLINA

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Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2025

	Special Revenue Fund	Capital Project Funds			
	Public Art Fund	Street Improvements Fund	Lakeside Park Phase I Project Fund	Pool Structure Fund	Community Center Gym Renovation Fund
Revenues:					
Other local revenues:					
Miscellaneous	\$ -	\$ -	\$ (222)	\$ 103,100	\$ -
Investment earnings:					
Interest earned	-	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>(222)</u>	<u>103,100</u>	<u>-</u>
Expenditures:					
Public safety	-	-	-	-	-
Economic and physical development	-	-	18,500	360,028	-
Total expenditures	<u>-</u>	<u>-</u>	<u>18,500</u>	<u>360,028</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(18,722)</u>	<u>(256,928)</u>	<u>-</u>
Other Financing Sources (Uses):					
From (to) General Fund	-	500,000	-	267,308	(13,239)
Total other financing sources (uses)	<u>-</u>	<u>500,000</u>	<u>-</u>	<u>267,308</u>	<u>(13,239)</u>
Revenues and other sources over (under) expenditures and other uses	-	500,000	(18,722)	10,380	(13,239)
Fund balances (deficit), beginning of year	<u>40,901</u>	<u>1,500</u>	<u>18,722</u>	<u>97,572</u>	<u>13,239</u>
Fund balances (deficit), end of year	<u>\$ 40,901</u>	<u>\$ 501,500</u>	<u>\$ -</u>	<u>\$ 107,952</u>	<u>\$ -</u>

TOWN OF VALDESE, NORTH CAROLINA

Schedule 4
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Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Deficit) Nonmajor Governmental Funds For the Fiscal Year Ended June 30, 2025

	Capital Project Funds					
	Capital Outlay Fund	Public Safety Building Project Fund	Lake Rhodhiss Capital Project Fund	Police Dept. Capital Project Fund	Total	Total Nonmajor Governmental Funds
Revenue:						
Other local revenues:						
Miscellaneous	\$ -	\$ 81,175	\$ -	\$ -	\$ 184,053	\$ 184,053
Investment earnings:						
Interest earned	30,358	-	-	-	30,358	30,358
Total revenues	30,358	81,175	-	-	214,411	214,411
Expenditures:						
Public safety	-	387,512	-	-	387,512	387,512
Economic and physical development	-	-	-	-	378,528	378,528
Total expenditures	-	387,512	-	-	766,040	766,040
Revenues over (under) expenditures	30,358	(306,336)	-	-	(551,629)	(551,629)
Other Financing Sources (Uses):						
From (to) General Fund	-	-	-	-	754,069	754,069
Total other financing sources (uses)	-	-	-	-	754,069	754,069
Revenues and other sources over (under) expenditures and other uses	30,358	(306,336)	-	-	202,440	202,440
Fund balances (deficit), beginning of year	843,351	1,116,272	143,350	136	2,234,142	2,275,043
Fund balances (deficit), end of year	\$ 873,709	\$ 809,936	\$ 143,350	\$ 136	\$ 2,436,583	\$ 2,477,484

TOWN OF VALDESE, NORTH CAROLINA

Schedule 4-1

Lakeside Park Phase I Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
Budget and Actual
From Inception and for the Year Ended June 30, 2025

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>
Revenues:				
Contributions	\$ 364,582	\$ 364,581	\$ (222)	\$ 364,359
Restricted intergovernmental revenues:				
Grants	594,945	594,945	-	594,945
Total revenues	<u>959,527</u>	<u>959,526</u>	<u>(222)</u>	<u>959,304</u>
Expenditures:				
Administration	10,000	10,000	-	10,000
Engineering	48,000	48,000	-	48,000
Design	89,160	89,160	-	89,160
Survey	10,000	10,000	-	10,000
Construction	<u>802,367</u>	<u>783,644</u>	<u>18,500</u>	<u>802,144</u>
Total expenditures	<u>959,527</u>	<u>940,804</u>	<u>18,500</u>	<u>959,304</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 18,722</u>	(18,722)	<u>\$ -</u>
Fund balance, beginning of year			<u>18,722</u>	
Fund balance, end of year			<u>\$ -</u>	

This project was completed and closed out during the year ending June 30, 2025.

TOWN OF VALDESE, NORTH CAROLINA

Schedule 4-2

Public Safety Building Project Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
From Inception and for the Year Ended June 30, 2025

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>
Revenues:				
ABC distributions	\$ 497,888	\$ 548,894	\$ -	\$ 548,894
State grant	500,000	500,000	-	500,000
Properties sale	52,500	151,200	81,175	232,375
Total revenues	<u>1,050,388</u>	<u>1,200,094</u>	<u>81,175</u>	<u>1,281,269</u>
Expenditures:				
Professional services	44,024	44,024	-	44,024
Architect contract	300,167	264,166	24,044	288,210
Land acquisition	498,132	498,132	-	498,132
Existing facility assessment	25,500	25,500	-	25,500
Building purchase police department	363,810	-	363,467	363,467
Police department A&E services	174,755	-	-	-
Police department A7E reimbursable allowance	4,000	-	-	-
Construction	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,910,388</u>	<u>831,822</u>	<u>387,512</u>	<u>1,219,333</u>
Revenues over (under) expenditures	<u>(860,000)</u>	<u>368,272</u>	<u>(306,336)</u>	<u>61,936</u>
Other Financing Sources (Uses):				
Operating transfers - in from General Fund	<u>860,000</u>	<u>748,000</u>	<u>-</u>	<u>748,000</u>
Total other financing sources (uses)	<u>860,000</u>	<u>748,000</u>	<u>-</u>	<u>748,000</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 1,116,272</u>	<u>(306,336)</u>	<u>\$ 809,936</u>
Fund balance, beginning of year			<u>1,116,272</u>	
Fund balance, end of year			<u>\$ 809,936</u>	

TOWN OF VALDESE, NORTH CAROLINA

Schedule 4-3

Public Art Fund
Statement 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>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Contributions	\$ 6,476	\$ 70,476	\$ -	\$ 70,476
Restricted intergovernmental revenues:				
Grants	<u>54,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>60,476</u>	<u>70,476</u>	<u>-</u>	<u>70,476</u>
Expenditures:				
Display	2,517	2,516	-	2,516
Public art	<u>74,559</u>	<u>43,659</u>	<u>-</u>	<u>43,659</u>
Total expenditures	<u>77,076</u>	<u>46,175</u>	<u>-</u>	<u>46,175</u>
Revenues over (under) expenditures	<u>(16,600)</u>	<u>24,301</u>	<u>-</u>	<u>24,301</u>
Other Financing Sources (Uses):				
Operating transfers - in from General Fund	<u>16,600</u>	<u>16,600</u>	<u>-</u>	<u>16,600</u>
Total other financing sources (uses)	<u>16,600</u>	<u>16,600</u>	<u>-</u>	<u>16,600</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 40,901</u>	<u>-</u>	<u>\$ 40,901</u>
Fund balance, beginning of year			<u>40,901</u>	
Fund balance, end of year			<u>\$ 40,901</u>	

TOWN OF VALDESE, NORTH CAROLINA

Schedule 4-4

Street Improvements Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
Budget and Actual
From Inception and for the Year Ended June 30, 2025

	<u>Project</u>		<u>Actual</u>	
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>
		<u>Years</u>	<u>Year</u>	<u>Date</u>
Revenues:				
Revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Engineering services	45,100	43,600	-	43,600
Street improvements	444,225	444,225	-	444,225
Contingency	<u>10,675</u>	<u>10,675</u>	<u>-</u>	<u>10,675</u>
Total expenditures	<u>500,000</u>	<u>498,500</u>	<u>-</u>	<u>498,500</u>
Revenues over (under) expenditures	<u>(500,000)</u>	<u>(498,500)</u>	<u>-</u>	<u>(498,500)</u>
Other Financing Sources (Uses):				
Operating transfers - in from General Fund	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>1,000,000</u>
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>1,000,000</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 1,500</u>	500,000	<u>\$ 501,500</u>
Fund balance, beginning of year			<u>1,500</u>	
Fund balance, end of year			<u>\$ 501,500</u>	

TOWN OF VALDESE, NORTH CAROLINA

Schedule 4-5

Capital Outlay Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Investment earnings	\$ 275,000	\$ 30,358	\$ (244,642)
Expenditures	<u>275,000</u>	<u>-</u>	<u>275,000</u>
Revenues over (under) expenditures	<u>\$ -</u>	30,358	<u>\$ 30,358</u>
Fund balance, beginning of year		<u>843,351</u>	
Fund balance, end of year		<u>\$ 873,709</u>	

TOWN OF VALDESE, NORTH CAROLINA

Schedule 4-6

Lake Rhodhiss Capital Project Fund
Statement 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>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Other local revenues:				
Town of Drexel	\$ 133,400	\$ 81,108	\$ -	\$ 81,108
Burke County	<u>106,800</u>	<u>62,421</u>	<u>-</u>	<u>62,421</u>
Total other local revenues	240,200	143,529	-	143,529
Investment earnings	<u>-</u>	<u>513,868</u>	<u>-</u>	<u>513,868</u>
Total revenues	<u>240,200</u>	<u>657,397</u>	<u>-</u>	<u>657,397</u>
Expenditures:				
Maintenance and repair	32,000	32,000	-	32,000
Miscellaneous	-	13,715	-	13,715
Capital outlay	<u>27,900</u>	<u>27,900</u>	<u>-</u>	<u>27,900</u>
Total expenditures	<u>59,900</u>	<u>73,615</u>	<u>-</u>	<u>73,615</u>
Revenues over (under) expenditures	<u>180,300</u>	<u>583,782</u>	<u>-</u>	<u>583,782</u>
Other Financing Sources (Uses):				
Operating transfers - in (out):				
To Utility Fund	(1,940,100)	(811,280)	-	(811,280)
From Utility Fund	1,759,800	974,691	-	974,691
To General Fund	-	(728,845)	-	(728,845)
From Capital Projects	<u>-</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>
Total other financing sources (uses)	<u>(180,300)</u>	<u>(440,434)</u>	<u>-</u>	<u>(440,434)</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 143,350</u>	<u>-</u>	<u>\$ 143,350</u>
Fund balance, beginning of year			<u>143,350</u>	
Fund balance, end of year			<u>\$ 143,350</u>	

TOWN OF VALDESE, NORTH CAROLINA

Schedule 4-7

Police Department Capital Project Fund
Statement 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>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Restricted intergovernmental revenues:				
Drug abuse funds	\$ 10,000	\$ 16,081	\$ -	\$ 16,081
Investment earnings:				
Interest earned	<u>-</u>	<u>404</u>	<u>-</u>	<u>404</u>
Total revenues	<u>10,000</u>	<u>16,485</u>	<u>-</u>	<u>16,485</u>
Expenditures:				
Repairs and maintenance	10,000	1,290	-	1,290
Capital outlay - equipment	<u>88,300</u>	<u>93,092</u>	<u>-</u>	<u>93,092</u>
Total expenditures	<u>98,300</u>	<u>94,382</u>	<u>-</u>	<u>94,382</u>
Revenues over (under) expenditures	<u>(88,300)</u>	<u>(77,897)</u>	<u>-</u>	<u>(77,897)</u>
Other Financing Sources (Uses):				
Operating transfers - in (out)				
From General Fund	<u>88,300</u>	<u>78,033</u>	<u>-</u>	<u>78,033</u>
Total other financing sources (uses)	<u>88,300</u>	<u>78,033</u>	<u>-</u>	<u>78,033</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 136</u>	<u>-</u>	<u>\$ 136</u>
Fund balance, beginning of year			<u>136</u>	
Fund balance, end of year			<u>\$ 136</u>	

TOWN OF VALDESE, NORTH CAROLINA

Schedule 4-8

Pool Structure Fund
Statement 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>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Donations	\$ -	\$ -	\$ 103,100	\$ 103,100
Grant	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>500,000</u>	<u>-</u>	<u>103,100</u>	<u>103,100</u>
Expenditures:				
Engineering servcies	112,840	21,768	82,641	104,409
Construction	767,308	-	270,887	270,887
Site evaluation testing	<u>6,500</u>	<u>-</u>	<u>6,500</u>	<u>6,500</u>
Total expenditures	<u>886,648</u>	<u>21,768</u>	<u>360,028</u>	<u>381,796</u>
Revenues over (under) expenditures	<u>(386,648)</u>	<u>(21,768)</u>	<u>(256,928)</u>	<u>(278,696)</u>
Other Financing Sources (Uses):				
Operating transfers - in from General Fund	<u>386,648</u>	<u>119,340</u>	<u>267,308</u>	<u>386,648</u>
Total other financing sources (uses)	<u>386,648</u>	<u>119,340</u>	<u>267,308</u>	<u>386,648</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 97,572</u>	10,380	<u>\$ 107,952</u>
Fund balance, beginning of year			<u>97,572</u>	
Fund balance, end of year			<u>\$ 107,952</u>	

TOWN OF VALDESE, NORTH CAROLINA
Schedule 4-9

Old Rock School Renovation Fund
Statement of Revenues, Expenditures and Changes in Fund Balance (Deficit)
Budget and Actual
From Inception and for the Year Ended June 30, 2025

	<u>Project</u>	<u>Actual</u>		
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>
		<u>Years</u>	<u>Year</u>	<u>Date</u>
Revenues:				
Grants	\$ 1,397,500	\$ 63,691	\$ 1,333,809	\$ 1,397,500
Donations	211,225	70,441	140,784	211,225
Town match	240,950	240,950	-	240,950
Total revenues	<u>1,849,675</u>	<u>375,082</u>	<u>1,474,593</u>	<u>1,849,675</u>
Expenditures:				
Renovations	1,377,650	586,092	788,329	1,374,421
Professional services	120,300	80,742	38,958	119,700
Auditorium seating	151,225	-	151,225	151,225
Grant administration	25,000	-	25,000	25,000
ARC grant	120,000	106,877	13,123	120,000
Contingency	<u>55,500</u>	<u>36,778</u>	<u>18,722</u>	<u>55,500</u>
Total expenditures	<u>1,849,675</u>	<u>810,489</u>	<u>1,035,357</u>	<u>1,845,846</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (435,407)</u>	439,236	<u>\$ 3,829</u>
Fund balance (deficit), beginning of year			<u>(435,407)</u>	
Fund balance (deficit), end of year			<u>\$ 3,829</u>	

TOWN OF VALDESE, NORTH CAROLINA

Schedule 4-10

Hoyle Creek Restoration Fund
Statement 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>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
State grant	\$ 2,200,000	\$ -	\$ 146,000	\$2,200,000
Total revenues	<u>2,200,000</u>	<u>-</u>	<u>146,000</u>	<u>2,200,000</u>
Expenditures:				
Restoration	1,328,500	-	-	-
Schematic & routing phase	102,500	-	39,100	39,100
Survey & design phase	553,000	-	106,900	106,900
Biding & award stage	16,000	-	-	-
Contingency	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,200,000</u>	<u>-</u>	<u>146,000</u>	<u>146,000</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,054,000</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$2,054,000</u>
Fund balance, beginning of year			<u>-</u>	
Fund balance, end of year			<u>\$ -</u>	

TOWN OF VALDESE, NORTH CAROLINA

Schedule 4-11

Community Center Gym Renovation Fund
Statement 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>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Contributions	\$ 182,489	\$ 187,140	\$ -	\$ 187,140
Town match	50,000	50,000	(13,239)	36,761
Total revenues	<u>232,489</u>	<u>237,140</u>	<u>(13,239)</u>	<u>223,900</u>
Expenditures:				
Renovations	331,731	331,731	-	331,731
Contingency	<u>30,004</u>	<u>21,415</u>	<u>-</u>	<u>21,415</u>
Total expenditures	<u>361,735</u>	<u>353,146</u>	<u>-</u>	<u>353,146</u>
Revenues over (under) expenditures	<u>(129,246)</u>	<u>(116,007)</u>	<u>(13,239)</u>	<u>(129,246)</u>
Other Financing Sources (Uses):				
Operating transfers - in from General Fund	<u>129,246</u>	<u>129,246</u>	<u>-</u>	<u>129,246</u>
Total other financing sources (uses)	<u>129,246</u>	<u>129,246</u>	<u>-</u>	<u>129,246</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ -</u>	<u>\$ 13,239</u>	<u>(13,239)</u>	<u>\$ -</u>
Fund balance, beginning of year			<u>13,239</u>	
Fund balance, end of year			<u>\$ -</u>	

This project was completed and closed out during the year ending June 30, 2025.

TOWN OF VALDESE, NORTH CAROLINA

Schedule 5

Utility Fund
Statement of Revenues - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Operating revenues:			
Charges for services:			
Water charges	\$ 3,802,800	\$ 4,007,490	\$ 204,690
Wastewater charges	1,499,938	1,546,623	46,685
Contract sales	<u>878,807</u>	<u>894,548</u>	<u>15,741</u>
Total charges for services	<u>6,181,545</u>	<u>6,448,661</u>	<u>267,116</u>
Other operating revenues:			
Tap and connection fees	40,000	93,900	53,900
Long term monitoring fees	18,900	18,445	(455)
Utility bill penalties	60,000	112,253	52,253
Meter usage charge	493,906	517,406	23,500
Reconnection fees	<u>60,000</u>	<u>110,757</u>	<u>50,757</u>
Total other operating revenues	<u>672,806</u>	<u>852,761</u>	<u>179,955</u>
Total operating revenues	<u>6,854,351</u>	<u>7,301,423</u>	<u>447,072</u>
Nonoperating revenues:			
Interest on investments	20,000	41,212	21,212
Sale of fixed assets	-	26,875	26,875
Grant	-	120,424	120,424
Miscellaneous	-	82,634	82,634
Proceeds of long-term debt	-	382,609	382,609
Fund balance appropriated	<u>1,018,940</u>	<u>-</u>	<u>(1,018,940)</u>
Total nonoperating revenues	<u>1,038,940</u>	<u>653,754</u>	<u>(385,187)</u>
Total revenues	<u>\$ 7,893,291</u>	<u>\$ 7,955,176</u>	<u>\$ 61,885</u>

TOWN OF VALDESE, NORTH CAROLINA
Schedule 5-1
Page 1 of 4

Utility Fund
Statement of Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Expenditures:			
Administration:			
General Fund - administrative services:			
Reimbursement	\$ 1,124,759	\$ 1,124,758	\$ 1
Total administration	<u>1,124,759</u>	<u>1,124,758</u>	<u>1</u>
Water and supply treatment:			
Salaries and wages	-	366,520	-
Professional services	-	86,500	-
FICA tax expense	-	27,217	-
Group insurance	-	71,348	-
Retirement	-	49,854	-
Telephone and postage	-	990	-
Utilities	-	318,477	-
Travel	-	3,445	-
Maintenance and repair - building and grounds	-	12,383	-
Maintenance and repair - equipment	-	450,635	-
Maintenance and repair - autos and trucks	-	438	-
Auto and truck supplies	-	4,521	-
Supplies and materials	-	32,421	-
Chemicals	-	234,913	-
Uniforms	-	3,342	-
Contracted services	-	5,609	-
Dues and subscriptions	-	10,645	-
Laboratory supplies	-	21,231	-
Water testing	-	10,716	-
Insurance and bonds	-	27,000	-

cont.

TOWN OF VALDESE, NORTH CAROLINA

Schedule 5-1

Page 2 of 4

Utility Fund**Statement of Expenditures - Budget and Actual (Non-GAAP)****For the Year Ended June 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (Continued):			
Water and supply treatment (continued):			
Safety	\$ -	\$ 2,642	\$ -
Economic incentives	-	12,500	-
Total water supply and treatment	<u>1,953,212</u>	<u>1,753,348</u>	<u>199,864</u>
Waste water treatment:			
Salaries and wages	-	404,979	-
Professional services	-	1,543	-
FICA tax expense	-	29,695	-
Group insurance	-	89,380	-
Retirement	-	55,115	-
Telephone and postage	-	3,220	-
Utilities	-	198,341	-
Travel	-	298	-
Maintenance and repair - buildings and grounds	-	94,677	-
Maintenance and repair - equipment	-	199,021	-
Maintenance and repair - autos and trucks	-	595	-
Auto and truck supplies	-	1,484	-
Laboratory supplies	-	11,629	-
Insurance bonds	-	32,000	-
Supplies and materials	-	5,353	-
Chemicals	-	105,760	-
Uniforms	-	5,137	-
Contracted services	-	28,093	-
Long term monitoring	-	33,053	-
Dues and subscriptions	-	7,744	-
Wood chips	-	35,294	-
Safety	-	1,745	-
IT	-	18	-
Economic incentives	-	12,500	-
Total waste water treatment	<u>1,445,709</u>	<u>1,356,676</u>	<u>89,033</u>
			cont.

TOWN OF VALDESE, NORTH CAROLINA

Schedule 5-1

Page 3 of 4

Utility Fund
Statement of Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (Continued):			
Water and sewer maintenance:			
Salaries and wages	\$ -	\$ 425,732	\$ -
Professional services	-	92,500	-
Travel expense	-	3,681	-
FICA tax expense	-	31,941	-
Group insurance	-	66,771	-
Retirement	-	52,946	-
Maintenance and repair - buildings and grounds	-	58,447	-
Maintenance and repair - equipment	-	11,793	-
Maintenance and repair - autos and trucks	-	1,558	-
Auto and truck supplies	-	17,405	-
Supplies and materials	-	85,981	-
Advertising	-	84	-
Contracted services	-	135,409	-
Utilities	-	29,244	-
Uniforms	-	3,328	-
Insurance and bonds	-	31,000	-
Meters	-	30,000	-
Miscellaneous expense	-	3,071	-
Total water and sewer maintenance	<u>1,268,901</u>	<u>1,080,891</u>	<u>188,010</u>
Budgetary appropriations:			
Capital outlay-waste water treatment plant	1,120,500	13,878	1,106,622
Capital outlay-water supply and treatment	312,372	234,986	77,386
Capital outlay-water and sewer maintenance	78,700	75,228	3,472
Payment on debt principal	312,845	312,841	4
Interest and fees	45,294	45,294	-
Transfers	(269,000)	231,000	(500,000)
Total budgetary appropriations	<u>1,600,711</u>	<u>913,227</u>	<u>687,485</u>
Total expenditures	<u>\$ 7,393,291</u>	<u>\$ 6,228,900</u>	<u>\$ 1,164,392</u>

Note: Prepared on the Budgetary Basis which is modified accrual.

cont.

TOWN OF VALDESE, NORTH CAROLINA

Schedule 5-1,cont.
Page 4 of 4

Utility Fund
Statement of Expenditures - Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Reconciliation from Budgetary Basis (Modified) Accrual Basis) to Full Accrual Basis:			
Total revenues on Schedule 5		\$ 7,955,176	
Total expenditures on Schedule 5-1		<u>6,228,900</u>	
Revenues over (under) expenditures		1,726,276	
Budgetary appropriations (above):			
Payment of debt principal		312,841	
Proceeds from long-term debt		(382,609)	
Adjustment for contributed capital		99,489	
Capital outlay		324,092	
Increase (decrease) in inventory		(14,760)	
(Increase) decrease in accrued vacation pay		7,330	
(Increase) decrease in other postemployment benefits		2,876	
Increase (decrease) in deferred outflows - OPEB		(6,694)	
(Increase) decrease in deferred inflows - OPEB		16,115	
(Increase) decrease in net pension liability		5,552	
Increase (decrease) in deferred outflows - pension		(82,069)	
(Increase) decrease in deferred inflows - pension		(5,588)	
Depreciation		<u>(1,386,499)</u>	
Change in net position (Exhibit 9)		<u>\$ 616,352</u>	

TOWN OF VALDESE, NORTH CAROLINA
Schedule 5-2

**Utility Capital Projects Fund
Valdese Bluffs Water Line
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)**

From Inception and for the Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
State grant	\$ 80,403	\$ -	\$ -	\$ -
Total revenues	<u>80,403</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Planning	6,015	1,400	-	1,400
Design	6,200	6,200	-	6,200
Construction	<u>68,188</u>	<u>6,000</u>	<u>-</u>	<u>6,000</u>
Total expenditures	<u>80,403</u>	<u>13,600</u>	<u>-</u>	<u>13,600</u>
Unexpended revenues and receipts	<u>\$ -</u>	<u>\$ (13,600)</u>	<u>\$ -</u>	<u>\$ (13,600)</u>

TOWN OF VALDESE, NORTH CAROLINA

Schedule 5-3

Utility Capital Projects Fund
Cline Avenue Basin & Pump Station
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Engineering	22,000	22,000	-	22,000
Design	89,000	89,000	-	89,000
Bidding and award	7,000	6,500	500	7,000
Construction administration	72,000	-	44,700	44,700
Planning and funding administration	20,000	-	6,700	6,700
Loan closing fee	30,300	-	29,770	29,770
Legal/administration	5,000	-	-	-
Contingency	115,800	-	-	-
Construction	<u>1,158,190</u>	<u>480</u>	<u>624,111</u>	<u>624,591</u>
Total expenditures	<u>1,519,290</u>	<u>117,980</u>	<u>705,781</u>	<u>823,761</u>
Revenues over (under) expenditures	<u>(1,519,290)</u>	<u>(117,980)</u>	<u>(705,781)</u>	<u>(823,761)</u>
Other Financing Sources (Uses):				
Utility fund contributions	30,780	30,780	-	30,780
SRP loan	<u>1,488,510</u>	<u>-</u>	<u>356,930</u>	<u>356,930</u>
Total other financing sources	<u>1,519,290</u>	<u>30,780</u>	<u>356,930</u>	<u>387,710</u>
Unexpended revenues and receipts	<u>\$ -</u>	<u>\$ (87,200)</u>	<u>\$ (348,851)</u>	<u>\$ (436,051)</u>

TOWN OF VALDESE, NORTH CAROLINA
Schedule 5-4

Utility Capital Projects Fund
Water Treatment Plant Upgrades
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Design	488,000	25,800	106,900	132,700
Funding administration	40,000	5,000	1,100	6,100
Bidding & award	28,000	-	-	-
Construction services	397,000	-	-	-
Construction	5,462,900	-	-	-
Contingency	479,100	-	-	-
Total expenditures	<u>6,895,000</u>	<u>30,800</u>	<u>108,000</u>	<u>138,800</u>
Revenues over (under) expenditures	<u>(6,895,000)</u>	<u>(30,800)</u>	<u>(108,000)</u>	<u>(138,800)</u>
Other Financing Sources (Uses):				
State appropriation	<u>6,895,000</u>	<u>-</u>	<u>82,900</u>	<u>82,900</u>
Total other financing sources	<u>6,895,000</u>	<u>-</u>	<u>82,900</u>	<u>82,900</u>
Unexpended revenues and receipts	<u>\$ -</u>	<u>\$ (30,800)</u>	<u>\$ (25,100)</u>	<u>\$ (55,900)</u>

TOWN OF VALDESE, NORTH CAROLINA
Schedule 5-5

Utility Capital Projects Fund
Water Distribution System Assessment
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Grant	<u>\$ 150,000</u>	<u>\$ 27,959</u>	<u>\$ -</u>	<u>\$ 27,959</u>
Expenditures:				
Professional services	150,000	27,959	17,971	45,930
Grant fee	<u>2,250</u>	<u>2,250</u>	<u>-</u>	<u>2,250</u>
Total expenditures	<u>152,250</u>	<u>30,209</u>	<u>17,971</u>	<u>48,180</u>
Revenues over (under) expenditures	<u>(2,250)</u>	<u>(2,250)</u>	<u>(17,971)</u>	<u>(20,221)</u>
Other Financing Sources (Uses):				
Town contributions	<u>2,250</u>	<u>2,250</u>	<u>-</u>	<u>2,250</u>
Total other financing sources	<u>2,250</u>	<u>2,250</u>	<u>-</u>	<u>2,250</u>
Unexpended revenues and receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,971)</u>	<u>\$ (17,971)</u>

TOWN OF VALDESE, NORTH CAROLINA
Schedule 5-6

Utility Capital Projects Fund
Valdese Bluffs Sewer Line
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
State grant	\$ 721,580	\$ 96,635	\$ -	\$ 96,635
Total revenues	<u>721,580</u>	<u>96,635</u>	<u>-</u>	<u>96,635</u>
Expenditures:				
Planning	44,110	39,400	4,710	44,110
Design	56,455	56,455	-	56,455
Construction	<u>621,015</u>	<u>780</u>	<u>-</u>	<u>780</u>
Total expenditures	<u>721,580</u>	<u>96,635</u>	<u>4,710</u>	<u>101,345</u>
Unexpended revenues and receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,710)</u>	<u>\$ (4,710)</u>

TOWN OF VALDESE, NORTH CAROLINA
Schedule 5-7

Utility Capital Projects Fund
Lead Service Line Inventory
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
Revenues:				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Desktop evaluation	85,000	-	58,600	58,600
Meter box inspections	40,000	-	4,623	4,623
Develop initial inventory	20,000	-	4,500	4,500
Field locates soft digs	275,000	-	-	-
Assemble data final report	80,000	-	4,500	4,500
Loan fee	10,000	-	10,000	10,000
Total expenditures	510,000	-	82,223	82,223
Revenues over (under) expenditures	(510,000)	-	(82,223)	(82,223)
Other Financing Sources (Uses):				
Utility fund contributions	10,000	-	10,000	10,000
Principle forgiveness	300,000	-	38,969	38,969
SRP loan	200,000	-	25,979	25,979
Total other financing sources	510,000	-	74,948	74,948
Unexpended revenues and receipts	\$ -	\$ -	\$ (7,275)	\$ (7,275)

TOWN OF VALDESE, NORTH CAROLINA
Schedule 5-8

Utility Capital Projects Fund
Berrytown Water Line
Statement of Revenues and Expenditures
Budget and Actual (Non-GAAP)
From Inception and for the Year Ended June 30, 2025

	<u>Project</u>	<u>Actual</u>		
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>
		<u>Years</u>	<u>Year</u>	<u>Date</u>
Revenues:				
CDBG grant	\$ 3,236,775	\$ -	\$ -	\$ -
Total revenues	<u>\$ 3,236,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Expenditures:				
Planning - engineering	26,000	-	26,000	26,000
Planning - environmental	25,000	-	25,000	25,000
Planning - administration	5,000	-	5,000	5,000
Construction water improvements	2,013,098	-	-	-
Construction administration	167,677	-	-	-
Water connections	925,000	-	-	-
COG administration	71,500	-	-	-
Planning	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,236,775</u>	<u>-</u>	<u>56,000</u>	<u>56,000</u>
Unexpended revenues and receipts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (56,000)</u>	<u>\$ (56,000)</u>

Other Schedules

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

TOWN OF VALDESE, NORTH CAROLINA

Schedule 6

Schedule of Ad Valorem Taxes Receivable
June 30, 2025

<u>Fiscal Year</u>	<u>July 1, 2024</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>June 30, 2025</u>
2024 - 2025	\$ -	\$ 2,616,276	\$2,600,869	\$ 15,407
2023 - 2024	18,782	-	14,301	4,481
2022 - 2023	40,734	-	17,530	23,204
2021 - 2022	20,309	-	4,815	15,494
2020 - 2021	14,567	-	368	14,199
2019 - 2020	10,381	-	-	10,381
2018 - 2019	6,625	-	214	6,411
2017 - 2018	5,121	-	-	5,121
2016 - 2017	5,098	-	-	5,098
2015 - 2016	3,535	-	-	3,535
2014 - 2015	2,859	-	2,859	-
Total	<u>\$ 128,011</u>	<u>\$ 2,616,276</u>	<u>\$2,640,956</u>	103,331
Less allowance for uncollectibles				<u>(40,000)</u>
Balance				<u>\$ 63,331</u>
Reconcilement With Revenues:				
Ad valorem taxes - General Fund (Schedule 2)				\$ 2,526,301
Releases				55,770
Amount written off per statute of limitation				2,859
Collection fees and other adjustments				<u>64,508</u>
Subtotal				2,649,438
Less penalties and interest collected				<u>(8,482)</u>
Total collections and credits				<u>\$ 2,640,956</u>

TOWN OF VALDESE, NORTH CAROLINA
Schedule 7
Schedule of Analysis of Current Year Tax Levy
June 30, 2025

	Town - wide			Total Levy	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy:					
Property taxes at current year's rate	\$ 630,088,675	0.415	\$ 2,614,868	\$ 2,381,569	\$ 233,299
Late lists	-		1,408	1,408	-
Total	<u>\$ 630,088,675</u>		<u>2,616,276</u>	<u>2,382,977</u>	<u>233,299</u>
Net levy			2,616,276	2,382,977	233,299
Less uncollected taxes at June 30, 2025			<u>15,407</u>	<u>15,407</u>	-
Current year's taxes collected			<u>\$ 2,600,869</u>	<u>\$ 2,367,570</u>	<u>\$ 233,299</u>
Current levy collection percentage			<u>99.41</u>	<u>99.35</u>	<u>100.00</u>

**Compliance
Section**

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

121 North Sterling Street
Morganton, North Carolina 28655
Phone: (828) 433-1226
Fax: (828) 433-1230

**Independent Auditors' Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With Government Auditing Standards**

To the Honorable Mayor and
Members of the Town Council of
Town of Valdese, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Valdese, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Town of Valdese, North Carolina's basic financial statements, and have issued our report thereon dated December 5, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Lowdermilk Church & Co., L.L.P.

Morganton, North Carolina
December 5, 2025

Lowdermilk Church & Co., L.L.P.
Certified Public Accountants

121 North Sterling Street
Morganton, North Carolina 28655
Phone: (828) 433-1226
Fax: (828) 433-1230

**Independent Auditors' Report On Compliance For Each Major Federal Program And
On Internal Control Over Compliance Required By The Uniform Guidance
And The State Single Audit Implementation Act**

To the Honorable Mayor and
Members of the Town Council of
Town of Valdese, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Valdese, North Carolina compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement and the audit manual for Governmental auditors in North Carolina issued by the Local Government Commission*, that could have a direct and material effect on each of the Town of Valdese, North Carolina major federal programs for the year ended June 30, 2025. The Town of Valdese, North Carolina major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and responses.

In our opinion, the town of Valdese, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Lowdermilk Church & Co., L.L.P.

Morganton, North Carolina
December 5, 2025

TOWN OF VALDESE, NORTH CAROLINA

Page 1 of 2

**Schedule of Findings and Responses
For the Year Ended June 30, 2025**

Section I. Summary of Auditors' Results**Financial Statements**

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____yes

___X___no

Significant deficiency(ies)?

_____yes

___X___none reported

Noncompliance material to financial
statements noted?

_____yes

___X___no

Federal Awards

Internal control over major federal programs:

• Material weakness(es) identified?

_____yes

___X___no

• Significant deficiency(ies) identified?

_____yes

___X___none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified.

Any audit findings disclosed that are required
to be reported in accordance with 2 CFR
200.516(a)?

_____yes

___X___no

Identification of major federal programs:

Federal Assistance Listing No.

21.027

21.027

66.458

Names of Federal Program or Cluster

Rural Transformation Grant Fund

RDED Grant

Clean Water State Revolving Funds

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

\$750,000

Auditee qualified as low-risk auditee?

___yes

___X___no

cont.

TOWN OF VALDESE, NORTH CAROLINA**Page 2 of 2 cont.**

**Schedule of Findings and Responses
For the Year Ended June 30, 2025**

State Awards

No major state awards

Section II. Financial Statement Findings

None.

Section III. Federal Award Findings and Responses

None.



TOWN OF VALDESE
NORTH CAROLINA'S FRIENDLY TOWN

P.O. BOX 339

VALDESE, NORTH CAROLINA 28690-0339

PHONE (828) 879-2120 | FAX (828) 879-2139 | TOWNOFVALDESE.COM

**Corrective Action Plan
For the Year Ended June 30, 2025**

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Responses

None reported.

TOWN OF VALDESE, NORTH CAROLINA

Summary Schedule of Prior Year Audit Findings
June 30, 2025

No findings reported

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

<u>Grantor/Pass-through</u> <u>Grantor/Program Title</u>	<u>Federal</u> <u>Assistance</u> <u>Listing No.</u>	<u>State/</u> <u>Pass-through</u> <u>Grantor's No.</u>	<u>Fed. (Direct &</u> <u>Pass-through)</u> <u>Expenditures</u>	<u>State</u> <u>Expenditures</u>	<u>Pass-through</u> <u>to</u> <u>Subrecipients</u>
Federal Grants					
Cash Programs:					
<u>U.S. Dept. of Housing and Urban Development</u>					
Passed-through the N.C. Department of Environmental Quality:					
Community Development Block Grant, State's Program	14.228	18-I-3094	\$ 56,000	\$ -	\$ -
Total Community Development Block Grant State's Program			56,000	-	-
<u>U.S. Dept of Treasury</u>					
Passed-through N.C. Department of Commerce:					
Rural Transformation Grant Fund	21.027	SA-0215	786,309	-	-
RDED Grant	21.027	SA-0215	487,500	-	-
Total Rural Transformation Grants			1,273,809	-	-
<u>U.S. Environmental Protection Agency</u>					
Passed-through N.C. Department of Environmental Quality:					
Clean Water State Revolving Funds	66.458	SAF-D-LSL-053	25,680	-	-
Clean Water State Revolving Funds	66.458	SRP-D-134-0038	82,900	-	-
Clean Water State Revolving Funds	66.458	SRP-W-0197	705,781	-	-
Total N.C. Dept. of Environmental Quality			814,361	-	-
<u>U.S. Department of Homeland Security</u>					
Federal Emergency Management Agency Public Assistance Program:	97.036	xxxx	152,200	-	-
Total U.S. Department of Homeland Security			152,200	-	-
Total assistance - federal programs			\$ 2,296,370	\$ -	\$ -
State Grants:					
Cash Assistance:					
<u>N.C. Department of Public Safety</u>					
Disaster Relief and recovery/ Mitigation/Resiliency Directed Grant		xxxx	\$ -	\$ 146,000	\$ -
<u>Appalachian Regional Commission</u>					
Old Rock School Entrepreneur Resource Center		NC-21048	-	60,000	-
<u>N.C. Department of Transportation:</u>					
Powell Bill		38570	-	140,895	-
Total assistance - State programs			-	346,895	-
Total assistance			\$ 2,296,370	\$ 346,895	\$ -

TOWN OF VALDESE, NORTH CAROLINA**Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2025**

Notes to the Schedule of Expenditures of Federal and State Awards:**Note 1: Basis of Presentation**

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

Note 2: Summary of Significant Accounting Policies

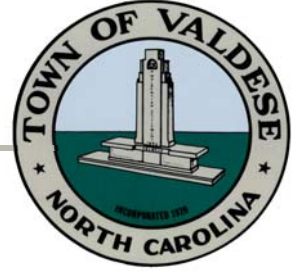
Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable, or are limited, as to reimbursement.

Note 3: Indirect Cost Rate

Town of Valdese, North Carolina has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Town of Valdese

AGENDA MEMO



☐ Resolution ☒ Ordinance ☐ Contract ☐ Discussion ☐ Information Only

To: Valdese Town Council

From: Michael Rapp - Town Planner

Subject: Encroachment Ordinance - Update to Town's Code of Ordinances

Meeting: February 2, 2026

Presenter: Michael Rapp - Town Planner

ITEM OF INTEREST:

Town of Valdese, Code of Ordinances, Article B "Excavation and Repair" updates.

BACKGROUND INFORMATION:

The Town of Valdese's existing Excavation and Repair ordinance was originally designed to regulate basic street cuts, driveway construction, and short-term disruptions within the public right-of-way. While the ordinance has remained functional for routine work, it does not adequately address the complexity, scale, or long-term impacts of modern utility and telecommunications installations, particularly those involving underground infrastructure, extended construction timelines, traffic control measures, or permanent facilities located within public streets and sidewalks.

In recent years, the Town has experienced an increase in requests from telecommunications providers and utility companies seeking to install fiber, conduit, and related infrastructure within the public right-of-way. Under the current ordinance framework, these requests are handled through informal or fragmented processes that lack standardized submittal requirements, clearly defined permit categories, enforceable restoration standards, and comprehensive legal protections for the Town. This has created uncertainty for both applicants and staff with respect to construction expectations, liability, long-term maintenance responsibilities, and documentation of installed infrastructure.

The proposed amendments to Article B are intended to modernize and formalize the encroachment process by establishing clear distinctions between major and minor encroachments, creating standardized application and review procedures, and requiring encroachment agreements for large-scale or permanent installations. The revisions also strengthen inspection authority, restoration requirements, insurance and bonding provisions, and as-built documentation standards, ensuring that public infrastructure is protected and accurately recorded. Collectively, these changes provide a clear, consistent, and enforceable framework for right-of-way encroachments that supports necessary utility and telecommunications deployment while safeguarding public safety, municipal assets, and the long-term interests of the Town.

BUDGET IMPACT:

N/A

RECOMMENDATION / OPTIONS:

Staff recommends Council approve the presented resolution to update the Town's Code of Ordinances, to Article B - Excavations and Repair.

LIST OF ATTACHMENTS:

Encroachment Ordinance (w/ Changes Marked)
Encroachment Ordinance (Final Proposal)

ARTICLE B

Excavation and Repair

Section 4-1021 Permit to dig in streets.

No person shall make any excavation or opening or dig any ditch, trench, tunnel or hole in, along, across or under any street, sidewalk or other public place for the purpose of laying or placing therein any pipe, wires or poles or for any other purposes unless a ~~written permit therefor has been issued by the manager or some other officer of the town vested with such authority~~ **Major Encroachment Permit has been duly issued by the Town of Valdese.**

Provided, that a permit shall not be required where such work is performed under a contract with the town but in the event such work requires a sidewalk or street to be wholly or partially obstructed, the person shall notify the clerk, the public works department and the police department at least two (2) hours before obstructing the sidewalk or street, unless prevented by sudden emergency.

Section 4-1022 Application for permit; fees.

All persons desiring a permit to make an opening in any street or sidewalk, as set forth in section [4-1021](#), ~~shall make written application therefor, which application shall show the location of the proposed opening, the purpose therefor and the approximate number of square yards of surface to be cut. Such application shall be accompanied by a fee which shall be established by the council.~~ **shall submit an encroachment permit application providing the following: (1) Detailed plans of facility location, alignment, depth, and method of installation, (2) A traffic control plan in accordance with MUTCD and Town Standards, (3) A proposed work schedule, including proposed hours and duration; (4) A restoration plan meeting Town restoration standards as described in section 5-2019; (5) Proof of insurance and bonding to cover potential utility damages; (6) Certification of Compliance with NC 811 utility location requirements.**

Applicants must attend a pre-approval coordination meeting with Town staff to confirm construction methods, review traffic management and pedestrian access plans, and coordinate protection of municipal infrastructure. Failure to attend or comply with meeting outcomes may result in denial, suspension, or revocation of permits.

Section X-XXXX Defining Encroachments

Major Encroachment; Major Encroachments shall be defined as any excavation or opening or dig any ditch, trench, tunnel or hole in, along, across or under any street, sidewalk or other public place for the purpose of laying or placing therein any pipe, wires or poles or for any other purposes, EXCEPT for excavation, opening, trenching, and digging associated with the (1) construction of a driveway access, (2) repair or

improvement of private residential utility infrastructure laterals associated with a single property, given that those repairs and improvements comply with general construction standards.

Minor Encroachments: Minor Encroachments shall be defined as encroachments into streets, sidewalks, alleys, and other public spaces that do not include excavation, opening, trenching, tunneling, digging, or other ground disturbing activities or permanent activities, with the exception of excavation, opening, trenching, and digging associated with the construction of a driveway access. No person shall commence a minor encroachment unless a permit for said Minor Encroachment has been issued by the Town of Valdese Planning Director.

Section X-XXXX Encroachment Agreement

For Major Encroachments, applicants will be required to execute an encroachment agreement, prior to the issuance of the Major Encroachment Permit. The agreement shall: (1) State that the encroachment is a revocable license with no conveyance of property rights; (2) Require the permittee to maintain, repair, and/or remove the encroaching facility at their own expense; (3) Indemnify and hold harmless the Town from all claims arising from the encroachment; (4) Require the permittee maintain general liability insurance of at least \$1,000,000.00 per occurrence, naming the town as an additional insured; (5) Require the permittee post a performance bond of an amount determined by the Town Attorney based on the proposed encroachment scope; (6) Require the permittee to submit as-built drawings as described in Section 4-1026.

The Town may revoke an encroachment agreement if it; (1) Interferes with public use; (2) Violates Ordinance conditions (3) Endangers public health, safety, or welfare.

Section 4-1023 Municipal liability.

Any person obtaining a permit as provided for in sections [4-1021](#) and [4-1022](#) herein agrees as a condition of the issuance of said permit, to indemnify and hold harmless the town against any claims or expenses, including attorney's fees for bodily injury or property damage for accidents or occurrences arising out of the person's operations, excluding only the liability of the town for its sole negligence except in connection with general supervision of work performed by said person.

Section 4-1024 Supervision and control.

All excavations and work in streets, sidewalks, alleys or public places in the town shall be under the supervision and control of the **Director of Public Works**, whose duty it shall be to inspect the same from to time during the progress thereof. **All work shall comply with;** (1) Specifications provided by the Director of Public Works; (2) Separation requirements from municipal water, sewer, and stormwater systems, (3) Pavement, sidewalk, and ADA ramp restoration standards; (4) Protection of street trees,

landscaping, and streetscape improvements; (5) Applicable NCDOT conditions when working in State rights-of-way. Upon the completion thereof, he shall make a final inspection and see that the street, sidewalk or public place is restored to a condition as good in all respects as before the excavation or work was made or done, and that all debris, materials, tools and equipment are removed therefrom. Any person refusing or failing to comply with any provision of this section shall be guilty of a violation thereof, and where such failure or refusal is continued after notice from the **Director**, every day's continuance shall constitute a separate and distinct offense.

Section 4-1025 Disposition of fees.

All fees collected under the provisions of this article shall be paid into the general fund.

Section 4-1026 Street repair.

When any part of any street, sidewalk, alley or other public place of the town shall be torn or dug up for any purpose, the person making such excavation or opening shall have the duty of refilling such excavation or opening, and such refilling shall be done in accordance with the standards and specifications issued by the ~~superintendent~~ **Director** of Public Works or his duly authorized representative. **The Director of Public Works or his designee may access and inspect any work zone at any time. Permit holders must provide 48 hours' notice before commencing work affecting municipal infrastructure. Permit holders must restore the street, sidewalk, alley or other public place to a condition equal or better than prior to construction. Restoration must pass Town inspection and be warranted for one (1) year. Within 30 days of project completion, permit holders must submit as-built drawings in a GIS compatible format, showing final location and depth of installed facilities in relation to municipal infrastructure.** Any person, firm or corporation neglecting, refusing, or failing to comply with any provisions of this section shall be guilty of a violation thereof; and where such neglect, refusal or failure is continued, after notice from the Director or his authorized representative, every day's continuance thereafter shall constitute a separate and distinct offense. **If the permittee fails to restore the encroachment area within 60 days of encroachment completion, the Town may complete the restoration and recover all associated costs, including from bond proceeds.**

Section 4-1027 Excavations; leaving unprotected.

It shall be unlawful for any person, firm or corporation who obtains a permit under the sections of this article to do any excavation of any kind which may create or cause a dangerous condition in or near any street, alley, sidewalk or public place of the town without placing and maintaining proper guard rails three (3) feet from the ground and signal lights or other warnings at, in or around the same, sufficient to warn the public of such excavation or work, and to protect all persons using reasonable care. ~~from mJunes~~

~~on account of same.~~ It shall be unlawful to cut drains or ditches across the sidewalks or streets unless boxing be used and the same covered on a level with the sidewalk.

Section 4-1028 Streets not to be damaged.

It shall be unlawful for any person, firm or corporation to drag, or run or cause to be dragged or run any harrow or other implement, engine, machine or tool upon any asphalt, bithulitic, warrenite, or other type of permanently paved street of the town which shall be liable, in any way to injure or cut the surface thereof. It shall also be unlawful to injure any dirt street in the same manner.

Section 4-1029 Violation; penalty.

Any person who shall violate a provision of this article shall be guilty of a Class 3 misdemeanor and may be fined not more than \$500, or such other maximum amount as shall be authorized by North Carolina General Statutes or specifically established in this code, whichever is less. Any person violating any of the provisions of this article shall become liable to the town for any expense, loss, or damage occasioned the town by reason of such violation. (Ord. of 5/2/22)

Section 4-1030 Sidewalk construction.

No sidewalk of any description shall be built by any individual, firm or corporation of any brick, wood, or other material without a written permit from the town.

Section 4-1031 House moving.

No person shall move any house or building upon or across the public streets or sidewalks without the written consent of the council and the deposit of a good and sufficient bond in the sum of \$500 to cover damage done to such street or sidewalk or to any property of any person.

Section 4-1032 Damage to municipal property.

No person shall injure, tamper with, remove, paint upon or deface any bridge, culvert, ditch and drain, sign, sign post, street light, traffic signal, bulletin board or other municipal property upon the streets and sidewalks or elsewhere except employees of the town in the performance of their duties.

Section 4-1033 Permit to mix building materials.

No person shall mix any building materials on any street, sidewalk or other public place, unless a written permit therefor has been issued by the clerk or some other officer of the town vested with such authority. All persons desiring a permit to mix building materials shall make written application therefor, which application shall show the location of the proposed mixing and the kind and approximate amounts of materials to be mixed. The application shall be accompanied by a fee which shall be established by the council.

Section 4-1034 Driveways; permit required.

No person shall begin to construct, reconstruct, repair, alter, or grade any driveway on the public streets, unless a written permit therefor has been issued by the manager or some other officer of the town vested with such authority.

Section 4-1035 Same; application.

(a) All persons desiring a driveway permit shall make application therefor, which application shall show:

- (1) The name and address of the owner or agent in charge of the property abutting and proposed work area;
- (2) The name and address of the party doing the work;
- (3) The location of the work area;
- (4) Attached plans showing details of the proposed alteration;
- (5) The estimated cost of the alteration; and
- (6) Such other information as the issuing officer shall find reasonably necessary to the determination of whether a permit should issue hereunder.

(b) The application shall be accompanied by a fee which shall be established by the council.

Section 4-1036 Same; standards.

The officer shall issue a permit hereunder when he finds:

- (1) That the plans for the proposed operation have been approved by the Director of Public Works, to whom they shall be forwarded by the officer within a reasonable time after receipt thereof;
- (2) That the work shall be done according to the standard specifications of the town for public work of like character;
- (3) That the operation will not unreasonably interfere with vehicular and pedestrian traffic, the demand and necessity for parking spaces, and the means of egress to and from the property affected and adjacent properties; and
- (4) That the health, welfare and safety of the public will not be unreasonably impaired.

Section 4-1037 Same; construction.

Driveways shall be constructed of portland cement concrete in one course.

Section 4-XXXX Permit Requirements

Minor Encroachment applications shall; (1) Illustrate the location, nature, and duration of the minor encroachment; (2) If the encroachment is upon Sidewalk, the application must illustrate compliance and plans for maintaining pedestrian travel access of at least 4-feet in width.

Section 4-XXXX Appeals

Any person whose work permit application has been denied or who has been assessed a civil penalty may appeal such decision within ten days after notice of such denial or civil penalty assessment. Any person who has been charged repair and restoration costs pursuant to Section 4-1026 may appeal such decision within ten days after the city invoices such charge. Appeals shall be heard by the Town of Valdese Board of Adjustment. The appellant shall have the right to present evidence at said hearing.

A ruling on appeal is subject to review in the Superior Court of Burke County by proceedings in the nature of certiorari. Any petition for writ of certiorari for review shall be filed with the clerk of superior court within 30 days after notice of the decision has been sent to the appellant.

Section 4-1038 through section 4-1040 reserved.

ARTICLE B

Excavation and Repair

Section 4-1021 Permit to dig in streets.

No person shall make any excavation or opening or dig any ditch, trench, tunnel or hole in, along, across or under any street, sidewalk or other public place for the purpose of laying or placing therein any pipe, wires or poles or for any other purposes unless a Major Encroachment Permit has been duly issued by the Town of Valdese.

Provided, that a permit shall not be required where such work is performed under a contract with the town but in the event such work requires a sidewalk or street to be wholly or partially obstructed, the person shall notify the clerk, the public works department and the police department at least two (2) hours before obstructing the sidewalk or street, unless prevented by sudden emergency.

Section 4-1022 Application for permit; fees.

All persons desiring a permit to make an opening in any street or sidewalk, as set forth in section 4-1021, shall submit an encroachment permit application providing the following: (1) Detailed plans of facility location, alignment, depth, and method of installation, (2) A traffic control plan in accordance with MUTCD and Town Standards, (3) A proposed work schedule, including proposed hours and duration; (4) A restoration plan meeting Town restoration standards as described in section 5-2019; (5) Proof of insurance and bonding to cover potential utility damages; (6) Certification of Compliance with NC 811 utility location requirements.

Applicants must attend a pre-approval coordination meeting with Town staff to confirm construction methods, review traffic management and pedestrian access plans, and coordinate protection of municipal infrastructure. Failure to attend or comply with meeting outcomes may result in denial, suspension, or revocation of permits.

Section 4-XXXX Defining Encroachments

Major Encroachment; Major Encroachments shall be defined as any excavation or opening or dig any ditch, trench, tunnel or hole in, along, across or under any street, sidewalk or other public place for the purpose of laying or placing therein any pipe, wires or poles or for any other purposes, EXCEPT for excavation, opening, trenching, and digging associated with the (1) construction of a driveway access, (2) repair or improvement of private residential utility infrastructure laterals associated with a single property, given that those repairs and improvements comply with general construction standards.

Minor Encroachments: Minor Encroachments shall be defined as encroachments into streets, sidewalks, alleys, and other public spaces that do not include excavation,

opening, trenching, tunneling, digging, or other ground disturbing activities or permanent activities, with the exception of excavation, opening, trenching, and digging associated with the construction of a driveway access. No person shall commence a minor encroachment unless a permit for said Minor Encroachment has been issued by the Town of Valdese Planning Director.

Section 4-XXXX Encroachment Agreement

For Major Encroachments, applicants will be required to execute an encroachment agreement, prior to the issuance of the Major Encroachment Permit. The agreement shall: (1) State that the encroachment is a revocable license with no conveyance of property rights; (2) Require the permittee to maintain, repair, and/or remove the encroaching facility at their own expense; (3) Indemnify and hold harmless the Town from all claims arising from the encroachment; (4) Require the permittee maintain general liability insurance of at least \$1,000,000.00 per occurrence, naming the town as an additional insured; (5) Require the permittee post a performance bond of an amount determined by the Town Attorney based on the proposed encroachment scope; (6) Require the permittee to submit as-built drawings as described in Section 4-1028.

The Town may revoke an encroachment agreement if it; (1) Interferes with public use; (2) Violates Ordinance conditions (3) Endangers public health, safety, or welfare.

Section 4-1023 Municipal liability.

Any person obtaining a permit as provided for in sections 4-1021 and 4-1022 herein agrees as a condition of the issuance of said permit, to indemnify and hold harmless the town against any claims or expenses, including attorney's fees for bodily injury or property damage for accidents or occurrences arising out of the person's operations, excluding only the liability of the town for its sole negligence except in connection with general supervision of work performed by said person.

Section 4-1024 Supervision and control.

All excavations and work in streets, sidewalks, alleys or public places in the town shall be under the supervision and control of the Director of Public Works, whose duty it shall be to inspect the same from to time during the progress thereof. All work shall comply with; (1) Specifications provided by the Director of Public Works; (2) Separation requirements from municipal water, sewer, and stormwater systems, (3) Pavement, sidewalk, and ADA ramp restoration standards; (4) Protection of street trees, landscaping, and streetscape improvements; (5) Applicable NCDOT conditions when working in State rights-of-way. Upon the completion thereof, he shall make a final inspection and see that the street, sidewalk or public place is restored to a condition as good in all respects as before the excavation or work was made or done, and that all debris, materials, tools and equipment are removed therefrom. Any person refusing or failing to comply with any provision of this section shall be guilty of a violation thereof,

and where such failure or refusal is continued after notice from the Director, every day's continuance shall constitute a separate and distinct offense.

Section 4-1025 Disposition of fees.

All fees collected under the provisions of this article shall be paid into the general fund.

Section 4-1026 Street repair.

When any part of any street, sidewalk, alley or other public place of the town shall be torn or dug up for any purpose, the person making such excavation or opening shall have the duty of refilling such excavation or opening, and such refilling shall be done in accordance with the standards and specifications issued by the Director of Public Works or his duly authorized representative. The Director of Public Works or his designee may access and inspect any work zone at any time. Permit holders must provide 48 hours' notice before commencing work affecting municipal infrastructure. Permit holders must restore the street, sidewalk, alley or other public place to a condition equal or better than prior to construction. Restoration must pass Town inspection and be warranted for one (1) year. Within 30 days of project completion, permit holders must submit as-built drawings in a GIS compatible format, showing final location and depth of installed facilities in relation to municipal infrastructure. Any person, firm or corporation neglecting, refusing, or failing to comply with any provisions of this section shall be guilty of a violation thereof; and where such neglect, refusal or failure is continued, after notice from the Director or his authorized representative, every day's continuance thereafter shall constitute a separate and distinct offense. If the permittee fails to restore the encroachment area within 60 days of encroachment completion, the Town may complete the restoration and recover all associated costs, including from bond proceeds.

Section 4-1027 Excavations; leaving unprotected.

It shall be unlawful for any person, firm or corporation who obtains a permit under the sections of this article to do any excavation of any kind which may create or cause a dangerous condition in or near any street, alley, sidewalk or public place of the town without placing and maintaining proper guard rails three (3) feet from the ground and signal lights or other warnings at, in or around the same, sufficient to warn the public of such excavation or work, and to protect all persons using reasonable care. It shall be unlawful to cut drains or ditches across the sidewalks or streets unless boxing be used and the same covered on a level with the sidewalk.

Section 4-1028 Streets not to be damaged.

It shall be unlawful for any person, firm or corporation to drag, or run or cause to be dragged or run any harrow or other implement, engine, machine or tool upon any asphalt, bithulitic, warrenite, or other type of permanently paved street of the town which

shall be liable, in any way to injure or cut the surface thereof. It shall also be unlawful to injure any dirt street in the same manner.

Section 4-1029 Violation; penalty.

Any person who shall violate a provision of this article shall be guilty of a Class 3 misdemeanor and may be fined not more than \$500, or such other maximum amount as shall be authorized by North Carolina General Statutes or specifically established in this code, whichever is less. Any person violating any of the provisions of this article shall become liable to the town for any expense, loss, or damage occasioned the town by reason of such violation. (Ord. of 5/2/22)

Section 4-1030 Sidewalk construction.

No sidewalk of any description shall be built by any individual, firm or corporation of any brick, wood, or other material without a written permit from the town.

Section 4-1031 House moving.

No person shall move any house or building upon or across the public streets or sidewalks without the written consent of the council and the deposit of a good and sufficient bond in the sum of \$500 to cover damage done to such street or sidewalk or to any property of any person.

Section 4-1032 Damage to municipal property.

No person shall injure, tamper with, remove, paint upon or deface any bridge, culvert, ditch and drain, sign, sign post, street light, traffic signal, bulletin board or other municipal property upon the streets and sidewalks or elsewhere except employees of the town in the performance of their duties.

Section 4-1033 Permit to mix building materials.

No person shall mix any building materials on any street, sidewalk or other public place, unless a written permit therefor has been issued by the clerk or some other officer of the town vested with such authority. All persons desiring a permit to mix building materials shall make written application therefor, which application shall show the location of the proposed mixing and the kind and approximate amounts of materials to be mixed. The application shall be accompanied by a fee which shall be established by the council.

Section 4-1034 Driveways; permit required.

No person shall begin to construct, reconstruct, repair, alter, or grade any driveway on the public streets, unless a written permit therefor has been issued by the manager or some other officer of the town vested with such authority.

Section 4-1035 Same; application.

(a) All persons desiring a driveway permit shall make application therefor, which application shall show:

- (1) The name and address of the owner or agent in charge of the property abutting and proposed work area;
- (2) The name and address of the party doing the work;
- (3) The location of the work area;
- (4) Attached plans showing details of the proposed alteration;
- (5) The estimated cost of the alteration; and
- (6) Such other information as the issuing officer shall find reasonably necessary to the determination of whether a permit should issue hereunder.

(b) The application shall be accompanied by a fee which shall be established by the council.

Section 4-1036 Same; standards.

The officer shall issue a permit hereunder when he finds:

- (1) That the plans for the proposed operation have been approved by the Director of Public Works, to whom they shall be forwarded by the officer within a reasonable time after receipt thereof;
- (2) That the work shall be done according to the standard specifications of the town for public work of like character;
- (3) That the operation will not unreasonably interfere with vehicular and pedestrian traffic, the demand and necessity for parking spaces, and the means of egress to and from the property affected and adjacent properties; and
- (4) That the health, welfare and safety of the public will not be unreasonably impaired.

Section 4-1037 Same; construction.

Driveways shall be constructed of portland cement concrete in one course.

Section 4-XXXX Permit Requirements

Minor Encroachment applications shall; (1) Illustrate the location, nature, and duration of the minor encroachment; (2) If the encroachment is upon Sidewalk, the application must illustrate compliance and plans for maintaining pedestrian travel access of at least 4-feet in width.

Section 4-XXXX Appeals

Any person whose work permit application has been denied or who has been assessed a civil penalty may appeal such decision within ten days after notice of such denial or civil penalty assessment. Any person who has been charged repair and restoration costs pursuant to Section 4-1026 may appeal such decision within ten days after the Town invoices such charge. Appeals shall be heard by the Town of Valdese Board of Adjustment. The appellant shall have the right to present evidence at said hearing.

A ruling on appeal is subject to review in the Superior Court of Burke County by proceedings in the nature of certiorari. Any petition for writ of certiorari for review shall be filed with the clerk of superior court within 30 days after notice of the decision has been sent to the appellant.

Section 4-1038 through section 4-1040 reserved.

ORDINANCE AMENDING ARTICLE B “EXCAVATION AND REPAIR” OF THE VALDESE CODE OF ORDINANCES

WHEREAS, Article B of Chapter 4 of the Town of Valdese Code of Ordinances regulates excavation, repair, and related activities within public streets, sidewalks, and other public rights-of-way; and

WHEREAS, the existing provisions were adopted prior to the expansion of modern utility and telecommunications infrastructure and do not provide a comprehensive or standardized process for right-of-way encroachments; and

WHEREAS, pursuant to North Carolina General Statutes Chapter 160A, municipalities are authorized to regulate the use, protection, maintenance, and repair of public streets and rights-of-way through the exercise of their general police powers; and

WHEREAS, the Town Council finds it necessary to establish a formal encroachment permitting framework to protect public safety, preserve municipal infrastructure, clarify maintenance and liability responsibilities, and ensure proper restoration and documentation of work within the public right-of-way;

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF VALDESE, NORTH CAROLINA, THAT ARTICLE B OF CHAPTER 4 OF THE TOWN OF VALDESE CODE OF ORDINANCES IS HEREBY AMENDED TO READ AS FOLLOWS:

ARTICLE B Excavation and Repair

Section 4-1021 Permit to dig in streets.

No person shall make any excavation or opening or dig any ditch, trench, tunnel or hole in, along, across or under any street, sidewalk or other public place for the purpose of laying or placing therein any pipe, wires or poles or for any other purposes unless a Major Encroachment Permit has been duly issued by the Town of Valdese.

Provided, that a permit shall not be required where such work is performed under a contract with the town but in the event such work requires a sidewalk or street to be wholly or partially obstructed, the person shall notify the clerk, the public works department and the police department at least two (2) hours before obstructing the sidewalk or street, unless prevented by sudden emergency.

Section 4-1022 Application for permit; fees.

All persons desiring a permit to make an opening in any street or sidewalk, as set forth in section 4-1021, shall submit an encroachment permit application providing the following: (1) Detailed plans of facility location, alignment, depth, and method of installation, (2) A traffic control plan in accordance with MUTCD and Town Standards, (3) A proposed work schedule, including proposed hours and duration; (4) A restoration plan meeting Town restoration standards as described in section 5-2019; (5) Proof of insurance and bonding to cover potential utility damages; (6) Certification of Compliance with NC 811 utility location requirements.

Applicants must attend a pre-approval coordination meeting with Town staff to confirm construction methods, review traffic management and pedestrian access plans, and coordinate protection of municipal infrastructure. Failure to attend or comply with meeting outcomes may result in denial, suspension, or revocation of permits.

Section 4-XXXX Defining Encroachments

Major Encroachment; Major Encroachments shall be defined as any excavation or opening or dig any ditch, trench, tunnel or hole in, along, across or under any street, sidewalk or other public place for the purpose of laying or placing therein any pipe, wires or poles or for any other purposes, EXCEPT for excavation, opening, trenching, and digging associated with the (1) construction of a driveway access, (2) repair or improvement of private residential utility infrastructure laterals associated with a single property, given that those repairs and improvements comply with general construction standards.

Minor Encroachments: Minor Encroachments shall be defined as encroachments into streets, sidewalks, alleys, and other public spaces that do not include excavation, opening, trenching, tunneling, digging, or other ground disturbing activities or permanent activities, with the exception of excavation, opening, trenching, and digging associated with the construction of a driveway access. No person shall commence a minor encroachment unless a permit for said Minor Encroachment has been issued by the Town of Valdese Planning Director.

Section 4-XXXX Encroachment Agreement

For Major Encroachments, applicants will be required to execute an encroachment agreement, prior to the issuance of the Major Encroachment Permit. The agreement shall: (1) State that the encroachment is a revocable license with no conveyance of property rights; (2) Require the permittee to maintain, repair, and/or remove the encroaching facility at their own expense; (3) Indemnify and hold harmless the Town from all claims arising from the encroachment; (4) Require the permittee maintain general liability insurance of at least \$1,000,000.00 per occurrence, naming the town as an additional insured; (5) Require the permittee post a performance bond of an amount determined by the Town Attorney based on the proposed encroachment scope; (6) Require the permittee to submit as-built drawings as described in Section 4-1028.

The Town may revoke an encroachment agreement if it; (1) Interferes with public use; (2) Violates Ordinance conditions (3) Endangers public health, safety, or welfare.

Section 4-1023 Municipal liability.

Any person obtaining a permit as provided for in sections 4-1021 and 4-1022 herein agrees as a condition of the issuance of said permit, to indemnify and hold harmless the town against any claims or expenses, including attorney's fees for bodily injury or property damage for accidents or occurrences arising out of the person's operations, excluding only the liability of the town for its sole negligence except in connection with general supervision of work performed by said person.

Section 4-1024 Supervision and control.

All excavations and work in streets, sidewalks, alleys or public places in the town shall be under the supervision and control of the Director of Public Works, whose duty it shall be to inspect the same from to time during the progress thereof. All work shall comply with; (1) Specifications provided by the Director of Public Works; (2) Separation requirements from municipal water, sewer, and stormwater systems, (3) Pavement, sidewalk, and ADA ramp restoration standards; (4) Protection of street trees, landscaping, and streetscape improvements;

(5) Applicable NCDOT conditions when working in State rights-of-way. Upon the completion thereof, he shall make a final inspection and see that the street, sidewalk or public place is restored to a condition as good in all respects as before the excavation or work was made or done, and that all debris, materials, tools and equipment are removed therefrom. Any person refusing or failing to comply with any provision of this section shall be guilty of a violation thereof, and where such failure or refusal is continued after notice from the Director, every day's continuance shall constitute a separate and distinct offense.

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Section 4-1029 Violation; penalty.

Any person who shall violate a provision of this article shall be guilty of a Class 3 misdemeanor and may be fined not more than \$500, or such other maximum amount as shall be authorized by North Carolina General Statutes or specifically established in this code, whichever is less. Any person violating any of the provisions of this article shall become liable to the town

for any expense, loss, or damage occasioned the town by reason of such violation. (Ord. of 5/2/22)

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(a) All persons desiring a driveway permit shall make application therefor, which application shall show:

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- (2) The name and address of the party doing the work;
- (3) The location of the work area;
- (4) Attached plans showing details of the proposed alteration;
- (5) The estimated cost of the alteration; and
- (6) Such other information as the issuing officer shall find reasonably necessary to the determination of whether a permit should issue hereunder.

(b) The application shall be accompanied by a fee which shall be established by the council.

Section 4-1036 Same; standards.

The officer shall issue a permit hereunder when he finds:

- (1) That the plans for the proposed operation have been approved by the Director of Public Works, to whom they shall be forwarded by the officer within a reasonable time after receipt thereof;
- (2) That the work shall be done according to the standard specifications of the town for public work of like character;
- (3) That the operation will not unreasonably interfere with vehicular and pedestrian traffic, the demand and necessity for parking spaces, and the means of egress to and from the property affected and adjacent properties; and
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Section 4-1037 Same; construction.

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Section 4-XXXX Appeals

Any person whose work permit application has been denied or who has been assessed a civil penalty may appeal such decision within ten days after notice of such denial or civil penalty assessment. Any person who has been charged repair and restoration costs pursuant to Section 4-1026 may appeal such decision within ten days after the Town invoices such charge. Appeals shall be heard by the Town of Valdese Board of Adjustment. The appellant shall have the right to present evidence at said hearing.

A ruling on appeal is subject to review in the Superior Court of Burke County by proceedings in the nature of certiorari. Any petition for writ of certiorari for review shall be filed with the clerk of superior court within 30 days after notice of the decision has been sent to the appellant.

The amendments to this ordinance shall become effective immediately upon adoption.

ORDAINED BY THE TOWN COUNCIL FOR THE TOWN OF VALDESE NORTH CAROLINA, THIS DAY, THE 2ND DAY OF FEBRUARY, 2026.

KEITH HUFFMAN, MAYOR

ATTEST:

JESSICA LAIL, TOWN CLERK

(corporate seal)