



Annual Comprehensive Financial Report

City of Mebane, North Carolina

For the Year Ended June 30, 2021



Annual Comprehensive Financial Report

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For the Year Ended June 30, 2021

Prepared by
Daphna Schwartz
Finance Director



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November 2021

The Honorable Mayor and
Members of the City Council
City of Mebane, North Carolina

Ladies and Gentlemen:

The Annual Comprehensive Financial Report of the City of Mebane, North Carolina is submitted for your review and use. This report was prepared by the City's Finance Department, and it is the comprehensive publication of the City's financial position and results of operations as of and for the fiscal year ended June 30, 2021. The City, like all other local governments in the State, is required by state law to publish a complete set of financial statements within four months of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2021, and to provide further accountability to citizens and other interested parties by providing a more comprehensive report in lieu of the minimum basic financial statement requirements.

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

As noted earlier, the City is required by state law to have an annual independent financial audit. Stout, Stuart, McGowen & King, LLP, conducted the audit and concluded in an unmodified ("clean") opinion that the financial statements present fairly in conformity with GAAP, in all material respects, the financial position and changes in financial position for the City of Mebane, North Carolina, as of June 30, 2021. The independent auditors' report on the basic financial statements is located at the beginning of the financial section of this report.

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

Profile of the City

The town was named for Brigadier General Alexander Mebane of the North Carolina Militia and a member of Congress in the 1790's. In 1855, the railroad arrived and Mebane was incorporated in 1881 as the town of Mebanesville. The name was officially changed to Mebane in 1883. The charter was amended to the City of Mebane in February of 1987. Also in 1881, Mebane's industrial growth began with establishment of the former White Furniture Company, followed by the Mebane Bedding Company (now Kingsdown) in 1904 and the Ridgeville Telephone Company (now Centurylink Communications) in 1907.



The City of Mebane is located in the Piedmont Triad Region of North Carolina, about 45 minutes west of Raleigh, the State capital, and 20 minutes east of Greensboro, the State's third largest city. The City has a land area of approximately ten miles, and a population of 16,262. Mebane is the second largest of ten municipalities located on the eastern border of Alamance County. The City is located mostly in Alamance County, with about 15% of it in Orange County.

The City is governed by the council-manager form of government. Policy making and legislative authority are vested in the City Council, consisting of the mayor and five other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City's manager and attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. Five members of the City Council and the Mayor are elected to four year staggered terms. The Council then selects the Mayor Pro-tem from within the Council membership.

The City provides a full range of services, including police and fire protection; the maintenance of streets and other infrastructure; planning and building inspections; solid waste and recycling services; water and sewer services; recreational and cultural activities; and a library. In the 1970's, the City of Mebane and the City of Graham began a joint venture to develop a single water supply for both cities. This intergovernmental cooperation led to the creation of the Graham-Mebane Lake, which supplies drinking water to both towns. The City of Graham operates the water treatment plant and manages all lake operations with one-third of the costs historically paid by the City of Mebane and two-thirds borne by the City of Graham. In FY15, Mebane entered into an agreement to increase to 50% its share of the water capacity. In FY17, Mebane entered into an agreement to buy 21.43% of Graham's sewer capacity.

The Mebane City Council is required to adopt a budget by July 1 of each year. The City is empowered to levy a property tax on both real estate and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing board. The City's budget ordinance creates a legal limit on spending authorizations, and serves as the foundation for Mebane's financial planning and control. The budget is prepared by fund and department. The City Manager is authorized by the budget ordinance to make transfers within funds to facilitate budget execution consistent with Council intent.

Local Economy

Mebane is uniquely located between two metropolitan areas, the Triangle, and the Triad. Mebane has and continues to lead the area in new homebuilding. This trend is expected to continue as we are growing like other fringe cities in the Triangle. The trend of increased retail spending is expected to continue and grow stronger as the population of Mebane grows. Interest in the commercial and downtown sector could result in these categories of development creating stand-alone projects versus recent mixed used approaches.

Industrial development also continues in Mebane. Chick-Fil-A Supply is scheduled to open a new distribution center in early 2022, and Lotus Bakeries is expanding its current facility by 111,000 square feet. These facilities demonstrate Mebane's prime location on the Interstate 85/40 corridor that links two of the fastest growing metro areas on the East Coast. At one end, the Research Triangle Park region of Raleigh, Durham and Chapel Hill; at the other, the Piedmont Triad region of Greensboro, Winston-Salem and High Point. The City of Mebane is at the heart of this corridor, where the full resources of the region come together to create exceptional opportunities for expanding and relocating companies in the nationally recognized N.C. Industrial Center, the new Buckhorn Economic



Development Zone in Orange County, and the newly established North Carolina Commerce Park. Boasting over 3,000 acres between these three development areas, Mebane is poised for economic growth.

Long-Term Financial Planning and Major Initiatives

The City's 5-year Capital Improvement Plan (CIP) outlines the major capital purchases and capital project expenditures for the next five fiscal years while matching a conservative revenue source for payment. This document also describes the impact of the capital expenditures on the General Fund, Water and Sewer Fund, and the City finances as a whole. The City's long-range plans are committed to maintaining a strong financial position while providing the necessary capital improvements to continue its historically high level of services.

Major initiatives of the CIP include the renovation and expansion of the City's wastewater facility, construction of an elevated storage tank, Lake Michael Dam repairs, a new police station and a new fire station. The City's dedication to quality of life is reflected in the CIP's plans for parks, trails and other amenities, including the City's first greenway trail that will link three parks and a school.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mebane for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Mebane has received the award for the last eight years. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. We believe that by participating in the GFOA's Certificate of Achievement program, we will improve our transparency and disclosure to the citizens of Mebane.

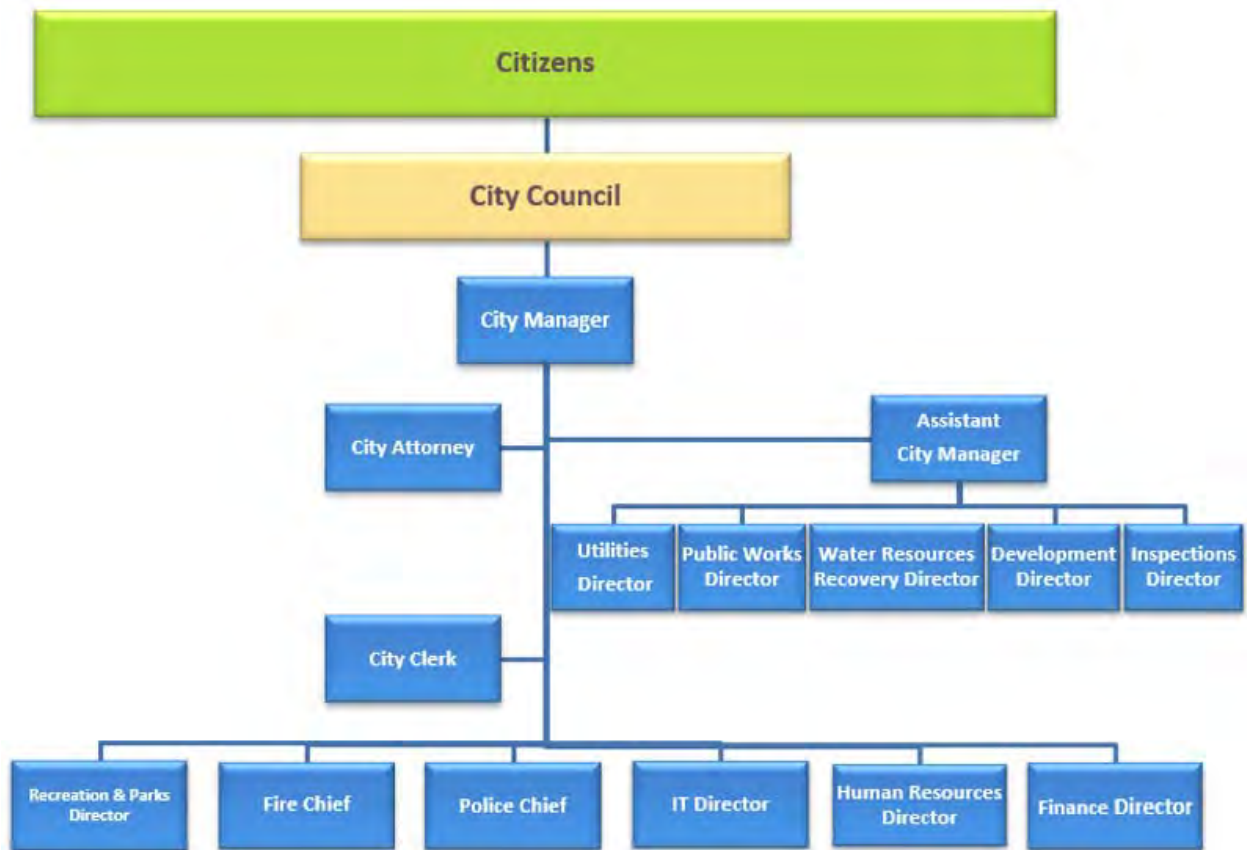
The preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Mebane's finances.

Respectfully submitted,

Chris Rollins
City Manager

Daphna Schwartz
Finance Director

City of Mebane, North Carolina
List of Principal Officials
June 30, 2021



Elected Officials

Ed Hooks	Mayor
Jill Auditori	Mayor Pro-Tem
Tim Bradley	Council Member
Everette Greene	Council Member
Patricia Philipps	Council Member
Sean Ewing	Council Member

Appointed Officials

Chris Rollins	City Manager
Preston Mitchell	Assistant City Manager
Daphna Schwartz	Finance Director
Lawson Brown	City Attorney
Stephanie Shaw	City Clerk
Terrence Caldwell	Police Chief
Bob Louis	Fire Chief
Chuck Smith	Public Works Director
Cy Stober	Development Director
Cliff Ayscue	Inspections Director
Aaron Davis	Recreation and Parks Director
Kyle Smith	Utilities Director
Dennis Hodge	Water Resources Recovery Director
Beatrice Hunter	Human Resources Director
Kirk Montgomery	Information Technology Director



Government Finance Officers Association

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

Presented to

**City of Mebane
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO





**STOUT
STUART
McGOWEN
& KING LLP**

*Certified
Public
Accountants*

*Advisors to
Management*

*Member of PCPS,
the AICPA Alliance
For CPA Firms*

*Mailing Address:
P.O. Box 1440
Burlington, NC 27216-1440*

*Street Address:
1233 South Church Street
Burlington, NC 27215*

*336.226.7343
fax 336.229.4204*

*www.ssmkllp.com
e-mail: ssmk@ssmkllp.com*

Independent Auditor's Report

To The Honorable Mayor and
Members of the City Council
City of Mebane
Mebane, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mebane (the "City"), North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to an entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

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, each major fund, and the aggregate remaining fund information of the City of Mebane, North Carolina as of June 30, 2021, and the respective changes in financial position and the cash flows, where appropriate, thereof and 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 5 through 12, respectively, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 66, the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 59 and 60, respectively, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 61, 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 62 and 63, respectively and the Firefighters' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 64 and 65, respectively be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 response 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Mebane, North Carolina. The combining and individuals fund statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, 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 November 10, 2021 on our consideration of the City of Mebane's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion in 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 City of Mebane's internal control over financial reporting and compliance.

STOUT STUART MCGOWEN & KINGS LLP

Burlington, North Carolina

November 10, 2021

City of Mebane, North Carolina
Management Discussion and Analysis
June 30, 2021

As management of the City of Mebane, we offer readers of the financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

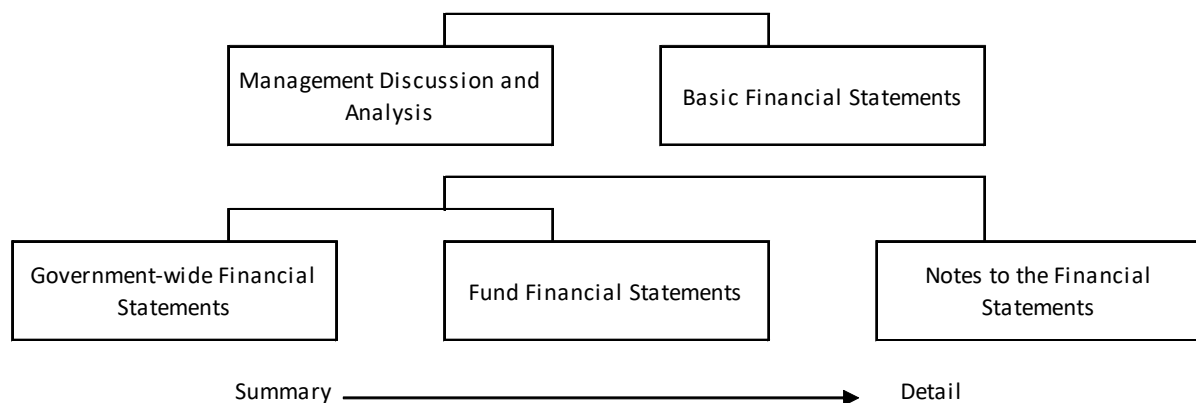
Financial Highlights

- The assets and deferred outflows of resources of the City of Mebane exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$118,247,835 (net position).
- The government's total net position increased by \$7,945,001, due to increases in the government type net position of \$3,628,434 and increases in the business type activities net position of \$4,316,567.
- As of the close of the current fiscal year, the City of Mebane's governmental funds reported combined ending fund balances of \$16,414,129, an increase of \$1,458,652 in comparison to \$580,787 in the prior year. Approximately 21.7 percent of this total amount, or \$3,565,047, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,332,231 or 50.63 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City's basic financial statements. The City'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 City 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 City of Mebane.

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 City's financial status.

City of Mebane, North Carolina
Management Discussion and Analysis
June 30, 2021

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City government. These statements provide more detail than the government-wide statements. There are three 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 City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

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

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City'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 City charges customers to provide. These include the water and sewer services offered by the City of Mebane.

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 City'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 City of Mebane, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Mebane 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 City'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 that 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 City'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 City of Mebane 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 City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the

City of Mebane, North Carolina
Management Discussion and Analysis
June 30, 2021

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 24 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Mebane's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 59 of this report.

Interdependence with Other Entities – The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

Government-Wide Financial Analysis

City of Mebane's Net Position (Figure 2)

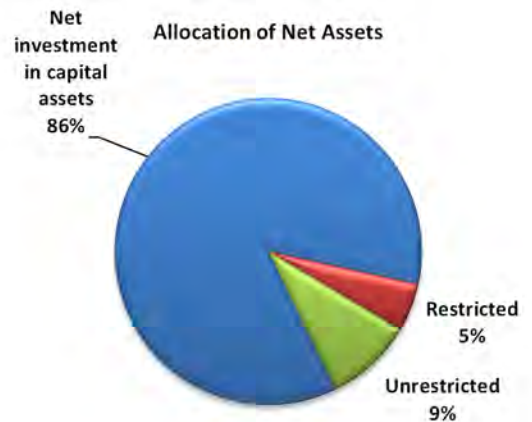
	Governmental Activities			Business-Type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Current and other assets.....	\$ 17,108,874	\$ 16,328,930	\$ 15,314,782	\$ 8,495,903	\$ 8,422,634	\$ 10,038,366	\$ 25,604,777	\$ 24,751,564	\$ 25,353,148
Non-current assets.....	2,077,097	1,694,588	1,402,094	3,136,703	1,573,791	-	5,213,800	3,268,379	1,402,094
Capital assets.....	<u>60,583,002</u>	<u>57,304,415</u>	<u>54,184,211</u>	<u>54,987,245</u>	<u>52,721,275</u>	<u>47,220,521</u>	<u>115,570,247</u>	<u>110,025,690</u>	<u>101,404,732</u>
Total assets	<u>79,768,973</u>	<u>75,327,933</u>	<u>70,901,087</u>	<u>66,619,851</u>	<u>62,717,700</u>	<u>57,258,887</u>	<u>146,388,824</u>	<u>138,045,633</u>	<u>128,159,974</u>
Deferred outflows of resources.....	6,984,654	4,717,368	3,638,262	971,957	692,831	525,612	7,956,611	5,410,199	4,163,874
Long-term liabilities outstanding.....	22,991,907	19,099,032	18,267,076	8,841,303	9,026,767	9,456,048	31,833,210	28,125,799	27,723,124
Other liabilities.....	<u>2,200,642</u>	<u>2,471,378</u>	<u>1,656,230</u>	<u>1,293,498</u>	<u>1,226,150</u>	<u>1,022,724</u>	<u>3,494,140</u>	<u>3,697,528</u>	<u>2,678,954</u>
Total liabilities	<u>25,192,549</u>	<u>21,570,410</u>	<u>19,923,306</u>	<u>10,134,801</u>	<u>10,252,917</u>	<u>10,478,772</u>	<u>35,327,350</u>	<u>31,823,327</u>	<u>30,402,078</u>
Deferred inflows of resources.....	675,694	790,594	903,583	94,556	111,730	114,256	770,250	902,324	1,017,839
Net position:									
Net investment in capital assets.....	53,020,166	48,932,506	44,539,110	48,261,754	45,237,242	38,984,945	101,281,920	94,169,748	83,524,055
Restricted.....	<u>3,533,331</u>	<u>2,535,935</u>	<u>2,844,468</u>	<u>2,465,362</u>	<u>970,910</u>	<u>586,608</u>	<u>5,998,693</u>	<u>3,506,845</u>	<u>3,431,076</u>
Unrestricted.....	<u>4,331,887</u>	<u>6,215,856</u>	<u>6,328,882</u>	<u>6,635,335</u>	<u>6,837,732</u>	<u>7,619,918</u>	<u>10,967,222</u>	<u>13,053,588</u>	<u>13,948,800</u>
Total net position.....	<u>\$ 60,885,384</u>	<u>\$ 57,684,297</u>	<u>\$ 53,712,460</u>	<u>\$ 57,362,451</u>	<u>\$ 53,045,884</u>	<u>\$ 47,191,471</u>	<u>\$ 118,247,835</u>	<u>\$ 110,730,181</u>	<u>\$ 100,903,931</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the City of Mebane exceeded liabilities and deferred inflows by \$118,247,835 as of June 30, 2021. The City's net position increased by \$7,945,001 for the fiscal year ended June 30, 2021. However, the largest portion (85.65%) reflects the City's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City of Mebane uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Mebane's net investment in 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 City of Mebane's net position \$5,998,693 (5.1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,967,222 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.64%, which compares favorably with the statewide average of 98.96%.
- Other taxes increased \$697,091 which included an increase in sales taxes of \$688,861.
- Water and sewer charges for services increased by \$1,501,481 due to an increase in demand for these services.
- A continued low cost of debt due to the City's high bond rating.



City of Mebane Changes in Net Position (Figure 3)

	Governmental Activities			Business-Type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Revenues:									
Program revenues:									
Charges for services.....	\$ 2,041,900	\$ 1,464,352	\$ 1,479,984	\$ 9,146,098	\$ 7,644,617	\$ 6,995,810	\$ 11,187,998	\$ 9,108,969	\$ 8,475,794
Operating grants and contributions.....	821,868	957,002	742,312	-	-	-	821,868	957,002	742,312
Capital grants and contributions.....	4,465,736	3,927,560	2,617,102	2,890,267	5,400,880	226,820	7,356,003	9,328,440	2,843,922
General revenues:									
Property taxes.....	11,807,602	11,378,933	10,895,740	-	-	-	11,807,602	11,378,933	10,895,740
Other taxes.....	5,764,756	5,067,665	4,885,951	-	-	-	5,764,756	5,067,665	4,885,951
Grants and contributions not restricted to specific programs.....	191,474	31,047	4,050	-	-	-	191,474	31,047	4,050
Other.....	157,929	580,737	217,231	(62,837)	105,857	138,837	95,092	686,594	356,068
Total revenues.....	25,251,265	23,407,296	20,842,370	11,973,528	13,151,354	7,361,467	37,224,793	36,558,650	28,203,837
Expenses:									
General government.....	2,945,979	2,508,794	2,262,074	-	-	-	2,945,979	2,508,794	2,262,074
Public safety.....	9,046,866	8,045,419	7,070,899	-	-	-	9,046,866	8,045,419	7,070,899
Public works.....	5,273,617	4,939,677	3,803,467	-	-	-	5,273,617	4,939,677	3,803,467
Economic development.....	2,225,126	1,677,079	1,269,525	-	-	-	2,225,126	1,677,079	1,269,525
Culture and recreation.....	1,931,238	2,005,292	1,900,889	-	-	-	1,931,238	2,005,292	1,900,889
Interest on long-term dept.....	200,005	257,803	281,751	-	-	-	200,005	257,803	281,751
Water and sewer.....	-	-	-	7,656,961	7,298,336	6,762,948	7,656,961	7,298,336	6,762,948
Total expenses.....	21,622,831	19,434,064	16,588,605	7,656,961	7,298,336	6,762,948	29,279,792	26,732,400	23,351,553
Increase in net position before transfers and special item.....	3,628,434	3,973,232	4,253,765	4,316,567	5,853,018	598,519	7,945,001	9,826,250	4,852,284
Transfers.....	-	(1,395)	(57,302)	-	1,395	57,302	-	-	-
Special item.....	-	-	-	-	-	-	-	-	-
Increase in net position.....	3,628,434	3,971,837	4,196,463	4,316,567	5,854,413	655,821	7,945,001	9,826,250	4,852,284
Net position, July 1.....	57,684,297	53,712,460	49,515,997	53,045,884	47,191,471	46,535,650	110,730,181	100,903,931	96,051,647
Net position, restated.....	57,256,950	53,712,460	49,515,997	53,045,884	47,191,471	46,535,650	110,302,834	100,903,931	96,051,647
Net position, June 30.....	\$60,885,384	\$57,684,297	\$53,712,460	\$57,362,451	\$53,045,884	\$47,191,471	\$118,247,835	\$110,730,181	\$100,903,931

Note: 2020 Net Position has been restated to reflect prior period adjustments.

Governmental activities: Governmental activities prior to transfers increased the City's net position by \$3,628,434 thereby accounting for 45.67% of the total growth in the net position of the City of Mebane. Key elements of this change in net position are as follows:

- Property taxes increased by \$428,669 over the prior year.
- Other tax revenues increased by \$697,091 over the prior year, mostly in sales tax despite the impact of the coronavirus pandemic.
- Charges for services increased by \$577,548 while operating grants decreased \$135,134 and capital grants and contributions increased \$538,176 over the prior year.

Business-type activities: Business-type activities prior to transfers increased the City of Mebane's net position by \$4,316,567, accounting for 54.33% of the total growth in the government's net position. Key elements of this change in net position as compared to the prior year are as follows:

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- Charges for services increased \$1,501,481 due to an increase in demand for these services, due to the growth in Mebane.
- Capital grants and contributions decreased \$2,510,613 due to the larger impact of increased economic growth in the City during the prior year.

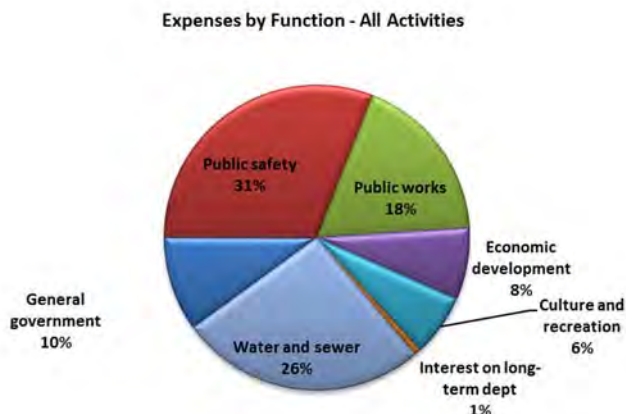
Financial Analysis of the City's Funds

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

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

The general fund is the chief operating fund of the City of Mebane. At the end of the current fiscal year, fund balance available in the General Fund was \$12,282,231, while total fund balance reached \$15,719,819. The City currently has an available fund balance of 60.18% of general fund expenditures, while total fund balance represents 77.03% of the same amount.

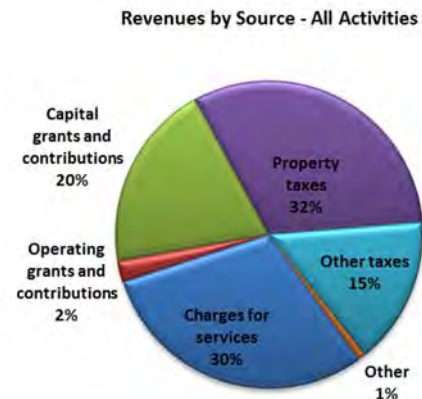
At June 30, 2021, the governmental funds of the City of Mebane reported a combined fund balance of \$16,414,129, a 9.75% increase over last year. This increase in fund balance is due to an increase in the general fund of \$877,502 combined with an increase in the non-major funds of \$581,150.



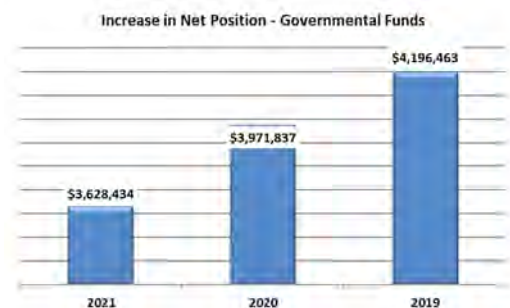
as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts primarily because tax revenue that the City originally had expected to receive was significantly more. Expenditures were significantly less than budgeted as a result of the delay of many expenditures due to the coronavirus pandemic.

Proprietary Funds: The City'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 \$6,635,335. The total increase in net position was \$4,316,567.



General Fund Budgetary Highlights: During the fiscal year, the City 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



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Capital Asset and Debt Administration

Capital assets: The City of Mebane's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$115,570,247 (net of accumulated depreciation). These assets include buildings, roads, land, artwork and collections, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions and disposals:

- Capital contributions in the general fund in the amount of \$4,465,736 and in the water and sewer fund in the amount of \$2,890,267.
- Construction in progress in the governmental funds consisted of construction related expenses in the Lake Michael Dam Spillway of \$129,100, the Cates Farm Park of \$84,823, and MACC to Holt Street Greenway \$24,256.
- Construction in progress for Utility funds includes related expenses of \$416,433 for the WRRF Upgrade.

City of Mebane's Capital Assets, Net of Depreciation (Figure 4)

	Governmental Activities			Business-Type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
Land.....	\$ 7,509,059	\$ 6,980,512	\$ 6,980,512	\$ 566,834	\$ 520,198	\$ 520,198	\$ 8,075,893	\$ 7,500,710	\$ 7,500,710
Artwork and collections.....	68,360	68,360	46,000	-	-	-	68,360	68,360	46,000
Buildings and systems.....	12,515,279	12,834,576	13,177,061	21,366,660	21,650,859	22,177,370	33,881,939	34,485,435	35,354,431
Water and sewer systems.....	-	-	-	30,732,694	29,099,844	23,447,533	30,732,694	29,099,844	23,447,533
Improvements other than buildings	9,994,677	10,114,964	10,013,064	-	-	-	9,994,677	10,114,964	10,013,064
Machinery and equipment.....	1,515,008	1,775,174	1,954,736	1,734,340	1,049,187	920,648	3,249,348	2,824,361	2,875,384
Computer equipment.....	213,453	216,441	265,547	-	-	-	213,453	216,441	265,547
Infrastructure.....	26,250,167	22,306,612	18,791,974	-	-	-	26,250,167	22,306,612	18,791,974
Vehicles and motorized equipment.	2,225,671	2,954,627	2,944,184	31,431	43,463	20,018	2,257,102	2,998,090	2,964,202
Construction in progress.....	291,328	53,149	11,133	555,286	357,724	134,754	846,614	410,873	145,887
	<u>\$60,583,002</u>	<u>\$57,304,415</u>	<u>\$54,184,211</u>	<u>\$54,987,245</u>	<u>\$52,721,275</u>	<u>\$47,220,521</u>	<u>\$115,570,247</u>	<u>\$110,025,690</u>	<u>\$101,404,732</u>

Additional information on the City's capital assets can be found on page 33 of this report.

Long-term Debt: As of June 30, 2021, the City of Mebane had no bonded debt outstanding.

City of Mebane's Outstanding Debt (Figure 5)

	Governmental Activities			Business-Type Activities			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
General obligation bonds. \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Direct Placement Debt.....	7,562,836	8,371,909	9,645,099	3,186,778	3,617,917	4,042,056	10,749,614	11,989,826	13,687,155
Other long-term payables.	-	-	-	3,538,713	3,866,116	4,193,519	3,538,713	3,866,116	4,193,519
Compensated absences.....	445,229	465,151	429,293	78,990	76,077	68,555	524,219	541,228	497,848
OPEB.....	9,501,292	6,809,240	5,357,168	1,494,607	1,061,570	819,539	10,995,899	7,870,810	6,176,707
Pension related debt.....	<u>5,482,550</u>	<u>3,880,079</u>	<u>2,835,516</u>	<u>542,215</u>	<u>405,087</u>	<u>332,379</u>	<u>6,024,765</u>	<u>4,285,166</u>	<u>3,167,895</u>
Total.....	<u>\$22,991,907</u>	<u>\$19,526,379</u>	<u>\$18,267,076</u>	<u>\$ 8,841,303</u>	<u>\$ 9,026,767</u>	<u>\$ 9,456,048</u>	<u>\$31,833,210</u>	<u>\$28,553,146</u>	<u>\$ 27,723,124</u>

Note: 2020 Pension related debt has been restated to reflect prior period adjustments.

The City of Mebane's total debt increased by \$3,280,064 (11.49%) during the past fiscal year, primarily due to increases in OPEB of \$3,125,089, and increases in pension obligations of \$1,739,599, netted with scheduled principal payments of \$1,998,115 on notes and other long-term payables. The total pension related debt for the fiscal year ended June 30, 2021 included a prior period adjustment of \$427,347 for the Firefighters' Special Separation Allowance approved July 8, 2019.

The City of Mebane has maintained a high bond rating at "AA+" with Standard and Poor's Corporation. There was no new general obligation debt issued in FY21, and Standard & Poor's Ratings Services last review affirmed the rating, with a stable outlook for the City of Mebane. They stated that the rating reflects their opinion of the City's favorable location, growing and diverse property base, very strong finances and low direct debt. The City believes this speaks very highly of the stability and sound management practices of the City of Mebane.

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 City of Mebane is \$179,348,538.

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Additional information regarding the City of Mebane's long-term debt can be found on page 50 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth of the City of Mebane:

- The City has and continues to lead the area in industrial recruitment and new homebuilding. The residential and industrial sector continues to demonstrate growth, with the latter potentially increasing explicitly beyond the number and size of recent years. Interest in the commercial and downtown sector could result in these categories of development creating stand-alone projects versus recent mixed-use approaches.
- The City's tax base continues to grow with industrial development and expansion in the NC Industrial Center and NC Commerce Park, along with new development in Orange County. For example, Chick-fil-A is opening a distribution center in early 2022, and Lotus Bakeries is expanding the size of its current facility in Mebane by adding 111,000 square feet. Additionally, several mixed-use projects will provide additional retail and residential space.
- Retail sales are expected to remain strong, with Tanger Outlets sustaining much of its growth.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities: The tax base is expected to continue to grow; therefore, the City retained an valorem tax rate of \$.47 per \$100 valuation and a 13.9% growth in tax collections. Retail sales and state-shared revenues were budgeted to increase based on current trends and forecasts, with an overall increase of 18.6% in General Fund revenues.

The expenditures budget added ten new positions and multiple rolling stock purchases of over \$1 million. New projects include a connector between Lebanon Rd. and Lake Michael, several sidewalk projects, multiple recreation projects, and information technology upgrades.

The budget included a cost-of-living increase and merit pay for employees.

Business-type Activities: The budget for FY22 included a 10% rate increase for water and sewer services, and revised system development fees. Water and sewer charges were budgeted to increase due to the rate increase and growth, with overall revenues increasing 25.4% overall. In addition, the budget continued the City's dedication to the maintenance of the system and to address growth, continuing the plan to issue \$9 million in debt to renovate the Water Resources Recovery Facility.

Request for Information

This report is designed to provide an overview of the City's finances for those interested in this area.

Questions concerning any of the information found in this report or request for additional information should be directed to:

Daphna Schwartz
Finance Director
106 E. Washington Street Mebane, NC 27302 (919) 563-5901
dschwartz@cityofmebane.com

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Basic Financial Statements

The Basic Financial Statements provide a dual perspective summary overview of the financial position and operating results of the government as a whole (government-wide financial statements) and of all funds (fund financial statements). They also serve as a condensed introduction to the more detailed statements and schedules that follow.



City of Mebane, North Carolina
Statement of Net Position
June 30, 2021

Exhibit 1

	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents.....	\$ 14,377,371	\$ 7,511,270	\$ 21,888,641
Taxes receivables, (net).....	82,899	-	82,899
Accrued interest receivable on taxes.....	14,825	-	14,825
Accounts receivable (net).....	167,028	984,633	1,151,661
Due from other governments.....	2,435,035	-	2,435,035
Prepaid items.....	31,716	-	31,716
Restricted cash.....	1,564,155	3,136,703	4,700,858
Notes receivable - Mebane Mill Lofts, LLC.....	512,942	-	512,942
Capital assets (Note 2):			
Land, non-depreciable improvements, and construction in progress	7,868,747	1,122,119	8,990,866
Other capital assets, net of depreciation.....	52,714,255	53,865,126	106,579,381
Total capital assets.....	60,583,002	54,987,245	115,570,247
Total assets.....	79,768,973	66,619,851	146,388,824
Deferred outflows of resources.....	6,984,654	971,957	7,956,611
Liabilities			
Amounts due within one year:			
Accounts payable and accrued expenses.....	1,118,067	323,697	1,441,764
Accrued interest payable.....	43,069	36,135	79,204
Due to other governments.....	15,819	262,325	278,144
Payable from restricted assets.....	1,023,687	671,341	1,695,028
Current portion of long-term liabilities.....	1,671,399	833,841	2,505,240
Amounts due in more than one year:			
Net pension liability - LGERS.....	3,473,244	542,215	4,015,459
Net pension liability - LEOSA.....	1,372,013	-	1,372,013
Net pension liability - FireSSA.....	637,293	-	637,293
Due in more than one year.....	15,837,958	7,465,247	23,303,205
Total liabilities.....	25,192,549	10,134,801	35,327,350
Deferred inflows of resources.....	675,694	94,556	770,250
Net Position			
Net investment in capital assets.....	53,020,166	48,261,754	101,281,920
Restricted for:			
Stabilization by State Statute.....	3,405,872	-	3,405,872
Other functions.....	127,459	-	127,459
Future system development.....	-	2,465,362	2,465,362
Unrestricted	4,331,887	6,635,335	10,967,222
Total net position.....	\$ 60,885,384	\$ 57,362,451	\$ 118,247,835

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

City of Mebane, North Carolina
Statement of Activities
For the Year Ended June 30, 2021

Exhibit 2

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital Grants	Governmental	Business-type	Total
		Services	Grants & Contributions	and Contributions	Activities	Activities	
Primary government							
Governmental activities							
General government.....	\$ 2,945,979	\$ 5,400	\$ -	\$ -	\$ (2,940,579)	\$ -	\$ (2,940,579)
Public safety.....	9,046,866	19,750	121,491	-	(8,905,625)	-	(8,905,625)
Public works.....	5,273,617	701,980	380,238	4,465,736	274,337	-	274,337
Recreation.....	1,931,238	80,918	6,825	-	(1,843,495)	-	(1,843,495)
Economic & physical development.....	2,225,126	1,233,852	313,314	-	(677,960)	-	(677,960)
Interest on long-term debt.....	200,005	-	-	-	(200,005)	-	(200,005)
Total governmental activities.....	21,622,831	2,041,900	821,868	4,465,736	(14,293,327)	-	(14,293,327)
Business-type activities:							
Water and sewer.....	7,656,961	9,146,098	-	2,890,267	-	4,379,404	4,379,404
Total business-type activities.....	7,656,961	9,146,098	-	2,890,267	-	4,379,404	4,379,404
Total primary government.....	\$ 29,279,792	\$ 11,187,998	\$ 821,868	\$ 7,356,003	(14,293,327)	4,379,404	(9,913,923)
General revenues:							
Taxes:							
Property taxes, levied for general purposes.....					11,807,602	-	11,807,602
Sales taxes.....					4,398,713	-	4,398,713
Franchise tax.....					1,141,022	-	1,141,022
Privilege license tax.....					955	-	955
Excise Tax.....					224,066	-	224,066
Grants & contributions not restricted to specific programs.....					191,474	-	191,474
Unrestricted investment earnings.....					56,026	28,073	84,099
Miscellaneous.....					101,903	(90,910)	10,993
Total general revenues excluding transfers.....					17,921,761	(62,837)	17,858,924
Transfers.....					-	-	-
Total general revenues and transfers.....					17,921,761	(62,837)	17,858,924
Change in net position.....					3,628,434	4,316,567	7,945,001
Net position - beginning , previously reported.....					57,684,297	53,045,884	110,730,181
Restatement.....					(427,347)	-	(427,347)
Net position - beginning					57,256,950	53,045,884	110,302,834
Net position - ending.....					\$ 60,885,384	\$ 57,362,451	\$ 118,247,835

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

City of Mebane, North Carolina
Balance Sheet
Governmental Funds
June 30, 2021

Exhibit 3

		<u>Capital Project</u>		<u>Total</u>
		<u>Fund - City</u>	<u>Total Non -</u>	<u>Governmental</u>
	<u>General Fund</u>	<u>Park Project</u>	<u>Major Funds</u>	<u>Funds</u>
Assets				
Cash and cash equivalents.....	\$ 13,745,250	\$ -	\$ 632,121	\$ 14,377,371
Restricted cash.....	1,436,696	-	127,459	1,564,155
Taxes receivable, net.....	82,899	-	-	82,899
Receivable from other governments.....	2,435,035	-	-	2,435,035
Other receivables.....	166,065	-	-	166,065
Prepaid items.....	31,716	-	-	31,716
Advance to other funds.....	-	-	-	-
Total assets.....	\$ 17,897,661	\$ -	\$ 759,580	\$ 18,657,241
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable.....	1,052,797	-	65,270	1,118,067
Due to other funds.....	-	-	-	-
Due to other governments.....	15,819	-	-	15,819
Payable from restricted assets.....	1,023,687	-	-	1,023,687
Total liabilities.....	2,092,303	-	65,270	2,157,573
Deferred inflows of resources.....	85,539	-	-	85,539
Fund balances:				
Nonspendable				
Prepaid assets.....	31,716	-	-	31,716
Restricted				
Stabilization by State Statute.....	3,405,872	-	-	3,405,872
Economic development.....	-	-	127,459	127,459
Assigned				
Subsequent year's expenditures.....	1,950,000	-	566,851	2,516,851
Unassigned.....	10,332,231	-	-	10,332,231
Total fund balances.....	15,719,819	-	694,310	16,414,129
Total liabilities, deferred inflows of resources and fund balances.....	\$ 17,897,661	\$ -	\$ 759,580	\$ 18,657,241

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

City of Mebane, North Carolina
Balance Sheet (continued)
Governmental Funds
June 30, 2021

Exhibit 3

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total fund balance, governmental funds.....		\$ 16,414,129
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost.....	78,903,815	
Accumulated depreciation.....	<u>(18,320,813)</u>	60,583,002
Deferred outflows of resources related to pensions are not reported in the funds.....		4,086,619
Deferred outflows of resources related to OPEB are not reported in the funds.....		2,898,035
Other long-term assets are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.		
Accrued interest receivable on taxes.....	14,825	
Notes receivable.....	<u>512,942</u>	527,767
Earned revenues considered deferred inflows of resources in fund statements.....		83,862
Deferred inflows of resources related to pensions are not reported in the funds.....		(24,317)
Deferred inflows of resources related to OPEB are not reported in the funds.....		(648,737)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Notes payable.....	(7,562,835)	
Compensated absences.....	(445,230)	
Net pension liability - LGERS.....	(3,473,244)	
Total pension liability - LEOSSA.....	(1,372,013)	
Total pension liability - FireSSA.....	(637,293)	
OPEB liability.....	<u>(9,501,292)</u>	<u>(22,991,907)</u>
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.....		<u>(43,069)</u>
Net Position of Governmental Activities.....		<u>\$ 60,885,384</u>

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

City of Mebane, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

Exhibit 4

	<u>General Fund</u>	<u>Capital Project Fund - City Park Project</u>	<u>Total Non- Major Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes.....	\$ 11,339,347	\$ -	\$ -	\$ 11,339,347
Other taxes and licenses.....	955	-	-	955
Unrestricted intergovernmental.....	6,101,360	-	-	6,101,360
Restricted intergovernmental.....	1,154,666	-	-	1,154,666
Permits and fees.....	1,338,035	-	-	1,338,035
Sales and services.....	616,526	-	-	616,526
Investment earnings.....	52,436	-	3,591	56,027
Miscellaneous.....	251,884	-	10,710	262,594
Total revenues.....	<u>20,855,209</u>	<u>-</u>	<u>14,301</u>	<u>20,869,510</u>
Expenditures				
Current:				
General government.....	2,564,263	-	-	2,564,263
Public safety.....	7,019,825	-	-	7,019,825
Public works.....	3,897,283	-	-	3,897,283
Recreation.....	2,132,340	-	-	2,132,340
Economic and physical development.....	2,199,172	-	-	2,199,172
Debt Service:				
Principal.....	1,239,573	-	-	1,239,573
Interest and other charges.....	211,159	-	-	211,159
Capital outlay.....	-	-	577,743	577,743
Total Expenditures.....	<u>19,263,615</u>	<u>-</u>	<u>577,743</u>	<u>19,841,358</u>
Excess (deficiency) of revenues over expenditures.....	<u>1,591,594</u>	<u>-</u>	<u>(563,442)</u>	<u>1,028,152</u>
Other Financing Sources (Uses)				
Transfers in.....	-	-	1,144,592	1,144,592
Transfers out.....	(1,144,592)	-	-	(1,144,592)
Installment purchase obligations issued.....	430,500	-	-	430,500
Total other financing sources and uses.....	<u>(714,092)</u>	<u>-</u>	<u>1,144,592</u>	<u>430,500</u>
Net change in fund balances.....	877,502	-	581,150	1,458,652
Fund balances - beginning	14,842,317	-	113,160	14,955,477
Fund balances - ending.....	<u>\$ 15,719,819</u>	<u>\$ -</u>	<u>\$ 694,310</u>	<u>\$ 16,414,129</u>

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

City of Mebane, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Governmental Funds
For the Year Ended June 30, 2021

Exhibit 4

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds		\$	1,458,652
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital outlay expenditures which were capitalized.....	\$	1,685,392	
Depreciation expense for governmental assets.....		(2,809,366)	(1,123,974)
Cost of capital asset disposed of during the year, not recognized on modified accrual basis.....			(63,175)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.....			(137,818)
Benefit payments paid and administrative costs for LEOSSA are deferred outflows of resources on the Statement of Activities.....			-
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities.....			111,479
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds			
Amount of contributed capital.....		4,465,736	
Mebane Mills Lofts notes receivable principal receipts.....		(10,710)	
Change in unavailable revenue for tax revenues.....		(24,146)	4,430,880
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.			
New long-term debt issued.....		(430,500)	
Principal payments on long-term debt.....		1,239,573	
Decrease in accrued interest payable.....		11,154	820,227
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.			
Compensated absences.....		19,478	
Pension expense.....		(1,004,870)	
OPEB plan expense.....		(882,445)	(1,867,837)
Total changes in net position of governmental activities			\$ 3,628,434

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

City of Mebane, North Carolina

Statement of Revenues, Expenditures and Changes in Fund Balances - Annual Budget to Actual
General Fund

For the Year Ended June 30, 2021

Exhibit 5

			<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Property taxes.....	\$ 11,036,912	\$ 11,036,912	\$ 11,339,347	\$ 302,435
Other taxes and licenses.....	1,000	1,000	955	(45)
Unrestricted intergovernmental.....	4,849,943	5,120,543	6,101,360	980,817
Restricted intergovernmental.....	886,000	886,000	1,154,666	268,666
Permits and fees.....	780,307	881,798	1,338,035	456,237
Sales and services.....	570,450	570,450	616,526	46,076
Investment earnings.....	20,000	20,000	52,436	32,436
Miscellaneous.....	107,600	147,600	251,884	104,284
Total revenues.....	<u>18,252,212</u>	<u>18,664,303</u>	<u>20,855,209</u>	<u>2,190,906</u>
Expenditures				
Current:				
General government.....	3,078,709	3,180,732	2,564,263	616,469
Public safety.....	7,304,629	7,423,051	7,019,825	403,226
Public works.....	3,667,965	4,516,105	3,897,283	618,822
Recreation.....	1,756,665	2,730,062	2,132,340	597,722
Economic and physical development.....	2,632,669	2,713,701	2,199,172	514,529
Debt Service:				
Principal.....	1,406,526	1,406,526	1,239,573	166,953
Interest and other charges.....	293,137	293,137	211,159	81,978
Total expenditures.....	<u>20,140,300</u>	<u>22,263,314</u>	<u>19,263,615</u>	<u>2,999,699</u>
Excess (deficiency) of revenues over expenditures.....	<u>(1,888,088)</u>	<u>(3,599,011)</u>	<u>1,591,594</u>	<u>5,190,605</u>
Other Financing Sources (Uses)				
Transfers in.....	-	-	-	-
Transfers out.....	(1,874,700)	(2,087,700)	(1,144,592)	943,108
Long-term debt obligations issued.....	1,939,070	1,939,070	430,500	(1,508,570)
Fund balance appropriated.....	1,823,718	3,747,641	-	(3,747,641)
Total other financing sources and uses.....	<u>1,888,088</u>	<u>3,599,011</u>	<u>(714,092)</u>	<u>(4,313,103)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	877,502	<u>\$ 877,502</u>
Fund balances - beginning			14,842,317	
Fund balances - ending			<u>\$ 15,719,819</u>	

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

City of Mebane, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2021

Exhibit 6

	<u>Water and Sewer Fund</u>
Assets	
Current assets:	
Cash and cash equivalents.....	\$ 7,511,270
Accounts receivable (net) - billed.....	657,559
Accounts receivable (net) - unbilled.....	320,655
Other receivables.....	6,419
Due from other governments.....	-
Prepaid items.....	-
Restricted cash.....	3,136,703
Total current assets.....	<u>11,632,606</u>
Non-current assets:	
Net pension asset.....	-
Capital assets:	
Land and other non-depreciable assets.....	1,122,119
Other capital assets, net of depreciation.....	53,865,126
Total capital assets.....	<u>54,987,245</u>
Total non-current assets.....	<u>54,987,245</u>
Total assets.....	<u>66,619,851</u>
Deferred outflows of resources.....	971,957
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities.....	323,697
Accrued interest payable.....	36,135
Due to other funds.....	-
Due to other governments.....	262,325
Payable from restricted assets.....	671,341
Compensated absences.....	66,299
Long-term debt - current.....	767,542
Total current liabilities.....	<u>2,127,339</u>
Noncurrent liabilities:	
Compensated absences.....	12,690
Net pension liability.....	542,215
Total OPEB liability.....	1,494,607
Long-term debt - noncurrent.....	5,957,950
Total noncurrent liabilities.....	<u>8,007,462</u>
Total liabilities.....	<u>10,134,801</u>
Deferred inflows of resources.....	94,556
Net Position	
Net investment in capital assets.....	48,261,754
Restricted for future system development.....	2,465,362
Unrestricted	6,635,335
Total net position.....	<u>\$ 57,362,451</u>

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

City of Mebane, North Carolina
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2021

Exhibit 7

	<u>Water and Sewer Fund</u>
Operating Revenues	
Charges for services.....	\$ 6,839,089
Water and sewer taps.....	37,002
Connection fees.....	1,682,603
Miscellaneous.....	594,037
Total operating revenues.....	<u>9,152,731</u>
Operating Expenses	
Administration, meters and billing.....	900,260
Utility maintenance.....	2,632,207
Engineering.....	260,000
Water resource recovery facility.....	2,151,072
Non-departmental.....	-
Depreciation.....	1,626,168
Total operating expenses.....	<u>7,569,707</u>
Operating income (loss).....	<u>1,583,024</u>
Nonoperating revenues (expenses)	
Interest and investment revenue.....	28,073
Other.....	(97,543)
Interest expense.....	(87,254)
Amortization of bonds.....	-
Total nonoperating revenues (expenses).....	<u>(156,724)</u>
Income (loss) before contributions and transfers.....	1,426,300
Capital contributions.....	2,890,267
Transfers in.....	-
Transfers out.....	-
Change in net position.....	4,316,567
Total net position - beginning.....	53,045,884
Total net position - ending.....	<u>\$ 57,362,451</u>

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

City of Mebane, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

Exhibit 8

	<u>Water and Sewer Fund</u>
Cash Flows from Operating Activities	
Cash received from customers.....	\$ 8,409,794
Cash paid for goods and services.....	(3,518,465)
Cash paid to or on behalf of employees for services.....	(2,407,805)
Customer deposits received.....	160,140
Customer deposits returned.....	(91,680)
Other operating revenues.....	594,037
Total cash provided (used) by operating activities.....	<u>3,146,021</u>
Cash Flows from Noncapital Financing Activities	
Other non-operating revenues.....	-
Transfers to other funds.....	-
Total cash provided (used) by non-capital financing activities.....	<u>-</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets.....	(837,089)
Principal paid on bonds and notes payable.....	(758,542)
Interest paid on bonds and notes payable.....	(91,182)
Total cash provided (used) by capital and related financing activities.....	<u>(1,686,813)</u>
Cash Flows from Investing Activities	
Investment income.....	28,073
Total cash provided (used) by investing activities.....	<u>28,073</u>
Net increase (decrease) in cash and equivalents.....	1,487,281
Balance, beginning.....	9,160,692
Balance, ending.....	<u><u>\$ 10,647,973</u></u>

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

City of Mebane, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

Exhibit 8

	<u>Water and Sewer Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss).....	\$ 1,583,024
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation.....	1,626,168
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable.....	(133,267)
Increase (decrease) in allowance for doubtful accounts.....	(15,633)
(Increase) decrease in prepaid items.....	-
(Increase) decrease in deferred outflows of resources for pensions.....	(279,126)
Increase (decrease) accounts payable.....	(291,766)
Increase (decrease) salaries payable.....	32,257
Increase (decrease) accrued vacation.....	2,913
Increase (decrease) in net pension liability.....	137,128
Increase (decrease) in deferred inflows of resources for pensions.....	-
Increase (decrease) in OPEB liability.....	433,037
Increase (decrease) in deferred inflows of resources for OPEB.....	(17,174)
Increase (decrease) in customer deposits.....	68,460
Total adjustments.....	<u>1,562,997</u>
Net cash provided by operating activities.....	<u>\$ 3,146,021</u>
 Noncash investing, capital, and financing activities:	
Noncash capital contributions of capital assets.....	<u>\$ 2,890,267</u>
 Unrealized gain/loss on investments.....	<u>\$ -</u>

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

1. Summary of Significant Accounting Policies

The accounting policies of the City of Mebane 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 City of Mebane is a municipal corporation which is governed by an elected mayor and a five-member council. The City is located in the eastern part of Alamance County and the western part of Orange County. Generally accepted accounting principles require that these financial statements present the primary government (i.e. the City) and any component units, legally separate organization for which the elected officials of the City are financially accountable. The City of Mebane has no component units as defined above.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City'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 City'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 nonmajor funds.

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

The City reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the City. 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, federal and State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and general government.

City Park Project Capital Project Fund: This fund is used to account for the purchase of land and construction costs for a new athletics and recreation city park.

The City reports the following non-major governmental funds:

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2021

CDBG- Mebane Mills Loft – Special Revenue Fund: This fund is used to account for all block grant funds expended for the renovation of the old Dixie Yarns Building into subsidized housing.

Capital Project Fund: This fund is used to account for various General Fund capital expenditures that are expected to be completed within one year.

Capital Project Fund – Cates Farm Park: This fund is used to account for the construction of a new city park.

The City reports the following major enterprise fund:

Water and Sewer Fund: This fund is used to account for the City's water and sewer operations. The Water and Sewer Capital Project Funds and the System Development Capital Reserve Fund have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Projects Fund has been included in the supplemental information.

C. Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the City 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. Nonexchange transactions, in which the City 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 nonoperating 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 City enterprise funds are charges to customers for sales and services. The City 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 nonoperating 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 City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2021

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, including the City of Mebane. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Mebane because the tax is levied by Alamance County and Orange County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the City'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 City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Special Revenue Funds and the Capital Projects Funds and the Enterprise Capital Projects Funds. The enterprise fund projects 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 departmental level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the City 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 City's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2021

In accordance with State law, the City has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

Cash and Cash Equivalents

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

Restricted Assets

Customer deposits held by the City before any services are supplied are restricted for which the deposit was collected. Contractor reserves and bond deposits received and held are classified as restricted cash. Grant proceeds received in advance for specified purposes are classified as restricted cash. Unexpended loan principal and interest receipts in the CDBG- Mebane Mills Loft Special Revenue Fund is classified as restricted assets because its use is restricted for future economic development per an agreement with the North Carolina Housing Finance Agency. Powell Bill funds are also classified as restricted cash, if applicable, because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. Unexpended utility system development fees are restricted for use in accordance with G.S 162A-211.

City of Mebane Restricted Cash

Governmental Activities

General Fund

Contractor reserves and bond deposits.....	\$	264,480
Asset forfeiture funds.....		139,419
Unspent loan proceeds.....		273,590
Corrections unused funds.....		30
Stormwater reserves.....		759,177
CDBG- Mebane Mills Loft Capital Project Fund		
Economic Development.....		<u>127,459</u>
Total governmental activities.....		<u>1,564,155</u>

Business-type Activities

Water and Sewer Fund

Customer deposits.....		671,341
Unexpended system development fees.....		<u>2,465,362</u>
Total business-type activities.....		<u>3,136,703</u>
Total Restricted Cash.....	\$	<u><u>4,700,858</u></u>

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City 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, 2020. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

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

City of Mebane, North Carolina
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Inventory and Prepaid Items

The inventories of the City's enterprise fund consist of expendable materials and supplies that are expensed 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 expensed as the items are used.

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 one year. Minimum capitalization costs are \$5,000 for all items. 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 asset or materially extend assets' lives are not capitalized.

Property, plant and equipment in the proprietary fund of the City are recorded at original cost at the time of acquisition. The City capitalizes those interest costs which are incurred during the construction period of any major capital projects. Property, plant, and equipment donated to the proprietary fund type operations are recorded at the estimated fair market value at the date of donation.

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.....	50
Buildings.....	50
Improvements	25
Vehicles.....	5/10
Furniture and equipment	5/10
Computer equipment	3/5/10

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 City has one item that meets this criterion, pension deferrals for the 2021 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 City has several items that meet the criterion for this category – prepaid taxes, property taxes receivable, and pension deferrals.

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 position. 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 discount.

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

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2021

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.

Compensated Absences

The vacation policy of the City provides for the accumulation of up to 240 hours of earned vacation leave with such leave being fully vested when earned. For the City'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 City has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest. Since the City does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position/Fund Balances

Net Position

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

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

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

City of Mebane, North Carolina
Notes to the Financial Statements
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Restricted for Economic Development – portion of fund balance that is restricted by revenue source for future community development related activities. This amount represents the balance of the total unexpended funds from the amortized repayments of the CDBG monies loaned to Mebane Mills Lofts, LLC.

Assigned Fund Balance – portion of fund balance that the City intends to use for specific purposes.

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the budget officer to modify the appropriations by resource or appropriation within funds without limitation. Any transfer between funds must be approved by the governing board in the budget ordinance as amended.

Unassigned Fund Balance – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. Unassigned fund balance is the residual classification for the General Fund. Other governmental funds cannot report positive unassigned fund balance but can report negative unassigned fund balance if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes.

The City of Mebane 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-city funds, city 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 City.

The City of Mebane has adopted a fund balance policy that instructs management to conduct the business of the City in such a manner that unrestricted fund balance is 50% of annual budgeted expenditures and transfers. Any portion in excess of 50% may be set aside for future capital improvements or to other purposes as directed by the City Council.

Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Mebane's employer contributions are recognized when due and the City of Mebane 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.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2021

2. Detail Notes on All Funds

A. Assets

Deposits

All the deposits of the City 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 City's agent in the City's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City 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 City 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 City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021 the City's deposits had a carrying amount of \$24,472,680, and a bank balance of \$25,377,489. Of the bank balance, \$760,607 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Petty cash on hand at June 30, 2021 was \$400.

Investments

At June 30, 2021, the City's investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation</u>	<u>Book Value at</u>	<u>Maturity</u>	<u>Rating</u>
	<u>Measurement</u>	<u>6/30/2021</u>		
	<u>Method</u>			
NC Capital Management Trust				
- Government Portfolio.....	Fair Value Level 1	\$ 2,116,419	N/A	AAAm
Total.....		\$ 2,116,419		

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk. The City has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's internal investment policy limits at least half of the City's investment portfolio to maturities of less than 12 months. Also, the City's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

City of Mebane, North Carolina
Notes to the Financial Statements
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Credit Risk. The City has no formal policy regarding credit risk, but has internal management procedures that limits the City'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. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2021, the City did not hold any investments in commercial paper. The City's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAAm-mf by Moody's Investors Service as of June 30, 2021.

Concentration of Credit Risk. The City's Council places no limit on the amount that the City may invest in any one issuer. For the year ended June 30, 2021, there were no investments in commercial paper that totaled more than 5 percent of the City's investments.

Receivables – Allowance for Doubtful Accounts

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Position includes penalties levied and outstanding in the amount of \$13,257.

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

Funds

General Fund:

Taxes Receivable.....	\$	11,815
Accounts Receivable.....		-
Total.....		<u>11,815</u>
Enterprise Fund.....		<u>174,920</u>
Total.....	\$	<u><u>186,735</u></u>

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2021

Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

	<u>Beginning</u>			<u>Ending</u>
Governmental activities:	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Capital assets not being depreciated:				
Land.....	\$ 6,980,512	\$ 528,547	\$ -	\$ 7,509,059
Artwork and collections.....	68,360	-	-	68,360
Construction in progress.....	53,149	238,179	-	291,328
Total capital assets not being depreciated...	<u>7,102,021</u>	<u>766,726</u>	<u>-</u>	<u>7,868,747</u>
Capital assets being depreciated:				
Buildings.....	16,869,281	41,151	-	16,910,432
Other improvements.....	11,292,645	274,689	-	11,567,334
Equipment.....	3,424,357	69,218	128,750	3,364,825
Computer equipment.....	565,775	52,989	-	618,764
Vehicles and motorized equipment.....	8,803,884	372,855	432,033	8,744,706
Infrastructure.....	25,245,881	4,583,126	-	29,829,007
Total capital assets being depreciated.....	<u>66,201,823</u>	<u>5,394,028</u>	<u>560,783</u>	<u>71,035,068</u>
Less accumulated depreciation for:				
Buildings.....	4,034,705	360,448	-	4,395,153
Other improvements.....	1,177,681	394,976	-	1,572,657
Equipment.....	1,649,183	302,565	101,931	1,849,817
Computer equipment.....	349,334	55,977	-	405,311
Vehicles and motorized equipment.....	5,849,257	1,055,829	386,051	6,519,035
Infrastructure.....	2,939,269	639,571	-	3,578,840
Total accumulated depreciation.....	<u>15,999,429</u>	<u>\$2,809,366</u>	<u>\$ 487,982</u>	<u>18,320,813</u>
Total capital assets being depreciated, net...	<u>50,202,394</u>			<u>52,714,255</u>
Governmental activity capital assets, net.....	<u>\$ 57,304,415</u>			<u>\$ 60,583,002</u>

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

General government.....	\$ 125,611
Public safety.....	1,060,791
Public works.....	1,083,048
Recreation.....	524,856
Economic & physical development.....	<u>15,060</u>
Total.....	<u>\$2,809,366</u>

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2021

Business-type Activities

The capital assets of the Enterprise Fund for the year ended June 30, 2021, was as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Water and Sewer Fund:				
Capital assets not being depreciated:				
Land.....	\$ 520,198	\$ 46,636	\$ -	\$ 566,834
Construction in progress.....	357,724	416,433	218,872	555,285
Total capital assets not being depreciated.....	<u>877,922</u>	<u>463,069</u>	<u>218,872</u>	<u>1,122,119</u>
Capital assets being depreciated:				
Water sources.....	13,937,610	-	-	13,937,610
Lift stations, pumping stations and tanks.....	8,097,539	750,000	-	8,847,539
Water and sewer lines.....	39,418,647	3,217,126	750,000	41,885,773
Land improvements.....	10,971	-	-	10,971
Water Resource Recovery Facility.....	9,136,888	355,023	-	9,491,911
Machinery and equipment.....	1,876,102	75,789	35,710	1,916,181
Vehicles.....	500,204	-	14,959	485,245
Total capital assets being depreciated.....	<u>72,977,961</u>	<u>4,397,938</u>	<u>800,669</u>	<u>76,575,230</u>
Less accumulated depreciation for:				
Water sources.....	3,996,089	285,942	-	4,282,031
Lift stations, pumping stations and tanks.....	1,879,661	164,746	-	2,044,407
Water and sewer lines.....	10,318,803	834,276	16,250	11,136,829
Land improvements.....	9,043	798	-	9,841
Water Resource Recovery Facility.....	3,647,356	203,985	-	3,851,341
Machinery and equipment.....	826,915	124,389	19,463	931,841
Vehicles.....	456,741	12,032	14,959	453,814
Total accumulated depreciation.....	<u>21,134,608</u>	<u>\$ 1,626,168</u>	<u>\$ 50,672</u>	<u>22,710,104</u>
Total capital assets being depreciated, net.....	<u>51,843,353</u>			<u>53,865,126</u>
Business-type activity capital assets, net.....	<u>\$ 52,721,275</u>			<u>\$ 54,987,245</u>

During the year ended June 30, 2021, several capital assets were reclassified between categories. These reclassifications were presented in the "decreases" columns of the schedules above.

City of Mebane, North Carolina
Notes to the Financial Statements
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Construction Commitments

The government has active construction projects as of June 30, 2021. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Contract</u>
Install New Sidewalk 300 BLK W Jackson St & Holt St.....	\$ 59,582	\$ 29,213
20-21 Street Repair Contract.....	992,454	28,445
Public Works & Utility Department Office Additions	-	35,000
Youth/Walker Restroom Renovations.....	-	11,875
Jones Road Sewer Survey & Preliminary Design.....	-	49,500
AWCK Evaluation at Lake Michael Trails.....	-	5,100
Utility Relocations for Intersection Widening.....	-	19,810
Engineering and Consulting for N First St Sidewalk.....	2,747	5,102
GKN Force Main Survey and Preliminary Design.....	-	49,500
Evidence Room Dividing Wall Installation.....	4,695	4,695
Construction Contract for N. First Sidewalk Improv.....	-	131,800
Inspections/Planning Parking Lot Maintenance.....	-	31,284
Inspections/Planning Building Addition.....	-	228,247
Havensonte Oversizing Reimbursement.....	-	120,000
Total.....	<u>\$ 1,059,478</u>	<u>\$ 749,571</u>

B. Liabilities

Pension Plan and Postemployment Obligations

Local Governmental Employees' Retirement System

Plan Description. The City of Mebane is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's 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 and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age

City of Mebane, North Carolina
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60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Mebane employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Mebane's contractually required contribution rate for the year ended June 30, 2021, was 9.00% of compensation for law enforcement officers and 8.25% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Mebane were \$1,658,481 for the year ended June 30, 2021.

Refunds of Contributions – City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2021, the City reported a liability of \$4,015,459 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City'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, 2020, the City's proportion was 0.112%, which was an increase of 0.001% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$1,048,868. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

City of Mebane, North Carolina
Notes to the Financial Statements
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	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience.....	\$ 507,082	\$ -
Changes of assumptions.....	298,829	-
Net difference between projected and actual earnings on pension plan investments.....	565,069	-
Changes in proportion and differences between City contributions and proportionate share of contributions.....	859,896	-
City contribution subsequent to the measurement date.....	<u>1,658,481</u>	<u>-</u>
Total.....	<u>\$ 3,889,357</u>	<u>\$ -</u>

\$1,658,481 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022.....	\$ 800,784
2023.....	803,292
2024.....	459,384
2025.....	167,230
2026.....	-
Thereafter.....	-

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

City of Mebane, North Carolina
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are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term</u>
	<u>Allocation</u>	<u>Expected Real</u> <u>Rate of Return</u>
Fixed Income.....	29.0%	1.4%
Global Equity.....	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives.....	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection.....	6.0%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. 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 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. 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 City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Discount Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
City's proportionate share of the net pension liability (asset).....	\$ 8,146,928	\$ 4,015,459	\$ 581,917

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.

Law Enforcement Officers' Special Separation Allowance

Plan Description. The City of Mebane administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the City'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 percent of the annual equivalent of the

City of Mebane, North Carolina
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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 law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2019, the valuation date, the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not receiving benefits	-
Active plan members	<u>35</u>
Total	<u>35</u>

Summary of Significant Accounting Policies:

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

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

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate used is the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

Mortality rates are based on the Pub-2010 amount-weighted tables with adjustments projected forward generationally from the valuation date using MP-2019.

Contributions. The City 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 City'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 City had no benefits come 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, 2021, the City reported a total pension liability of \$1,372,013. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of \$173,665.

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	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience.....	\$ 131,979	\$ -
Changes of assumptions.....	424,962	24,317
Benefit payments and administrative expenses made subsequent to the measurement date.....	-	-
Total.....	<u>\$ 556,941</u>	<u>\$ 24,317</u>

\$0 was reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022.....	\$ 90,978
2023.....	90,978
2024.....	92,363
2025.....	78,646
2026.....	79,805
Thereafter.....	99,854

\$0 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 1.93 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	<u>1% Decrease</u> <u>(0.93%)</u>	<u>Discount Rate</u> <u>(1.93%)</u>	<u>1% Increase</u> <u>(2.93%)</u>
Total pension liability.....	\$ 1,520,276	\$ 1,372,013	\$ 1,238,123

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

	<u>2021</u>
Beginning balance.....	\$ 802,190
Service cost at end of year.....	56,536
Interest of total pension liability.....	26,151
Changes of benefit terms.....	-
Differences between expected and actual experience in the measurement of the total pension liability.....	46,055
Changes of assumptions or other inputs.....	441,081
Benefit payments.....	-
Other changes.....	-
Ending balance of the total pension liability.....	<u><u>\$ 1,372,013</u></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, 2019 valuation were based on the results of an actuarial experience study from the period January 1, 2010 through December 31, 2014.

Firefighters' Special Separation Allowance

Plan Description. The City of Mebane administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified firefighters under the age of 62 who have completed at least 30 years of creditable service or have attained 60 years of age and have completed twenty-five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time firefighters of the City are covered by the Separation Allowance. At December 31, 2019 the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not receiving benefits	-
Active plan members	<u>25</u>
Total.....	<u><u>25</u></u>

Summary of Significant Accounting Policies:

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

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

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Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 8.00 percent, including inflation and productivity factor
Discount rate	1.93 percent

The discount rate used is the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

Mortality rates are based on the Pub-2010 amount-weighted tables with adjustments projected forward generationally from the valuation date using MP-2019.

Contributions. The City 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 City'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 City had no benefits come 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, 2021, the City reported a total pension liability of \$637,293. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the City recognized pension expense of \$70,004.

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience.....	\$ -	\$ -
Changes of assumptions.....	139,942	-
Benefit payments and administrative expenses made subsequent to the measurement date.....	-	-
Total.....	<u>\$ 139,942</u>	<u>\$ -</u>

\$0 was reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022.....	\$ 28,443
2023.....	28,443
2024.....	28,443
2025.....	28,443
2026.....	26,170
Thereafter.....	-

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\$0 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 1.93 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.93 percent) or 1-percentage-point higher (2.93 percent) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(0.93%)</u>	<u>(1.93%)</u>	<u>(2.93%)</u>
Total pension liability.....	\$ 715,222	\$ 637,293	\$ 567,247

Schedule of Changes in Total Pension Liability
Firefighters' Special Separation Allowance

	<u>2021</u>
Beginning balance.....	\$ 427,347
Service cost at end of year.....	27,629
Interest of total pension liability.....	13,932
Changes of benefit terms.....	-
Differences between expected and actual experience in the measurement of the total pension liability.....	-
Changes of assumptions or other inputs.....	168,385
Benefit payments.....	-
Other changes.....	-
Ending balance of the total pension liability.....	<u>\$ 637,293</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, 2019 valuation were based on the results of an actuarial experience study from the period January 1, 2015 through December 31, 2019.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Fire SSA</u>	<u>Total</u>
Pension Expense.....	\$ 1,048,868	\$ 173,665	\$ 70,004	\$ 1,292,537
Pension Liability.....	4,015,459	1,372,013	637,293	6,024,765
Proportionate share of the net pension liability.....	0.11237%	n/a	n/a	
Deferred Outflows of Resources				
Differences between expected and actual experience.....	507,082	131,979	-	639,061
Changes of assumptions.....	298,829	424,962	139,942	863,733
Net difference between projected and actual earnings on plan investments.....	565,069	-	-	565,069
Changes in proportion and differences between contributions and proportionate share of contributions.....	859,896	-	-	859,896
Benefit payments and administrative costs paid subsequent to the measurement date..	1,658,481	-	-	1,658,481
Deferred Inflows of Resources				
Differences between expected and actual experience.....	-	-	-	-
Changes of assumptions.....	-	24,317	-	24,317
Net difference between projected and actual earnings on plan investments.....	-	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions.....	-	-	-	-

Supplemental Retirement Income Plan for Non-Law Enforcement Officers

Pension Descriptions. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by The Prudential Insurance Company of America. The Plan provides retirement benefits to non-law enforcement officers employed by the City. The City Council has the authority for establishing or amending the plan's provisions.

Funding Policy. The City contributes an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. The City Council has the authority for establishing or amending contribution requirements. Contributions for the year ended June 30, 2021 were \$462,882, which consisted of \$290,209 from the City and \$172,673, respectively, from the employees.

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S.

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Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR 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 City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$132,143, which consisted of \$96,421 from the City and \$35,722, respectively, from the law enforcement officers.

Firefighters' and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Mebane, to the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. FRSWPF provides pension benefits for eligible fire workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighter's Pension Fund 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 the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City is not required to contribute to the Fund; however, as a benefit to the firefighters, the City has chosen to fund the member's contributions. Contribution provisions are established by General Statute 58- 86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2021, the State contributed \$18,652,000 to the plan. The City of Mebane's proportionate share of the State's contribution is \$26,898.

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

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

At June 30, 2021, the City reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the City and supported by the State was \$52,183. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2021 and at June 30, 2020 was 0%.

For the year ended June 30, 2021, the City recognized pension expense of \$14,046 and revenue of \$14,046 for support provided by the State. At June 30, 2021, the City reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan noted above.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. 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.

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.

Other Post-employment Benefits

Healthcare Benefits

Plan Description. Employees who retire under the provisions of the North Carolina Local Government Employees' Retirement System (NCLGERS) and have fifteen (15) or more years of service with the City at the time of retirement are eligible to continue coverage in the City's health plan, a single-employer defined benefit plan. Coverage in the health plan will continue until the retiree becomes Medicare eligible, at which time coverage will be converted to a Medicare Supplement Plan. Health care and prescription drug coverage are provided by the City's health plan. A separate stand-alone report is not issued.

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Membership of the Health Care Plan consisted of the following at June 30, 2019, the date of the latest actuarial valuation:

	<u>General</u> <u>Employees</u>	<u>Law Enforcement</u> <u>Officers</u>
Retirees and dependents receiving benefits	16	5
Active plan members	<u>105</u>	<u>28</u>
Total	<u>121</u>	<u>33</u>

Total OPEB Liability

The City's total OPEB liability of \$10,995,899 was measured as of June 30, 2020 with a determination date of June 30, 2019, the actuarial valuation date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2019 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
Real wage growth	1.0 percent
Wage inflation	3.5 percent
Salary increases	General Employees- 3.50 to 7.75 percent, Firefighters 3.50 to 7.75 percent, Law Enforcement Officers 3.50 to 7.35 percent, including inflation
Discount rate	2.21 percent
Healthcare cost trend rates	Pre-Medicare- 7.00 percent for 2019 to 4.50 percent by 2026 Medicare- 5.00 percent for 2019 to 4.50 percent by 2021

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

Total OPEB Liability, Balance at July 1, 2020.....	\$ 7,870,810
Changes for the year	
Service cost.....	459,321
Interest.....	289,711
Changes in benefit terms.....	-
Differences between expected and actual experience.....	5,490
Changes in assumptions or other inputs.....	2,476,778
Benefit payments.....	<u>(106,211)</u>
Net changes.....	<u>3,125,089</u>
Total OPEB Liability, Balance at June 30, 2021.....	<u>\$ 10,995,899</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

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

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	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(1.21%)</u>	<u>(2.21%)</u>	<u>(3.21%)</u>
Total OPEB liability.....	\$ 13,634,324	\$ 10,995,899	\$ 9,003,746

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City'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.....	\$ 8,585,703	\$ 10,995,899	\$ 14,349,452

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

For the year ended June 30, 2021, the City recognized OPEB expense of \$1,033,861. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience.....	\$ 1,032,760	\$ 5,584
Changes of assumptions.....	2,209,884	737,709
Benefit payments and administrative costs made subsequent to the measurement date.....	127,727	-
Total.....	<u>\$ 3,370,371</u>	<u>\$ 743,293</u>

\$127,727 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ended June 30:

2022.....	\$ 284,829
2023.....	284,829
2024.....	284,829
2025.....	284,829
2026.....	284,829
Thereafter.....	1,075,206

Other Employment Benefits

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

City of Mebane, North Carolina
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the City does not determine the number of eligible participants. The City 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 City considers these contributions to be immaterial.

Deferred Outflows and Inflows of Resources

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

Pensions- differences between expected and actual experience.....	\$	639,061
Pensions- change of assumptions.....		863,733
Pensions- difference between projected and actual investment earnings.....		565,069
Pensions- change in proportion and difference between employer contributions and proportionate share of contributions.....		859,896
Contributions to pension plan in current fiscal year.....		1,658,481
OPEB- differences between expected and actual experience.....		1,032,760
Pensions- change of assumptions.....		2,209,884
Benefit payments for OPEB made subsequent to measurement date.....		127,727
LEOSSA- benefit payments made and administrative expenses.....		-
Total.....	\$	<u>7,956,611</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Pensions- change in proportion and difference between employer contributions and proportionate share of contributions.....	\$ -	\$ -
LEOSSA- change of assumptions.....	24,317	-
OPEB- differences between expected and actual experience.....	5,584	-
OPEB- change of assumptions.....	737,709	-
Prepaid taxes and licenses (General Fund).....	2,640	2,640
Taxes receivable, less penalties (General Fund).....	-	82,899
Total.....	\$ <u>770,250</u>	\$ <u>85,539</u>

Risk Management

The City 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 City 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 last four fiscal years.

The City has not been designated as being in a flood zone and thus carries no commercial flood insurance.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2021

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are individually bonded for \$50,000 each and the City Manager for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

Claims, Judgments and Contingent Liabilities

At June 30, 2021, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

Long-Term Obligations

Capital Leases

The City did not have any leases outstanding that were considered to be capital in nature.

General Obligation Indebtedness

The general obligation bonds and the notes payable, which were 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 Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the City. Principal and interest requirements are appropriated on all indebtedness when due.

Bonds and notes payable at June 30, 2021 are comprised of the following individual issues:

General Obligation Bonds:

There were no general obligation bonds payable at June 30, 2021.

Installment Purchases:

Serviced by the General Fund:

Direct placement contract payable to Bank of America, N.A. for the City Hall and Recreation Building renovation projects. Principal payments of \$106,667 plus interest are due semi-annually starting on December 27, 2008. The note bears interest at the rate of 3.52%. The City Hall and Recreation buildings are security for the debt while the debt is outstanding	426,666
Direct placement contract payable to BB&T for the Southside Fire Station Project. Principal payments of \$86,667 plus interest are due semi-annually starting on July 23, 2014. The note bears interest at the rate of 2.84%. All property, equipment and deposits acquired with these local funds are the security for the debt while the debt is outstanding	1,386,667
Direct placement contract payable to Piedmont Electric Membership Corporation as part of the USDA Rural Economic Development Loan (REDL) Program for the purchase of two fire trucks and related fire truck equipment and firefighting equipment for the Southside Fire Station. Principal payments of \$140,889 are due annually starting on February 1, 2015 with final payment due February 1, 2023. The note bears no interest as part of the REDL program. The fire trucks and equipment are security for the debt while the debt is outstanding	281,778
Direct placement contract payable to Piedmont Electric Membership Corporation as part of the USDA Rural Economic Development Loan (REDL) Program for the purchase of a fire truck. Principal payments of \$46,833 are	

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2021

due annually starting on August 1, 2017 with final payment due August 1, 2026. The note bears no interest as part of the REDL program. The fire truck is security for the debt while the debt is outstanding 280,998

Direct placement contract payable to American National Bank and Trust Company for the City Park Project. Principal payments of \$194,333 plus interest are due semi-annually starting on October 15, 2017. The note bears interest at the rate of 3.23%. All property, improvements and equipment acquired with these local funds are the security for the debt while the debt is outstanding 4,275,333

Direct placement contract payable to Branch Banking and Trust Company for the Fire Department Radio Equipment. Principal payments of \$43,187 plus interest are due semi-annually starting on April 27, 2018. The note bears interest at the rate of 1.85%. All equipment and improvements acquired with these local funds are the security for the debt while the debt is outstanding 129,562

Direct placement contract payable to First Bank for the Police Department Radio Equipment. Principal payments of \$46,900 plus interest are due semi-annually starting on May 9, 2019. The note bears interest at the rate of 3.02%. All equipment and improvements acquired with these local funds are the security for the debt while the debt is outstanding 234,500

Direct placement contract payable to First Bank for the Police Department Vehicles. Principal payments of \$26,647 plus interest are due semi-annually starting on October 16, 2019. The note bears interest at the rate of 2.58%. All equipment and improvements acquired with these local funds are the security for the debt while the debt is outstanding 159,881

Direct placement contract payable to U.S. Bancorp Government Leasing and Finance, Inc., for sanitation vehicles. Principal payments of \$43,050 plus interest are due semi-annually starting on February 28, 2021. The note bears interest at the rate of 1.363%. All equipment and improvements acquired with these local funds are the security for the debt while the debt is outstanding 387,450

Serviced by the Water and Sewer Fund:

Direct placement contract payable from the North Carolina Water Pollution Control Revolving Fund for 9th Street Sewer improvements. Principal payments of \$4,806 annually on the indebtedness started on May 1, 2010. The interest rate as established under this program is zero percent. This debt is not secured 38,445

Direct placement contract payable to Carolina Bank for the water treatment plant upgrade and expansion projects. Principal and interest payments are due annually on July 1, in varying amounts, starting July 1, 2015 and ending July 1, 2029. The note bears interest at the rate of 2.60%. All property, equipment and deposits acquired with these local funds are the security for the debt while the debt is outstanding 3,015,000

Direct placement contract payable to BB&T for the construction of a Sewer Pump Station, main, outfall and tunnel. Principal payments of \$66,667 plus interest are due semi-annually starting on May 1, 2008. The note bears

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2021

interest at the rate of 3.85%. The property is pledged as collateral for the debt while the debt is outstanding	133,334
Total long-term debt.....	10,749,614
Less: Current portion of long-term debt.....	(1,722,762)
Non-current portion of long-term debt	\$ 9,026,852

At June 30, 2021, the City of Mebane had no authorized but unissued bonds and had a legal debt margin of \$179,348,538.

The following table summarizes the annual requirements to amortize all long-term liabilities outstanding at June 30, 2021 (excluding compensated absences, pension liabilities, OPEB liabilities, and any claims or judgments).

	General Obligation		Other Long-term			
	Bonds		Indebtedness		Total Debt Due	
Serviced by General Fund:						
Fiscal Year	Principle	Interest	Principle	Interest	Principle	Interest
2022.....	-	-	1,282,623	172,373	1,282,623	172,373
2023.....	-	-	1,239,436	143,249	1,239,436	143,249
2024.....	-	-	795,127	117,425	795,127	117,425
2025.....	-	-	694,933	99,679	694,933	99,679
2026.....	-	-	651,883	83,928	651,883	83,928
2027-2031.....	-	-	2,510,166	207,020	2,510,166	207,020
2032-maturity.....	-	-	388,668	7,262	388,668	7,262
Total.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,562,836</u>	<u>\$ 830,936</u>	<u>\$ 7,562,836</u>	<u>\$ 830,936</u>
Serviced by Water & Sewer Fund:						
Fiscal Year	Principle	Interest	Principle	Interest	Principle	Interest
2022.....	-	-	440,139	78,314	440,139	78,314
2023.....	-	-	313,806	66,521	313,806	66,521
2024.....	-	-	321,806	58,383	321,806	58,383
2025.....	-	-	330,806	50,024	330,806	50,024
2026.....	-	-	337,806	41,457	337,806	41,457
2027-2031.....	-	-	1,442,415	75,478	1,442,415	75,478
2032-maturity.....	-	-	-	-	-	-
Total.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,186,778</u>	<u>\$ 370,177</u>	<u>\$ 3,186,778</u>	<u>\$ 370,177</u>

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2021

Changes in Long-Term Liabilities

	<u>Balance July 1,</u>			<u>Balance June</u>	<u>Current</u>
	<u>2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>30, 2021</u>	<u>Portion of</u>
					<u>Balance</u>
<u>Governmental activities:</u>					
Direct Placement					
Installment purchase.....	\$ 8,371,909	\$ 430,500	\$ 1,239,573	\$ 7,562,836	\$ 1,282,623
Compensated absences.....	465,151	388,776	408,698	445,229	388,776
Total OPEB liability.....	6,809,240	2,692,052	-	9,501,292	-
Net pension liability (LGERS).....	2,650,542	822,702	-	3,473,244	-
Net pension liability (LEOSSA).....	802,190	569,823	-	1,372,013	-
Total pension liability (Firefighters SSA)...	427,347	209,946	-	637,293	-
Governmental activity					
long-term liabilities.....	<u>\$ 19,526,379</u>	<u>\$ 5,113,799</u>	<u>\$ 1,648,271</u>	<u>\$ 22,991,907</u>	<u>\$ 1,671,399</u>
<u>Business-type activities:</u>					
Direct Placement					
Installment purchase.....	\$ 3,617,917	\$ -	\$ 431,139	\$ 3,186,778	\$ 440,139
Graham/Mebane Watershed					
Agreement.....	1,783,652	-	127,403	1,656,249	127,403
Graham/Mebane Capacity					
Agreement.....	2,082,464	-	200,000	1,882,464	200,000
Net pension liability (LGERS).....	405,087	137,128	-	542,215	-
Compensated absences.....	76,077	66,299	63,386	78,990	66,299
Total OPEB liability.....	<u>1,061,570</u>	<u>433,037</u>	<u>-</u>	<u>1,494,607</u>	<u>-</u>
Business-type activity					
long-term liabilities.....	<u>\$ 9,026,767</u>	<u>\$ 636,464</u>	<u>\$ 821,928</u>	<u>\$ 8,841,303</u>	<u>\$ 833,841</u>

Compensated absences have typically been liquidated in the General Fund.

C. Interfund Balances and Activity

There are no balances due to/from other funds at June 30, 2021.

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund services provided and used are not eliminated in the process of consolidation. These balances routinely clear out each month prior to or at year-end.

A summary of interfund transfers for the fiscal year ended June 30, 2021 is as follows:

Cash Transfers:

Transfer from General Fund to:

General Capital Project Fund.....	\$ 1,059,769
Cates Farm Park Capital Project Fund.....	84,823

Transfer from Water and Sewer Fund to:

Utility Capital Project Fund.....	450,000
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Transfer from System Development Capital Reserve Fund to:

Utility Capital Project Fund.....	37,846
Total Cash Transfers	<u>\$ 1,632,438</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to spend them and (2) use unrestricted revenues collected in the

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2021

general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Further, during the year ended June 30, 2021, the City made the following one-time transfers:

- 1) A transfer of \$1,059,769 from the General Fund to the General Capital Project Fund for capital improvements.
- 2) A transfer of \$84,823 from the General Fund to the Cates Farm Park Capital Project Fund for capital improvements.
- 3) A transfer of \$450,000 from the Utility Fund to the Utility Capital Project Fund for capital improvements.
- 4) A transfer of \$37,846 from the Utility Capital Reserve Fund to the Utility Capital Project Fund for capital improvements.

D. On-Behalf Payments for Fringe Benefits and Salaries

The City has recognized as a revenue and an expenditure on-behalf payments for fringe benefits and salaries of \$14,046, for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2021. 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 firemen or their departments.

E. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets.....	\$ 60,583,002	\$ 54,987,245
less: long-term debt.....	7,562,836	6,725,491
add: unexpended debt proceeds.....	-	-
Net investment in capital assets.....	<u>\$ 53,020,166</u>	<u>\$ 48,261,754</u>

F. Fund Balance

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

Total fund balance – General Fund.....	\$ 15,719,819
Less: Nonspendable Prepaid Assets.....	(31,716)
Stabilization by State Statute.....	(3,405,872)
Appropriated Fund Balance in 2022 budget.....	(1,950,000)
Working Capital.....	<u>(10,332,231)</u>
Remaining fund balance.....	<u>\$ -</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Outstanding encumbrances for the Governmental Funds at June 30, 2021 were \$804,772 for the General Fund.

G. Jointly Governed Organization

The City, in conjunction with twelve counties and sixty other municipalities established the Piedmont Triad Regional Council (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member and one alternate if they so desire, to the Council's governing board. The City paid \$2,909 in general membership fees and \$6,711 in stormwater fees to the Council during the fiscal years ended June 30, 2021.

H. Joint Ventures

The City, in conjunction with the Cities of Burlington and Graham, participate in the Alamance Municipal ABC Board. Each participating government appoints board members. The ABC Board is a joint venture established to facilitate control over alcoholic beverages within the Cities. The ABC Board has been in existence for over 38 years and is self-sustaining. The City has an ongoing financial responsibility for the ABC Board because it and the Cities of Burlington and Graham are legally obligated under the intergovernmental agreement that created the ABC Board to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2021. Complete financial statements for the ABC Board can be obtained from the administrative offices at 603 W. Harden Street, Graham, North Carolina, 27253.

I. Joint Operation

The City of Mebane and the City of Graham are co-owners and operators of a water supply reservoir and water treatment plant per an Intergovernmental Watershed Agreement. Since June 22, 1973, the ownership of the assets and improvements of the joint undertaking remained at 66.7% interest for the City of Graham and 33.3% interest for the City of Mebane. Due to relative growths of the populations in units of government, the parties agreed as February 3, 2014 to adjust the capacity, treatment and operational costs, improvements, upgrades, and repairs to be borne equally by the units. At this time, the City of Mebane also agreed to pay to the City of Graham an equalizing sum of \$2,548,070 for their capital interest. The amount is to be paid in twenty annual installments of \$127,403 with the first payment due July 31, 2014. No interest is included in the agreement. The balance of the payable as of June 30, 2021 was \$1,656,249.

J. Interlocal Cooperation Agreement

The City of Mebane and the City of Graham entered into an interlocal cooperation agreement for the allocation of Twenty One and Forty Three One Hundredths percent (21.43%) of capacity usage of the City of Graham's wastewater treatment plant. The cost of agreed upon improvements or upgrades to the wastewater treatment plant and the Cherry Lane pump station will be shared by the City of Mebane and the City of Graham based on percentage of capacity usage, as noted above. The duration for the continuation of the agreement is 99 years. The City of Mebane has agreed to pay the City of Graham \$2,682,464 for this capacity usage. The amount is to be paid in twenty annual installments of \$200,000 (payments 1-5), \$150,000 (payments 6-10), \$100,000 (payments 11-15), and \$86,493 (payments 16-20) with the first payment due July 10, 2018. No interest is included in the agreement. The balance of the payable as of June 30, 2021 was \$1,882,464.

K. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The City 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 grant monies.

L. Significant Effects of Subsequent Events

In accordance with ASC 855, the City evaluated subsequent events through November 10, 2021, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

M. Restatements

During the fiscal year ended June 30, 2021, the City determined that the pension liability for the Firefighters' Special Separation Allowance was not recorded. Therefore, an adjustment to beginning net

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2021

position has been recorded to account for this accrual, the net effect of which is a decrease in net position of \$427,347. This liability does not affect the modified basis fund balance.

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Required Supplementary Information

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

- **Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System**
- **Schedule of Contributions to Local Government Employees' Retirement System**
- **Schedule of Proportionate Share of Net Pension Liability for Firefighters' and Rescue Squad Workers' Pension Plan**
- **Schedule of Changes in Total Pension Liability (Asset) for Firefighters' and Rescue Squad Workers' Pension Plan**
- **Schedule of Total Pension Liability as a Percentage of Covered Payroll for Law Enforcement Officers' Special Separation Allowance**
- **Schedule of Total Pension Liability as a Percentage of Covered Payroll for Firefighters' Special Separation Allowance**
- **Schedule of Changes in Total OPEB Liability and Related Ratios**



City of Mebane, North Carolina
Required Supplementary Information
City of Mebane's Proportionate Share of Net Pension Liability (Asset)
Last Eight Fiscal Years *
June 30, 2021

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Mebane's proportion of the net pension liability (asset) (%).....	0.11237%	0.11189%	0.10735%	0.10919%	0.10681%	0.10043%	0.09862%	0.99260%
Mebane's proportion of the net pension liability (asset) (\$).....	\$4,015,459	\$3,055,629	\$2,546,709	\$1,668,121	\$2,266,866	\$ 450,724	\$ (581,608)	\$1,116,186
Mebane's covered payroll.....	\$7,506,863	\$7,137,816	\$6,539,336	\$6,062,960	\$5,990,336	\$5,169,065	\$5,064,935	\$4,888,462
Mebane's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.....	53.49%	42.81%	38.94%	27.51%	37.84%	8.72%	(11.48%)	22.83%
Plan fiduciary net position as a percentage of the total pension liability **	92.60%	90.68%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

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

City of Mebane, North Carolina
Required Supplementary Information
City of Mebane's Contributions
Last Eight Fiscal Years *
June 30, 2021

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution.....	\$ 671,809	\$ 624,341	\$ 526,288	\$ 364,077	\$ 438,800	\$ 404,627	\$ 376,969	\$ 353,916
Contributions in relation to the								
contractually required contribution..	<u>671,809</u>	<u>624,341</u>	<u>526,288</u>	<u>364,077</u>	<u>438,800</u>	<u>404,627</u>	<u>376,969</u>	<u>353,916</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Mebane's covered payroll.....	\$ 8,101,894	\$ 7,506,863	\$ 7,137,816	\$ 6,539,336	\$ 6,062,960	\$ 5,990,336	\$ 5,169,065	\$ 5,064,935
Contributions as a percentage of								
covered payroll.....	8.29%	8.32%	7.37%	5.57%	7.24%	6.75%	7.29%	6.99%

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

City of Mebane, North Carolina
Required Supplementary Information
City of Mebane's Proportionate Share of Net Pension Liability
Last Seven Fiscal Years *
June 30, 2021

Firefighters' and Rescue Squad Workers' Pension

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Mebane's proportionate share of the net pension liability (%):.....	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Mebane's proportionate share of the net pension liability (\$):.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with the City of Mebane.	<u>52,183</u>	<u>53,623</u>	<u>75,430</u>	<u>61,719</u>	<u>45,002</u>	<u>38,775</u>	<u>31,152</u>
Total.....	<u>\$ 52,183</u>	<u>\$ 53,623</u>	<u>\$ 75,430</u>	<u>\$ 61,719</u>	<u>\$ 45,002</u>	<u>\$ 38,775</u>	<u>\$ 31,152</u>
Mebane's covered payroll.....	\$ 1,650,409	\$ 1,534,858	\$ 1,371,047	\$ 1,289,371	\$ 1,227,668	\$ 1,268,042	\$ 945,728
Mebane's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.....	3.16%	3.49%	5.50%	4.79%	3.67%	3.06%	3.29%
Plan fiduciary net position as a percentage of the total pension liability.....	92.30%	90.50%	89.35%	94.94%	91.40%	93.42%	92.76%

* The amounts are presented for the prior fiscal year. This schedule is intended to show information for ten years.
Additional years' information will be displayed as it becomes available.

City of Mebane, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Five Fiscal Years*
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance.....	\$ 802,190	\$ 621,186	\$ 574,870	\$ 427,541	\$ 400,968
Service cost.....	56,536	49,682	45,895	37,803	35,736
Interest on the total pension liability.....	26,151	22,611	18,057	16,370	14,155
Changes of benefit terms.....	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability.....	46,055	77,061	23,723	53,293	-
Changes of assumptions or other inputs.....	441,081	31,650	(34,476)	46,746	(14,371)
Benefit payments.....	-	-	(6,883)	(6,883)	(8,947)
Other changes.....	-	-	-	-	-
Ending balance of the total pension liability.....	<u>\$ 1,372,013</u>	<u>\$ 802,190</u>	<u>\$ 621,186</u>	<u>\$ 574,870</u>	<u>\$ 427,541</u>

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.
This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

City of Mebane, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Ten Fiscal Years
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total pension liability.....	\$ 1,372,013	\$ 802,190	\$ 621,186	\$ 574,870	\$ 427,541	\$ 400,968	\$ 258,154	\$ 238,533	\$ 226,153	\$ 224,291
Covered payroll.....	1,971,990	1,889,896	1,622,281	1,553,944	1,443,743	1,443,743	1,228,378	1,097,171	931,673	946,084
Total pension liability as a percentage of covered payroll...	69.58%	42.45%	38.29%	36.99%	29.61%	27.77%	21.02%	21.74%	24.27%	23.71%

Notes to the Required Schedules

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

City of Mebane, North Carolina
Schedule of Changes in Total Pension Liability
Firefighters' Special Separation Allowance
June 30, 2021

	<u>2021</u>
Beginning balance.....	\$ 427,347
Service cost.....	27,629
Interest on the total pension liability.....	13,932
Changes of benefit terms.....	-
Differences between expected and actual experience in the measurement of the total pension liability.....	-
Changes of assumptions or other inputs.....	168,385
Benefit payments.....	-
Other changes.....	-
Ending balance of the total pension liability.....	<u><u>\$ 637,293</u></u>

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

City of Mebane, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Firefighters' Special Separation Allowance
June 30, 2021

	<u>2021</u>
Total pension liability.....	\$ 637,293
Covered payroll.....	1,368,060
Total pension liability as a percentage of covered payroll.....	46.58%

Notes to the Required Schedules

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

City of Mebane, North Carolina
Schedule of Changes in Total OPEB Liability and Related Ratios
Last Four Fiscal Years*
June 30, 2021

<u>Total OPEB Liability</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost.....	\$ 459,321	\$ 380,966	\$ 402,678	\$ 452,991
Interest	289,711	238,114	213,111	183,870
Changes of benefit terms.....	-	-	-	-
Differences between expected and actual experience.....	5,490	1,302,981	8,326	(9,652)
Changes of assumptions.....	2,476,778	(115,846)	(384,358)	(663,734)
Benefit payments.....	(106,211)	(112,112)	(97,786)	(74,215)
Net change in total OPEB liability.....	3,125,089	1,694,103	141,971	(110,740)
Total OPEB liability - beginning.....	7,870,810	6,176,707	6,034,736	6,145,476
Total OPEB liability - ending.....	<u>\$ 10,995,899</u>	<u>\$ 7,870,810</u>	<u>\$ 6,176,707</u>	<u>\$ 6,034,736</u>
Covered payroll.....	6,848,284	6,848,284	6,100,000	6,100,000
Total OPEB liability as a percentage of covered payroll.....	160.56%	114.93%	101.26%	98.93%

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>
2021	2.21%
2020	3.50%
2019	3.89%
2018	3.56%

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

Major Governmental Funds

- **The General Fund** – This fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.
- **The City Park Capital Project Fund** – This fund is used to account for the land purchase and construction of the city park.



City of Mebane, North Carolina
Comparative Balance Sheets
General Fund
June 30, 2021 and 2020

Statement A-1

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Assets		
Cash and equivalents.....	\$ 13,745,250	\$ 13,311,576
Restricted cash.....	1,436,696	1,057,778
Taxes receivable.....	82,899	94,533
Accounts receivable.....	166,065	133,070
Prepaid items.....	31,716	168,052
Advance to other funds.....	-	-
Due from other governments.....	2,435,035	2,025,493
Total assets.....	<u><u>\$ 17,897,661</u></u>	<u><u>\$ 16,790,502</u></u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 1,052,797	\$ 974,466
Due to other governments.....	15,819	-
Payable from restricted assets.....	1,023,687	863,078
Total liabilities.....	<u><u>2,092,303</u></u>	<u><u>1,837,544</u></u>
Deferred inflows of resources.....	85,539	110,641
Fund balances:		
Nonspendable:		
Prepaid assets.....	31,716	168,052
Restricted for:		
Stabilization by State Statute.....	3,405,872	2,422,768
Assigned:		
Subsequent year's expenditures.....	1,950,000	1,823,718
Unassigned.....	10,332,231	10,427,779
Total fund balances.....	<u><u>15,719,819</u></u>	<u><u>14,842,317</u></u>
Total liabilities, deferred inflows of resources and fund balances.....	<u><u>\$ 17,897,661</u></u>	<u><u>\$ 16,790,502</u></u>

City of Mebane, North Carolina

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund**

For the Fiscal Year Ended June 30, 2021

(With Comparative Totals for the Fiscal Year Ended June 30, 2020)

Statement A-2

	2021		Variance	
	Budget	Actual	Positive (Negative)	2020 Actual
Revenues				
Property taxes:				
Current and prior years.....	\$	\$ 11,331,936	\$	\$ 10,888,946
Penalties and interest, net of discounts.....		7,411		8,121
Total.....	<u>11,036,912</u>	<u>11,339,347</u>	<u>302,435</u>	<u>10,897,067</u>
Other taxes and licenses:				
Privilege licenses.....	<u>1,000</u>	<u>955</u>	<u>(45)</u>	<u>955</u>
Unrestricted intergovernmental:				
Local option sales tax.....		4,261,900		3,574,012
Telecommunications sales tax.....		74,249		74,048
Utility franchise tax.....		1,141,022		1,138,279
Video franchise fee.....		62,564		61,792
Beer and wine tax.....		59,850		59,570
ABC profit distribution.....		153,491		148,528
Tax sharing.....		313,314		352,604
Other.....		34,970		24,225
Total.....	<u>5,120,543</u>	<u>6,101,360</u>	<u>980,817</u>	<u>5,433,058</u>
Restricted intergovernmental:				
Powell Bill allocation.....		354,268		360,334
Controlled substance tax.....		1,403		1,074
ABC Revenue for law enforcement.....		38,978		33,070
Solid waste disposal tax.....		10,725		10,481
On-behalf of payments - fire.....		48,184		46,087
Federal equitable sharing.....		16,443		95,470
One NC Grant.....		-		180,000
Cares funding.....		187,904		27,952
Other grants and awards.....		2,437		29,327
Fire district tax funds.....		494,324		478,922
Total.....	<u>886,000</u>	<u>1,154,666</u>	<u>268,666</u>	<u>1,262,717</u>
Permits and fees:				
Building permits.....		615,935		330,523
Inspection fees.....		412,766		270,001
Planning fees.....		104,845		117,260
Street and utility inspection fees.....		193,353		84,611
Development fees.....		-		-
Other.....		11,136		8,791
Total.....	<u>881,798</u>	<u>1,338,035</u>	<u>456,237</u>	<u>811,186</u>

City of Mebane, North Carolina

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund**

For the Fiscal Year Ended June 30, 2021

(With Comparative Totals for the Fiscal Year Ended June 30, 2020)

Statement A-2

	2021		Variance	
	Budget	Actual	Positive (Negative)	2020 Actual
Revenues (continued)				
Sales and services:				
Recreation department fees.....	\$	\$ 86,368	\$	\$ 79,588
Sanitation fees.....		493,408		467,833
Cemetery plot sales.....		36,750		29,000
Total.....	<u>570,450</u>	<u>616,526</u>	<u>46,076</u>	<u>576,421</u>
Investment earnings.....	<u>20,000</u>	<u>52,436</u>	<u>32,436</u>	<u>148,826</u>
Miscellaneous:				
Material sales.....		15,140		1,768
Rent.....		69,035		71,687
Other grants and awards.....		34,570		316,300
Other.....		133,139		124,380
Total.....	<u>147,600</u>	<u>251,884</u>	<u>104,284</u>	<u>514,135</u>
Total revenues.....	<u>18,664,303</u>	<u>20,855,209</u>	<u>2,190,906</u>	<u>19,644,365</u>
Expenditures				
General government:				
City Council:				
Salaries and employee benefits.....		54,410		63,477
Other operating expenditures.....		18,563		18,718
Total.....	<u>83,539</u>	<u>72,973</u>	<u>10,566</u>	<u>82,195</u>
Administration:				
Salaries and employee benefits.....		800,898		678,558
Other operating expenditures.....		160,813		171,613
Capital outlay.....		-		-
Total.....	<u>1,158,700</u>	<u>961,711</u>	<u>196,989</u>	<u>850,171</u>
Finance:				
Salaries and employee benefits.....		317,970		279,101
Other operating expenditures.....		212,398		211,899
Capital outlay.....		-		-
Total.....	<u>604,386</u>	<u>530,368</u>	<u>74,018</u>	<u>491,000</u>
Information Technology:				
Salaries and employee benefits.....		153,763		103,025
Other operating expenditures.....		249,513		161,790
Capital outlay.....		23,600		5,040
Total.....	<u>506,771</u>	<u>426,876</u>	<u>79,895</u>	<u>269,855</u>

City of Mebane, North Carolina

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund**

For the Fiscal Year Ended June 30, 2021

(With Comparative Totals for the Fiscal Year Ended June 30, 2020)

Statement A-2

	2021		Variance	
	Budget	Actual	Positive (Negative)	2020 Actual
Expenditures (continued)				
General government:				
Non-departmental:				
Salaries and employee benefits.....	\$	\$ 129,300	\$	\$ 102,302
Other operating expenditures.....		443,035		469,535
Total.....	827,336	572,335	255,001	571,837
Total general government.....	3,180,732	2,564,263	616,469	2,265,058
Public safety:				
Police:				
Salaries and employee benefits.....		3,272,176		3,149,666
Maintenance.....		70,105		104,675
Other operating expenditures.....		508,036		498,050
Capital outlay.....		201,311		237,097
Total.....	4,434,715	4,051,628	383,087	3,989,488
Fire:				
Salaries and employee benefits.....		2,582,303		2,446,591
Maintenance.....		114,738		130,525
Other operating expenditures.....		271,156		261,170
Capital outlay.....		-		61,219
Total.....	2,988,336	2,968,197	20,139	2,899,505
Total public safety.....	7,423,051	7,019,825	403,226	6,888,993
Public works:				
Public works:				
Salaries and employee benefits.....		742,390		685,475
Maintenance.....		1,044,220		144,109
Other operating expenditures.....		286,214		254,543
Capital outlay.....		8,420		29,427
Total.....	2,167,922	2,081,244	86,678	1,113,554
Public facilities:				
Salaries and employee benefits.....		261,431		311,379
Maintenance.....		207,847		208,461
Other operating expenditures.....		192,633		145,522
Capital outlay.....		-		193,022
Total.....	1,041,424	661,911	379,513	858,384

City of Mebane, North Carolina

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund**

For the Fiscal Year Ended June 30, 2021

(With Comparative Totals for the Fiscal Year Ended June 30, 2020)

Statement A-2

	2021		Variance	
	Budget	Actual	Positive (Negative)	2020 Actual
Expenditures (continued)				
Sanitation:				
Salaries and employee benefits.....		\$ 435,920		\$ 427,211
Maintenance.....		128,723		106,754
Tipping fees.....		493,088		424,008
Other operating expenditures.....		96,396		107,248
Capital outlay.....		-		11,227
Total.....	<u>1,306,759</u>	<u>1,154,127</u>	<u>152,632</u>	<u>1,076,448</u>
Total public works.....	<u>4,516,105</u>	<u>3,897,282</u>	<u>618,823</u>	<u>3,048,386</u>
Recreation:				
Parks and recreation:				
Salaries and employee benefits.....		778,229		703,227
Maintenance.....		217,503		205,219
Other operating expenditures.....		297,581		271,168
Capital outlay.....		839,027		163,443
Total.....	<u>2,730,062</u>	<u>2,132,340</u>	<u>597,722</u>	<u>1,343,057</u>
Total recreation.....	<u>2,730,062</u>	<u>2,132,340</u>	<u>597,722</u>	<u>1,343,057</u>
Economic and physical development:				
Planning:				
Salaries and employee benefits.....		235,444		230,629
Maintenance.....		958		8,413
Professional services.....		64,500		29,108
Downtown Revitalization Grant.....		-		-
Other operating expenditures.....		65,006		47,604
Capital outlay.....		-		-
Total.....	<u>608,712</u>	<u>365,908</u>	<u>242,804</u>	<u>315,754</u>
Inspections:				
Salaries and employee benefits.....		488,194		407,857
Maintenance.....		1,593		2,250
Professional services.....		-		522
Other operating expenditures.....		21,919		26,797
Capital outlay.....		35,293		-
Total.....	<u>643,704</u>	<u>546,999</u>	<u>96,705</u>	<u>437,426</u>
Engineering:				
City Engineer contracted services.....		60,000		107,011
Professional services stormwater.....		81,500		-
Professional services.....		289,000		370,817
Total.....	<u>430,500</u>	<u>430,500</u>	<u>-</u>	<u>477,828</u>

City of Mebane, North Carolina

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund**

For the Fiscal Year Ended June 30, 2021

(With Comparative Totals for the Fiscal Year Ended June 30, 2020)

Statement A-2

	2021			
	Budget	Actual	Variance Positive (Negative)	2020 Actual
Expenditures (continued)				
Main Street Program:				
Professional services.....	\$	\$ 4,688	\$	\$ -
Other operating expenditures.....		3,985		-
Total.....	33,985	8,673	25,312	-
Economic development:				
Other operating expenditures.....		847,092		696,446
Total.....	996,800	847,092	149,708	696,446
Total economic and physical development.....	2,713,701	2,199,172	514,529	1,927,454
Debt Service:				
Principal Retirement.....	1,406,526	1,239,573	166,953	1,272,748
Interest and other charges.....	293,137	211,159	81,978	264,189
Total debt service.....	1,699,663	1,450,732	248,931	1,536,937
Total expenditures.....	22,263,314	19,263,614	2,999,700	17,009,885
Excess (deficiency) of revenues over expenditures.....	(3,599,011)	1,591,595	5,190,606	2,634,480
Other Financing Sources (Uses)				
Transfers in.....	-	-	-	-
Transfers out.....	(2,087,700)	(1,144,592)	943,108	(1,183,857)
Proceeds from long-term debt obligations issued.....	1,939,070	430,500	(1,508,570)	-
Total other financing sources (uses).....	(148,630)	(714,092)	(565,462)	(1,183,857)
Fund balance appropriated.....	3,747,641	-	(3,747,641)	-
Net change in fund balances.....	\$ -	877,503	\$ 877,503	1,450,623
Fund balances - beginning		14,842,317		13,391,694
Fund balances - ending.....		\$ 15,719,820		\$ 14,842,317

City of Mebane, North Carolina
Comparative Balance Sheets
Capital Project Fund - City Park Project
June 30, 2021 and 2020

Statement A-3

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Assets		
Cash and equivalents.....	\$ -	\$ 34,448
Restricted cash.....	-	-
Total assets.....	<u>\$ -</u>	<u>\$ 34,448</u>
 Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ -	\$ 34,448
Due to other funds.....	-	-
Total liabilities.....	<u>-</u>	<u>34,448</u>
 Fund balances:		
Assigned for		
City Park Capital Outlay.....	-	-
Total fund balances.....	<u>-</u>	<u>-</u>
 Total liabilities and fund balances.....	<u>\$ -</u>	<u>\$ 34,448</u>

City of Mebane, North Carolina

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Capital Project Fund - City Park Project

From Inception and For the Year Ended June 30, 2021

Statement A-4

	<u>Actual</u>				<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u>
					<u>(Negative)</u>
Revenues					
Investment earnings.....	\$ 102,758	\$ 145,142	\$ -	\$ 145,142	\$ 42,384
Parks and Recreation Trust Fund Grant.....	335,000	355,802	-	355,802	20,802
Miscellaneous grants.....	150,000	185,000	-	185,000	35,000
Total revenues.....	587,758	685,944	-	685,944	98,186
Expenditures					
Professional services.....	746,081	715,585	-	715,585	30,496
Land purchase.....	662,584	662,584	-	662,584	-
Capital outlay - buildings.....	1,025,883	1,014,481	-	1,014,481	11,402
Construction.....	7,157,136	6,939,501	-	6,939,501	217,635
Utility construction.....	710,870	567,932	-	567,932	142,938
Equipment.....	-	266,410	-	266,410	(266,410)
Total expenditures.....	10,302,554	10,166,493	-	10,166,493	136,061
Revenue over (under) expenditures.....	(9,714,796)	(9,480,549)	-	(9,480,549)	234,247
Other Financing Sources (Uses)					
Operating transfers in:					
From General Fund for					
capital improvements.....	3,091,326	3,082,617	-	3,082,617	(8,709)
From Utility Fund for					
capital improvements.....	793,470	567,932	-	567,932	(225,538)
Installment purchase obligations					
issued.....	5,830,000	5,830,000	-	5,830,000	-
Total other financing sources (uses).....	9,714,796	9,480,549	-	9,480,549	(234,247)
Revenues and other sources over (under)					
expenditures and other uses.....	\$ -	\$ -	-	\$ -	\$ -
Fund balance, July 1.....			-		
Fund balance, June 30.....			\$ -		

Non-Major Governmental Funds

Non-major governmental funds are those funds whose revenues, expenditures/expenses, assets or liabilities are less than 10% of corresponding totals for all governmental or enterprise funds or less than 5% of the aggregate amount for all governmental and enterprise funds for the same item.

- **The Mebane Mills Loft Community Development Block Grant (CDBG) Special Revenue Fund** – This fund is used to account for all block grant funds expended for the renovation of the old Dixie Yarns Building into subsidized housing.
- **Capital Project Fund** – This fund is used to account for various General Fund capital expenditures that are expected to be completed within one year.
- **The Cates Farm Park Capital Project Fund** – This fund is used to account for the land purchase and construction of the city park.



City of Mebane, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

Statement B-1

	<u>Special</u>		<u>Capital Project</u>	<u>Total</u>
	<u>Revenue Fund</u>		<u>Fund - Cates</u>	<u>Nonmajor</u>
	<u>- CDBG -</u>	<u>Capital Project</u>	<u>Fund - Cates</u>	<u>Governmental</u>
	<u>Mebane Mills</u>	<u>Fund - General</u>	<u>Farm Park</u>	<u>Funds</u>
	<u>Loft</u>	<u>Fund</u>	<u>Project</u>	
Assets				
Cash and cash equivalents	\$ -	\$ 632,121	\$ -	\$ 632,121
Restricted cash.....	127,459	-	-	127,459
Total assets.....	<u>\$ 127,459</u>	<u>\$ 632,121</u>	<u>\$ -</u>	<u>\$ 759,580</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable.....	\$ -	\$ 65,270	\$ -	\$ 65,270
Total liabilities	<u>-</u>	<u>65,270</u>	<u>-</u>	<u>65,270</u>
Fund balances:				
Restricted				
Economic development.....	127,459	-	-	127,459
Assigned				
Capital improvements.....	-	566,851	-	566,851
Total fund balances.....	<u>127,459</u>	<u>566,851</u>	<u>-</u>	<u>694,310</u>
Total liabilities and fund balances.....	<u>\$ 127,459</u>	<u>\$ 632,121</u>	<u>\$ -</u>	<u>\$ 759,580</u>

City of Mebane, North Carolina
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021 **Statement B-2**

	<u>Special</u> <u>Revenue</u>		<u>Capital</u>		<u>Capital</u>		<u>Total</u>
	<u>Fund - CDBG -</u>		<u>Capital</u>		<u>Project Fund -</u>		<u>Nonmajor</u>
	<u>Mebane Mills</u>		<u>Project Fund -</u>		<u>Cates Farm</u>		<u>Governmental</u>
	<u>Loft</u>		<u>General Fund</u>		<u>Park Project</u>		<u>Funds</u>
Revenues							
Program revenue.....	\$ 10,710	\$ -	\$ -	\$ -	\$ 10,710		
Interest earnings.....	3,591	-	-	-	3,591		
Impact Alamance grant.....	-	-	-	-	-		
Total revenues.....	<u>14,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,301</u>		
Expenditures							
Capital outlay - other.....	-	492,920	84,823	577,743			
Capital outlay - equipment.....	-	-	-	-			
Total expenditures.....	<u>-</u>	<u>492,920</u>	<u>84,823</u>	<u>577,743</u>			
Excess (deficiency) of revenues							
over expenditures	<u>14,301</u>	<u>(492,920)</u>	<u>(84,823)</u>	<u>(563,442)</u>			
Other Financing Sources (Uses)							
Transfers from other funds.....	-	1,059,769	84,823	1,144,592			
Transfers to other funds.....	-	-	-	-			
Appropriated fund balance.....	-	-	-	-			
Total Other Financing Sources (Uses).....	<u>-</u>	<u>1,059,769</u>	<u>84,823</u>	<u>1,144,592</u>			
Net change in fund balances.....	14,301	566,849	-	581,150			
Fund balances - beginning.....	113,158	2	-	113,160			
Fund balances - ending.....	<u>\$ 127,459</u>	<u>\$ 566,851</u>	<u>\$ -</u>	<u>\$ 694,310</u>			

City of Mebane, North Carolina

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Special Revenue Fund - CDBG - Mebane Mills Loft

From Inception and For the Year Ended June 30, 2021

Statement B-3

		<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current</u> <u>Year</u>	<u>Total to Date</u>	<u>Positive</u> <u>(Negative)</u>
Revenues					
CDBG.....	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
Program revenue- principal receipts.....	-	76,385	10,710	87,095	87,095
Program revenue- interest receipts.....	-	35,095	3,216	38,311	38,311
Investment earnings.....	-	1,678	375	2,053	2,053
Total revenues.....	<u>250,000</u>	<u>363,158</u>	<u>14,301</u>	<u>377,459</u>	<u>127,459</u>
Expenditures					
Pedestrian improvements.....	56,700	56,700	-	56,700	-
Historic preservation.....	145,645	145,645	-	145,645	-
Other activities.....	27,655	27,655	-	27,655	-
Administration.....	20,000	20,000	-	20,000	-
Total expenditures.....	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Revenue over (under) expenditures.....	<u>-</u>	<u>113,158</u>	<u>14,301</u>	<u>127,459</u>	<u>127,459</u>
Net change in fund balance.....	<u>\$ -</u>	<u>\$ 113,158</u>	14,301	<u>\$ 127,459</u>	<u>\$ 127,459</u>
Fund balance, July 1.....			113,158		
Fund balance, June 30.....			<u>\$ 127,459</u>		

City of Mebane, North Carolina

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Capital Project Fund - General Fund

For the Year Ended June 30, 2021

Statement B-4

	<u>Budget</u>		<u>Variance</u>	
	<u>Authorization</u>	<u>Actual</u>	<u>Positive</u>	<u>2020 Actual</u>
			<u>(Negative)</u>	
Expenditures				
Art.....	\$ -	\$ -	\$ -	\$ 18,090
Holt St Greenway.....	24,257	24,256	1	29,089
Foust Road widening.....	265,000	117,390	147,610	-
Bike and Ped maintenance.....	-	-	-	6,662
3rd Street Alleyway- drainage maint.....	-	-	-	121,575
Streets maintenance.....	600,000	-	600,000	1,067,980
Sidewalk construction.....	201,603	65,264	136,339	253,313
Public works vehicles.....	430,000	156,910	273,090	361,041
Inspections and planning building.....	213,000	-	213,000	-
Fire vehicles.....	-	-	-	88,438
Capital Outlay - Lake Michael Dam.....	350,000	129,100	220,900	-
Capital Outlay - Cates Farm Park.....	2,555	-	2,555	3,500
Total expenditures.....	<u>2,086,415</u>	<u>492,920</u>	<u>1,593,495</u>	<u>1,949,688</u>
Revenue over (under) expenditures.....	<u>(2,086,415)</u>	<u>(492,920)</u>	<u>(1,593,495)</u>	<u>(1,949,688)</u>
Other Financing Sources (Uses)				
Operating transfers in:				
From General Fund for				
capital improvements.....	1,406,739	1,059,769	346,970	827,566
Appropriated fund balance.....	679,676	-	679,676	-
Total other financing sources (uses).....	<u>2,086,415</u>	<u>1,059,769</u>	<u>1,026,646</u>	<u>827,566</u>
Revenues and other sources over (under)				
expenditures and other uses.....	<u>\$ -</u>	<u>566,849</u>	<u>\$ (566,849)</u>	<u>(1,122,122)</u>
Fund balance, July 1.....		<u>2</u>		<u>1,122,124</u>
Fund balance, June 30.....		<u>\$ 566,851</u>		<u>\$ 2</u>

City of Mebane, North Carolina

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Capital Project Fund - Cates Farm Park Project

From Inception and For the Year Ended June 30, 2021

Statement B-5

		<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u>
					<u>(Negative)</u>
Expenditures					
Professional services.....	\$ 888	\$ -	\$ -	\$ -	\$ 888
Design and engineering.....	25,500	-	-	-	25,500
Construction administration.....	18,250	-	-	-	18,250
Construction.....	636,323	-	84,823	84,823	551,500
Total expenditures.....	680,961	-	84,823	84,823	596,138
Revenue over (under) expenditures.....	(680,961)	-	(84,823)	(84,823)	596,138
Other Financing Sources (Uses)					
Operating transfers in:					
From General Fund for					
capital improvements.....	680,961	-	84,823	84,823	(596,138)
Total other financing sources (uses).....	680,961	-	84,823	84,823	(596,138)
Revenues and other sources over (under)					
expenditures and other uses.....	\$ -	\$ -	-	\$ -	\$ -
Fund balance, July 1.....			-		
Fund balance, June 30.....			\$ -		

Intentionally
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Proprietary Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the government's board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's board has decided that periodic determination of net income is appropriate for accountability purposes.

- **Water and Sewer Fund** – This fund is used to account for the operations of the City's water and sewer system.
- **System Development Capital Reserve Fund** – This fund is specifically dedicated to setting aside financial resources for long term or large-scale capital projects for the proprietary fund. Revenue generated from system development fees are used as a funding source.
- **Utility – Capital Project Fund** – This fund is used to account for various Utility capital expenditures that are expected to be completed within one year.
- **WRRF Renovation – Capital Project Fund** – This fund is used to account for the construction upgrade of the City's water resource recovery facility.
- **WRRF 0.5 MGD Expansion – Capital Project Fund** – This fund is used to account for the construction expansion of the City's water resource recovery facility.



City of Mebane, North Carolina
Comparative Statement of Net Position
Proprietary Funds
June 30, 2021 and 2020

Statement C-1

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Assets		
Current assets:		
Cash and equivalents.....	\$ 7,511,270	\$ 7,586,901
Restricted cash.....	3,136,703	1,573,791
Accounts Receivable, net - billed.....	657,559	543,920
Accounts Receivable, net - unbilled.....	320,655	288,958
Other receivables.....	6,419	2,855
Due from other governments.....	-	-
Prepaid items.....	-	-
Total current assets.....	<u>11,632,606</u>	<u>9,996,425</u>
Non-current assets:		
Capital assets:		
Land and other non-depreciable assets.....	1,122,119	877,922
Other capital assets, net of depreciation.....	53,865,126	51,843,353
Total capital assets.....	<u>54,987,245</u>	<u>52,721,275</u>
Total non-current assets.....	<u>54,987,245</u>	<u>52,721,275</u>
Total assets.....	<u>66,619,851</u>	<u>62,717,700</u>
Deferred outflows of resources.....	<u>971,957</u>	<u>692,831</u>
Total assets and deferred outflows of resources.....	<u>\$ 67,591,808</u>	<u>\$ 63,410,531</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 323,697	\$ 583,206
Accrued interest payable.....	36,135	40,063
Due to other governments.....	262,325	-
Payable from restricted assets.....	671,341	602,881
Compensated absences.....	66,299	68,558
Long-term debt - current.....	767,542	758,542
Total current liabilities.....	<u>2,127,339</u>	<u>2,053,250</u>
Noncurrent liabilities:		
Compensated absences.....	12,690	7,518
Net pension liability.....	542,215	405,087
Other postemployment benefits.....	1,494,607	1,061,570
Long-term debt - noncurrent.....	5,957,950	6,725,492
Total noncurrent liabilities.....	<u>8,007,462</u>	<u>8,199,667</u>
Total liabilities.....	<u>10,134,801</u>	<u>10,252,917</u>
Deferred inflows of resources.....	<u>94,556</u>	<u>111,730</u>
Net Position		
Net investment in capital assets.....	48,261,754	45,237,242
Restricted for future system development.....	2,465,362	970,910
Unrestricted	6,635,335	6,837,732
Total net position.....	<u>57,362,451</u>	<u>53,045,884</u>
Total liabilities, deferred outflows of resources, and net position.....	<u>\$ 67,591,808</u>	<u>\$ 63,410,531</u>

City of Mebane, North Carolina
Combining Statement of Net Position
Proprietary Funds - By Subfund
June 30, 2021

Statement C-2

	<u>Operating</u>	<u>System</u> <u>Development</u> <u>Capital</u> <u>Reserve Fund</u>	<u>Capital</u> <u>Project Fund -</u> <u>Utility</u>	<u>WRRF</u> <u>Renovation</u> <u>Capital</u> <u>Project Fund</u>	<u>Total</u>
	<u>Fund</u>				
Assets					
Current assets:					
Cash and equivalents.....	\$ 6,705,454	\$ -	\$ 708,576	\$ 97,240	\$ 7,511,270
Restricted cash.....	671,341	2,465,362	-	-	3,136,703
Accounts receivable, net - billed.....	657,559	-	-	-	657,559
Accounts receivable, net - unbilled.....	320,655	-	-	-	320,655
Other receivables.....	6,419	-	-	-	6,419
Due from other governments.....	-	-	-	-	-
Prepaid items.....	-	-	-	-	-
Non-capital eliminations.....	510,821	-	(510,821)	-	-
Total current assets.....	<u>8,872,249</u>	<u>2,465,362</u>	<u>197,755</u>	<u>97,240</u>	<u>11,632,606</u>
Non-current assets:					
Capital assets:					
Land and other non-depreciable assets.....	1,122,119	-	-	-	1,122,119
Other capital assets, net of depreciation.....	53,865,126	-	-	-	53,865,126
Total capital assets.....	<u>54,987,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,987,245</u>
Total non-current assets.....	<u>54,987,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,987,245</u>
Total assets.....	63,859,494	2,465,362	197,755	97,240	66,619,851
Deferred outflows of resources.....	971,957	-	-	-	971,957
Total assets and deferred outflows					
of resources.....	\$ 64,831,451	\$ 2,465,362	\$ 197,755	\$ 97,240	\$ 67,591,808
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities.....	\$ 254,172	\$ -	\$ -	\$ 69,525	\$ 323,697
Accrued interest payable.....	36,135	-	-	-	36,135
Due to other governments.....	262,325	-	-	-	262,325
Payable from restricted assets.....	671,341	-	-	-	671,341
Compensated absences.....	66,299	-	-	-	66,299
Long-term debt - current.....	767,542	-	-	-	767,542
Total current liabilities.....	<u>2,057,814</u>	<u>-</u>	<u>-</u>	<u>69,525</u>	<u>2,127,339</u>
Noncurrent liabilities:					
Compensated absences.....	12,690	-	-	-	12,690
Net pension liability.....	542,215	-	-	-	542,215
Other postemployment benefits.....	1,494,607	-	-	-	1,494,607
Long-term debt - noncurrent.....	5,957,950	-	-	-	5,957,950
Total noncurrent liabilities.....	<u>8,007,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,007,462</u>
Total liabilities.....	10,065,276	-	-	69,525	10,134,801
Deferred inflows of resources.....	94,556	-	-	-	94,556
Net Position					
Net investment in capital assets.....	48,261,754	-	-	-	48,261,754
Restricted for future system development.....	-	2,465,362	-	-	2,465,362
Unrestricted	6,409,865	-	197,755	27,715	6,635,335
Total net position.....	54,671,619	2,465,362	197,755	27,715	57,362,451
Total liabilities, deferred outflows					
of resources, and net position.....	\$ 64,831,451	\$ 2,465,362	\$ 197,755	\$ 97,240	\$ 67,591,808

City of Mebane, North Carolina
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Proprietary Funds - By Subfund
June 30, 2021

Statement C-3

	<u>Operating Fund</u>	<u>System Development Capital Reserve Fund</u>	<u>Capital Project Fund - Utility</u>	<u>WRRF Renovation Capital Project Fund</u>	<u>Eliminations</u>	<u>Total</u>
Operating Revenues						
Charges for services.....	\$ 6,839,089	\$ -	\$ -	\$ -	\$ -	\$ 6,839,089
Water and sewer taps.....	37,002	-	-	-	-	37,002
Connection fees.....	154,900	1,527,703	-	-	-	1,682,603
Miscellaneous.....	594,037	-	-	-	-	594,037
Total operating revenues.....	7,625,028	1,527,703	-	-	-	9,152,731
Operating Expenses						
Administration, meters and billing.....	900,260	-	-	-	-	900,260
Utility maintenance.....	2,632,207	-	-	-	-	2,632,207
Engineering.....	260,000	-	-	-	-	260,000
Water resource recovery facility.....	2,151,072	-	-	-	-	2,151,072
Non-departmental.....	-	-	-	-	-	-
Depreciation.....	1,626,168	-	-	-	-	1,626,168
Total operating expenses.....	7,569,707	-	-	-	-	7,569,707
Operating income (loss).....	55,321	1,527,703	-	-	-	1,583,024
Nonoperating revenues (expenses)						
Interest and investment revenue.....	23,478	4,595	-	-	-	28,073
Other.....	(97,543)	-	-	-	-	(97,543)
Interest expense.....	(87,254)	-	-	-	-	(87,254)
Amortization of bonds.....	-	-	-	-	-	-
Total nonoperating revenues (expenses).....	(161,319)	4,595	-	-	-	(156,724)
Income (loss) before contributions and transfers.....	(105,998)	1,532,298	-	-	-	1,426,300
Capital contributions.....	2,890,267	-	-	-	-	2,890,267
Expense transfer from projects.....	904,279	-	(487,846)	(416,433)	-	-
Transfers in.....	-	-	487,846	-	(487,846)	-
Transfers out.....	(450,000)	(37,846)	-	-	487,846	-
Change in net position.....	3,238,548	1,494,452	-	(416,433)	-	4,316,567
Total net position - beginning.....	51,433,071	970,910	197,755	444,148	-	53,045,884
Total net position - ending.....	\$ 54,671,619	\$ 2,465,362	\$ 197,755	\$ 27,715	\$ -	\$ 57,362,451

City of Mebane, North Carolina
Schedule of Revenues and Expenditures - Budget to Actual
Water and Sewer Fund
For the Fiscal Year Ended June 30, 2021
(With Comparative Totals for the Fiscal Year Ended June 30, 2020) **Statement C-4**

	2021		Variance	
	Budget	Actual	Positive (Negative)	2020 Actual
Revenues				
Charges for services:				
Water sales.....	\$	\$ 3,355,092	\$	\$ 2,987,707
Sewer charges.....		3,436,667		3,094,179
Water and sewer taps.....		37,002		12,400
Total.....	<u>5,933,600</u>	<u>6,828,761</u>	<u>895,161</u>	<u>6,094,286</u>
Other operating revenues:				
Other operating revenues.....		748,941		610,285
Total.....	<u>690,034</u>	<u>748,941</u>	<u>58,907</u>	<u>610,285</u>
Other nonoperating revenues:				
Other.....		(97,543)		16,655
Interest and investment earnings.....		23,478		79,501
Total.....	<u>49,000</u>	<u>(74,065)</u>	<u>(123,065)</u>	<u>96,156</u>
Total revenues.....	<u>6,672,634</u>	<u>7,503,637</u>	<u>831,003</u>	<u>6,800,727</u>
Expenditures				
Administration, meters and billing:				
Salaries and employee benefits.....		707,312		673,566
Supplies.....		24,946		23,621
Other operating expenditures.....		157,221		134,557
Total.....	<u>1,046,159</u>	<u>889,479</u>	<u>156,680</u>	<u>831,744</u>
Utility maintenance:				
Salaries and employee benefits.....		951,134		883,543
Chemicals.....		90,678		95,100
Supplies.....		114,169		110,486
Maintenance.....		166,120		195,843
Purchases of water		839,426		780,621
Highway 119 project expenses.....		-		-
Other operating expenditures.....		318,816		311,473
Total.....	<u>2,890,602</u>	<u>2,480,343</u>	<u>410,259</u>	<u>2,377,066</u>
Engineering:				
City Engineer contracted services.....		84,000		38,267
Other operating expenditures.....		176,000		208,298
Total.....	<u>300,000</u>	<u>260,000</u>	<u>40,000</u>	<u>246,565</u>

City of Mebane, North Carolina

Schedule of Revenues and Expenditures - Budget to Actual

Water and Sewer Fund

For the Fiscal Year Ended June 30, 2021

(With Comparative Totals for the Fiscal Year Ended June 30, 2020)

Statement C-4

	2021		Variance	
	Budget	Actual	Positive (Negative)	2020 Actual
Expenditures (continued)				
Water resource recovery facility:				
Salaries and employee benefits.....		\$ 697,614		\$ 690,736
Chemicals.....		99,026		82,754
Supplies.....		35,026		36,813
Maintenance.....		481,343		460,814
Other operating expenditures.....		236,084		245,428
Total.....	<u>1,905,333</u>	<u>1,549,093</u>	<u>356,240</u>	<u>1,516,545</u>
Non-departmental:				
Other operating expenditures.....		-		11,111
Total.....	<u>61,980</u>	<u>-</u>	<u>61,980</u>	<u>11,111</u>
Debt Service:				
Principal Retirement.....	945,543	758,542	187,001	751,542
Interest and other charges.....	203,383	91,182	112,201	103,843
Total.....	<u>1,148,926</u>	<u>849,724</u>	<u>299,202</u>	<u>855,385</u>
Capital outlay:				
Miscellaneous water.....	763,401	423,017	340,384	709,605
Miscellaneous sewer.....	275,052	162,421	112,631	106,391
Total.....	<u>1,038,453</u>	<u>585,438</u>	<u>453,015</u>	<u>815,996</u>
Total expenditures.....	<u>8,391,453</u>	<u>6,614,077</u>	<u>1,777,376</u>	<u>6,654,412</u>
Excess (deficiency) of revenues over expenditures.....	<u>(1,718,819)</u>	<u>889,560</u>	<u>2,608,379</u>	<u>146,315</u>
Other Financing Sources (Uses)				
Transfers in.....	-	-	-	-
Transfers out.....	(1,375,000)	(450,000)	925,000	-
Total other financing sources (uses).....	<u>(1,375,000)</u>	<u>(450,000)</u>	<u>925,000</u>	<u>-</u>
Fund balance appropriated.....	<u>3,093,819</u>	<u>-</u>	<u>(3,093,819)</u>	<u>-</u>
Revenues and other sources over expenditures and other uses.....	<u>\$ -</u>	<u>\$ 439,560</u>	<u>\$ 439,560</u>	<u>\$ 146,315</u>

City of Mebane, North Carolina

Schedule of Revenues and Expenditures - Budget to Actual

Water and Sewer Fund

For the Fiscal Year Ended June 30, 2021

(With Comparative Totals for the Fiscal Year Ended June 30, 2020)

Statement C-4

	2021		Variance	
	Budget	Actual	Positive (Negative)	2020 Actual
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Revenues and other sources over expenditures and other uses.....		\$ 439,560		\$ 146,315
Reconciling items:				
Principal retirement.....		758,542		751,542
Capital outlays.....		585,438		815,996
Increase (decrease) in receivable allowance.....		15,632		(7,881)
Increase (decrease) in unbilled receivables.....		31,696		45,411
(Increase) decrease in accrued interest payable.....		3,928		3,637
(Increase) decrease in vacation pay.....		(2,915)		(7,522)
Increase (decrease) in deferred outflows of resources - pensions.....		(12,721)		(508)
(Increase) decrease in net pension liability.....		(137,128)		(72,708)
(Increase) decrease in deferred inflows of resources - pensions.....		-		1,369
Increase (decrease) in deferred outflows of resources - OPEB.....		291,847		167,727
(Increase) decrease in deferred inflows of resources - OPEB.....		17,174		1,157
(Increase) decrease in OPEB liability.....		(433,037)		(242,031)
Depreciation.....		(1,626,168)		(1,551,766)
Amortization of deferred loss on refunding.....		-		-
Capital contributions.....		2,890,267		5,400,880
Interest income from Water and Sewer Capital Project Funds.....		4,595		9,701
Capital asset transfers from other funds.....		-		1,394
Restricted income from System Development Capital Reserve Fund.....		1,527,703		902,521
Net Transfers to (from) Capital Project funds.....		(37,846)		(510,821)
Total reconciling items.....		3,877,007		5,708,098
Change in net position.....		<u>\$ 4,316,567</u>		<u>\$ 5,854,413</u>

City of Mebane, North Carolina

Schedule of Revenues and Expenditures - Budget to Actual

System Development Capital Reserve Fund

For the Fiscal Year Ended June 30, 2021

(With Comparative Totals for the Fiscal Year Ended June 30, 2020)

Statement C-5

	2021		Variance	
	Budget	Actual	Positive	2020 Actual
			(Negative)	
Revenues				
Charges for services:				
System Development Fees- Water.....	\$	\$ 392,211	\$	\$ 238,192
System Development Fees- Sewer.....		1,135,492		664,329
Total.....	650,000	1,527,703	877,703	902,521
Other nonoperating revenues:				
Interest and investment earnings.....		4,595		9,701
Total.....	2,500	4,595	2,095	9,701
Total revenues.....	652,500	1,532,298	879,798	912,222
Excess (deficiency) of revenues				
over expenditures.....	652,500	1,532,298	879,798	912,222
Other Financing Sources (Uses)				
Utility Capital Reserve.....	(477,500)	-	477,500	-
Transfers to other funds:				
Utility Capital Project Fund.....	(175,000)	(37,846)	137,154	(527,920)
Appropriated fund balance.....	-	-	-	-
Total other financing sources (uses).....	(652,500)	(37,846)	614,654	(527,920)
Revenues and other sources over				
expenditures and other uses.....	\$ -	\$ 1,494,452	\$ 1,494,452	\$ 384,302

City of Mebane, North Carolina

Schedule of Revenues and Expenditures - Budget to Actual

Capital Project Fund - Utility

For the Fiscal Year Ended June 30, 2021

(With Comparative Totals for the Fiscal Year Ended June 30, 2020)

Statement C-6

	2021		Variance	
	Budget	Actual	Positive	2020 Actual
			(Negative)	
Expenditures				
Oversizing sewer lines.....	\$	\$ -	\$	\$ 695,399
Meter changeout project.....		487,846		510,821
Arbor Creek outfall.....		-		-
WRRF floodwall.....		-		-
Total expenditures.....	<u>859,601</u>	<u>487,846</u>	<u>371,755</u>	<u>1,206,220</u>
Excess (deficiency) of revenues				
over expenditures.....	<u>(859,601)</u>	<u>(487,846)</u>	<u>371,755</u>	<u>(1,206,220)</u>
Other Financing Sources (Uses)				
Operating transfers in (out):				
From Water and Sewer Fund for				
utility capital improvements.....	450,000	450,000	-	-
From Utility Capital Reserve Fund				
for utility capital improvements.....	175,000	37,846	(137,154)	527,920
To Water and Sewer Fund				
for current expenditures.....	-	-	-	-
Appropriated fund balance.....	<u>234,601</u>	<u>-</u>	<u>(234,601)</u>	<u>-</u>
Total other financing sources (uses).....	<u>859,601</u>	<u>487,846</u>	<u>(371,755)</u>	<u>527,920</u>
Revenues and other sources over (under)				
expenditures and other uses.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (678,300)</u>

City of Mebane, North Carolina

Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)

WRRF Renovation Capital Project Fund

From Inception and For the Year Ended June 30, 2021

Statement C-7

		<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u>
Expenditures					(Negative)
Professional services.....	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
Design and engineering.....	530,000	138,852	416,433	555,285	(25,285)
Construction administration.....	530,000	-	-	-	530,000
Construction.....	6,084,176	-	-	-	6,084,176
Contingency.....	-	-	-	-	-
Total expenditures.....	<u>7,344,176</u>	<u>138,852</u>	<u>416,433</u>	<u>555,285</u>	<u>6,788,891</u>
Revenue over (under) expenditures.....	<u>(7,344,176)</u>	<u>(138,852)</u>	<u>(416,433)</u>	<u>(555,285)</u>	<u>6,788,891</u>
Other Financing Sources (Uses)					
Operating transfers in:					
From Water and Sewer Fund for					
utility capital improvements.....	583,000	583,000	-	583,000	-
Installment purchase obligations					
issued.....	6,761,176	-	-	-	6,761,176
Total other financing sources (uses).....	<u>7,344,176</u>	<u>583,000</u>	<u>-</u>	<u>583,000</u>	<u>6,761,176</u>
Revenues and other sources over (under)					
 expenditures and other uses.....	<u>\$ -</u>	<u>\$ 444,148</u>	<u>\$ (416,433)</u>	<u>\$ 27,715</u>	<u>\$ 13,550,067</u>

City of Mebane, North Carolina

Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)

WRRF 0.5 MGD Expansion Capital Project Fund

From Inception and For the Year Ended June 30, 2021

Statement C-8

		<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u>
					<u>(Negative)</u>
Expenditures					
Design and engineering.....	\$ 900,000	\$ -	\$ -	\$ -	\$ 900,000
Contingency.....	25,000	-	-	-	25,000
Total expenditures.....	<u>925,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>925,000</u>
Revenue over (under) expenditures.....	<u>(925,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>925,000</u>
Other Financing Sources (Uses)					
Operating transfers in:					
From Water and Sewer Fund for					
utility capital improvements.....	925,000	-	-	-	(925,000)
Total other financing sources (uses).....	<u>925,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(925,000)</u>
Revenues and other sources over (under)					
expenditures and other uses.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Mebane, North Carolina

Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)

Special Revenue Fund - ARPA

From Inception and For the Year Ended June 30, 2021

Statement C-9

	<u>Actual</u>				<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u>
					<u>(Negative)</u>
Revenues					
ARPA Grant Proceeds.....	\$ 2,380,000	\$ -	\$ -	\$ -	\$ 2,380,000
Total revenues.....	<u>2,380,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,380,000</u>
Expenditures					
Capital outlay - other.....	<u>2,380,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,380,000</u>
Total expenditures.....	<u>2,380,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,380,000</u>
Revenue over (under) expenditures.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under)					
expenditures and other uses.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Additional Financial Data

This section contains additional information on property taxes and interfund transfers.

- **Schedule of Ad Valorem Taxes Receivable**
- **Analysis of Current Tax Levy**
- **Schedule of Ten Largest Taxpayers**



City of Mebane, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

Schedule D-1

<u>Fiscal Year</u>	<u>Uncollected Balance 6/30/2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance 6/30/2021</u>
2020-2021.....	\$ -	\$ 11,273,675	\$ 11,233,082	\$ 40,593
2019-2020.....	36,720	-	23,366	13,354
2018-2019.....	32,228	-	19,380	12,848
2017-2018.....	3,922	-	939	2,983
2016-2017.....	3,422	-	1,142	2,280
2015-2016.....	5,073	-	452	4,621
2014-2015.....	3,628	-	(656)	4,284
2013-2014.....	5,058	-	554	4,504
2012-2013.....	5,811	-	719	5,092
2011-2012.....	4,733	-	578	4,155
2010-2011.....	6,604	-	6,604	-
	<u>\$ 107,199</u>	<u>\$ 11,273,675</u>	<u>\$ 11,286,160</u>	<u>94,714</u>
Less: Allowance for uncollectible accounts (General Fund).....				<u>11,815</u>
Ad valorem taxes receivable - net.....				<u>\$ 82,899</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund.....				\$ 11,339,347
Add (subtract):				
Penalties and interest, net of discounts.....				(7,411)
Amount written off for tax year 2010-2011.....				6,604
Refunds and other adjustments.....				(52,380)
Total collections and credits.....				<u>\$ 11,286,160</u>

City of Mebane, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Fiscal Year Ended June 30, 2021

Schedule D-2

	<u>City - Wide</u>			<u>Total Levy</u>	
	<u>Total Property</u>		<u>Amount of</u>	<u>Property</u>	<u>Registered</u>
	<u>Valuation</u>	<u>Rate</u>	<u>Levy</u>	<u>Excluding</u>	<u>Motor</u>
				<u>Registered</u>	<u>Motor</u>
				<u>Motor</u>	<u>Vehicles</u>
				<u>Vehicles</u>	<u>Vehicles</u>
Tax levy:					
Real property	\$ 1,754,545,319	0.47	\$ 8,246,363	\$ 8,246,363	\$ -
Personal property	602,823,617	0.47	2,833,271	1,992,136	841,135
Public service companies.....	19,101,702	0.47	89,778	89,778	-
Subtotals.....	<u>2,376,470,638</u>		<u>11,169,412</u>	<u>10,328,277</u>	<u>841,135</u>
Less: Homestead exemptions.....	<u>(243,617)</u>	0.47	<u>(1,145)</u>	<u>(1,145)</u>	<u>-</u>
Totals.....	<u>\$ 2,376,227,021</u>		<u>11,168,267</u>	<u>10,327,132</u>	<u>841,135</u>
Advertising, interest cost and late filing fees.....			<u>13,294</u>	<u>13,294</u>	<u>-</u>
Gross levy.....			<u>11,181,561</u>	<u>10,340,426</u>	<u>841,135</u>
Release and adjustments.....			<u>92,114</u>	<u>92,114</u>	<u>-</u>
Net levy.....			<u>11,273,675</u>	<u>10,432,540</u>	<u>841,135</u>
Uncollected taxes at June 30, 2021.....			<u>40,593</u>	<u>33,158</u>	<u>7,435</u>
Current year taxes collected.....			<u>\$ 11,233,082</u>	<u>\$ 10,399,382</u>	<u>\$ 833,700</u>
Current levy collection percentage.....			<u>99.64%</u>	<u>99.68%</u>	<u>99.12%</u>

City of Mebane, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Fiscal Year Ended June 30, 2021

Schedule D-3

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio (Note 1).....		100%
	<u>Current Year Rate</u>	<u>Prior Year Rate</u>
Real Property.....	\$ 1,754,545,319	\$ -
Personal Property.....	598,571,702	4,251,915
Public service companies (Note 2).....	19,101,702	-
Total Assessed Valuation.....	<u>2,372,218,723</u>	<u>4,251,915</u>
Tax Rate per \$100.....	<u>0.47</u>	<u>0.47</u>
	<u>11,149,428</u>	<u>19,984</u>
Levy.....		<u>\$ 11,169,412</u>

Note 1: Percentage of appraised value has been established by statute.

Note 2: Valuation of railroads, telephone companies and other utilities
as determined by the North Carolina Property Tax Commission.

City of Mebane, North Carolina
Ten Largest Taxpayers
For the Fiscal Year Ended June 30, 2021

Schedule D-4

<u>Name</u>	<u>Type of Enterprise</u>	<u>Assessed Valuation</u>	<u>Tax Levy</u>	<u>Percentage of Total Assessed Valuation</u>
GKN Automotive				
Components.....	Auto Components Manufacturing.....	\$ 103,007,774	\$ 484,137	4.33%
Wal-Mart.....	Retail.....	96,268,596	\$ 452,462	4.05%
Liggett Group - One Hundred				
Maple, LLC.....	Tobacco Manufacturing.....	72,599,434	\$ 341,217	3.06%
Nypro, Inc. (a Jabil Company).....	Plastics Manufacturing.....	48,851,275	\$ 229,601	2.06%
Lotus Bakeries US LLC.....	Natural Snack Product Manufacturing.....	44,471,513	\$ 209,016	1.87%
Tanger Properties LMTD Partner...	Retail.....	43,885,868	\$ 206,264	1.85%
Keystone at Mebane Oaks, LLC.....	Apartment Complex.....	36,387,530	\$ 171,021	1.53%
Cambro Manufacturing Co.....	Restaurant Supplier.....	35,350,022	\$ 166,145	1.49%
Morinaga America Foods, Inc.....	Japanese confectionery.....	31,928,071	\$ 150,062	1.34%
Sandvik, Inc.....	Metal Cutting.....	27,588,164	\$ 129,664	1.16%
		<u>\$ 540,338,247</u>	<u>\$ 2,539,589</u>	<u>22.74%</u>

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Statistical Section

This part of the City of Mebane's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

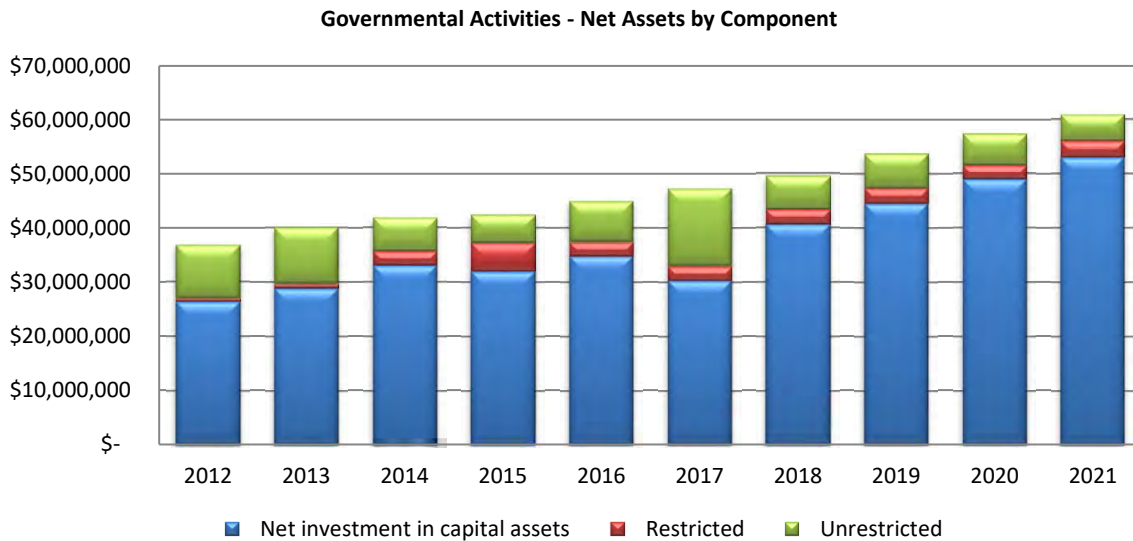
- **Financial Trends** – These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- **Revenue Capacity** – These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.
- **Debt Capacity** – These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.
- **Demographic and Economic Information** – These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.
- **Operating Information** – These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

City of Mebane, North Carolina
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 1
Page 1 of 2

	Fiscal Year Ending June 30,				
	2012	2013	2014	2015	2016
Governmental activities					
Net investment in capital assets.....	\$ 26,347,904	\$ 28,863,807	\$ 33,039,857	\$ 32,011,821	\$ 34,801,671
Restricted.....	497,614	755,213	2,594,241	5,225,747	2,589,616
Unrestricted.....	9,863,083	10,432,825	6,195,064	5,185,319	7,502,406
Total governmental activities net position.....	\$ 36,708,601	\$ 40,051,845	\$ 41,829,162	\$ 42,422,887	\$ 44,893,693
Business-type activities					
Net investment in capital assets.....	\$ 25,760,951	\$ 29,700,671	\$ 31,622,606	\$ 33,155,614	\$ 34,178,396
Restricted.....	-	-	-	-	-
Unrestricted.....	10,903,051	8,348,062	6,415,219	5,635,431	7,589,047
Total business-type activities net position.....	\$ 36,664,002	\$ 38,048,733	\$ 38,037,825	\$ 38,791,045	\$ 41,767,443
Primary government					
Net investment in capital assets.....	\$ 52,108,855	\$ 58,564,478	\$ 64,662,463	\$ 65,167,435	\$ 68,980,067
Restricted.....	497,614	755,213	2,594,241	5,225,747	2,589,616
Unrestricted.....	20,766,134	18,780,887	12,610,283	10,820,750	15,091,453
Total primary government activities net position.....	\$ 73,372,603	\$ 78,100,578	\$ 79,866,987	\$ 81,213,932	\$ 86,661,136



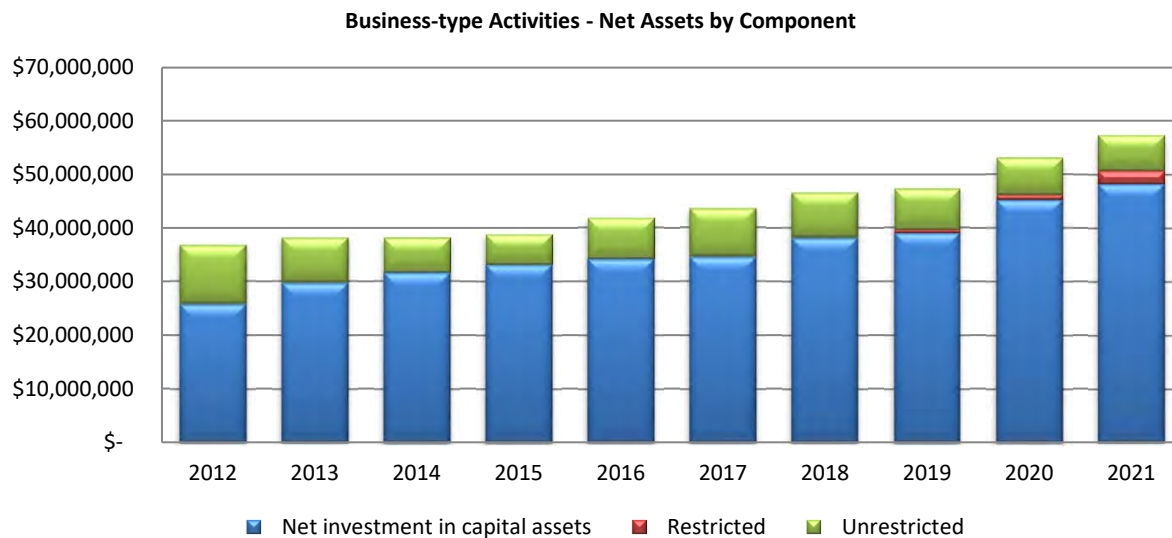
City of Mebane, North Carolina
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 1
Page 2 of 2

	Fiscal Year Ending June 30,				
	2017	2018	2019	2020	2021
Governmental activities					
Net investment in capital assets.....	\$ 30,319,096	\$ 40,610,954	\$ 44,539,110	\$ 48,932,506	\$ 53,020,166
Restricted.....	2,615,433	2,757,579	2,844,468	2,535,935	3,005,430
Unrestricted.....	14,338,635	6,147,464	6,328,882	5,788,509	4,859,788
Total governmental activities net position.....	\$ 47,273,164	\$ 49,515,997	\$ 53,712,460	\$ 57,256,950	\$ 60,885,384
Business-type activities					
Net investment in capital assets.....	\$ 34,527,281	\$ 38,122,626	\$ 38,984,945	\$ 45,237,242	\$ 48,261,754
Restricted.....	-	-	586,608	970,910	2,465,362
Unrestricted.....	8,948,578	8,413,024	7,619,918	6,837,732	6,635,335
Total business-type activities net position.....	\$ 43,475,859	\$ 46,535,650	\$ 47,191,471	\$ 53,045,884	\$ 57,362,451
Primary government					
Net investment in capital assets.....	\$ 64,846,377	\$ 78,733,580	\$ 83,524,055	\$ 94,169,748	\$ 101,281,920
Restricted.....	2,615,433	2,757,579	3,431,076	3,506,845	5,470,792
Unrestricted.....	23,287,213	14,560,488	13,948,800	12,626,241	11,495,123
Total primary government activities net position.....	\$ 90,749,023	\$ 96,051,647	\$ 100,903,931	\$ 110,302,834	\$ 118,247,835

Notes:

(1) 2020 includes a prior period restatement of \$427,347; 2018 includes a prior period restatement of \$2,337,035;
2017 includes a prior period restatement of \$15,099; 2016 includes a prior period restatement of \$545,860;
2015 includes a prior period restatement of \$(531,756).



City of Mebane, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 2
(Page 1 of 2)

	Fiscal Year Ending June 30				
	2012	2013	2014	2015	2016
Expenses					
Governmental activities:					
General government.....	\$ 1,854,901	\$ 2,143,420	\$ 2,133,862	\$ 2,130,084	\$ 2,058,889
Public safety.....	4,107,505	4,571,950	4,400,496	4,929,504	5,521,196
Public works.....	2,802,874	2,879,581	3,887,001	3,848,791	4,169,363
Cultural and recreation.....	1,167,086	1,224,727	1,179,235	1,163,723	1,288,321
Economic and physical development.....	402,748	207,551	1,137,040	584,532	1,415,831
Interest on long-term debt.....	150,948	132,923	151,011	178,086	156,676
Total governmental activities expenses.....	10,486,062	11,160,152	12,888,645	12,834,720	14,610,276
Business-type activities:					
Water and sewer.....	3,913,101	3,901,404	4,493,195	4,288,957	4,926,465
Total Business-type activities.....	3,913,101	3,901,404	4,493,195	4,288,957	4,926,465
Total primary government expenses.....	14,399,163	15,061,556	17,381,840	17,123,677	19,536,741
Program revenues					
Governmental activities:					
Charges for services:					
General government.....	58,255	58,381	60,900	45,470	213,347
Public safety.....	104,563	130,897	12,986	13,964	13,905
Public works.....	318,717	316,398	355,012	338,920	420,613
Cultural and recreation.....	75,649	74,518	75,170	77,245	85,535
Economic and physical development.....	-	-	222,071	287,110	374,248
Operating grants and contributions.....	338,677	397,732	667,594	498,060	448,823
Capital grants and contributions.....	858,449	2,013,681	912,272	2,157,849	972,045
Total governmental activities program revenue.....	1,754,310	2,991,607	2,306,005	3,418,618	2,528,516
Business-type activities:					
Charges for services.....	4,322,571	4,732,814	5,041,627	5,316,218	7,399,492
Capital grants and contributions.....	284,300	1,051,250	203,400	196,230	1,376,780
Total business-type activities program revenue.....	4,606,871	5,784,064	5,245,027	5,512,448	8,776,272
Total primary government program revenue.....	6,361,181	8,775,671	7,551,032	8,931,066	11,304,788
Net (Expense)/Revenue					
Governmental activities.....	(8,731,752)	(8,168,545)	(10,582,640)	(9,416,102)	(12,081,760)
Business-type activities.....	693,770	1,882,660	751,832	1,223,491	3,849,807
Total primary government net expense.....	(8,037,982)	(6,285,885)	(9,830,808)	(8,192,611)	(8,231,953)
General revenues and other changes in net position					
Governmental activities:					
Taxes.....					
Property taxes, levied for general purpose.....	7,376,275	7,640,328	8,054,225	8,572,861	8,859,077
Other taxes.....	2,973,118	3,297,348	3,519,938	4,105,041	4,188,891
Grants and contributions not restricted to specific programs.....	3,045	4,000	7,000	4,500	12,509
Unrestricted investment earnings.....	14,422	11,943	2,096	4,083	6,399
Miscellaneous.....	10,293	40,670	(7,678)	60,600	41,404
Special item: Conveyance of land for economic development.....	-	-	-	(2,691,591)	-
Transfers.....	(1,650,000)	517,500	784,376	393,092	965,000
Total governmental activities.....	8,727,153	11,511,789	12,359,957	10,448,586	14,073,280
Business-type activities:					
Unrestricted investment earnings.....	31,212	9,706	5,801	259	2,244
Miscellaneous.....	1,760	9,865	15,835	15,559	22,773
Transfers.....	1,650,000	(517,500)	(784,376)	(393,092)	(965,000)
Total business-type activities.....	1,682,972	(497,292)	(762,740)	(377,274)	(939,983)
Total primary government.....	10,410,125	11,013,860	11,597,217	10,071,312	13,133,297
Change in Net Position					
Governmental activities.....	(4,599)	3,343,244	1,777,317	1,032,484	1,991,520
Business-type activities.....	2,376,742	1,384,731	(10,908)	846,217	2,909,824
Change in primary government net position.....	\$ 2,372,143	\$ 4,727,975	\$ 1,766,409	\$ 1,878,701	\$ 4,901,344

City of Mebane, North Carolina
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 2
(Page 2 of 2)

	Fiscal Year Ending June 30				
	2017	2018	2019	2020	2021
Expenses					
Governmental activities:					
General government.....	\$ 2,023,497	\$ 2,227,259	\$ 2,262,074	\$ 2,508,794	\$ 2,945,979
Public safety.....	6,132,593	6,567,770	7,070,899	8,045,419	9,046,866
Public works.....	3,907,270	3,885,804	3,803,467	4,939,677	5,273,617
Cultural and recreation.....	1,195,553	1,301,845	1,900,889	1,677,079	1,931,238
Economic and physical development.....	461,389	1,879,946	1,269,525	2,005,292	2,225,126
Interest on long-term debt.....	174,166	300,632	281,751	257,803	200,005
Total governmental activities expenses.....	13,894,468	16,163,256	16,588,605	19,434,064	21,622,831
Business-type activities:					
Water and sewer.....	6,139,854	6,039,261	6,762,948	7,298,336	7,656,961
Total Business-type activities.....	6,139,854	6,039,261	6,762,948	7,298,336	7,656,961
Total primary government expenses.....	20,034,322	22,202,517	23,351,553	26,732,400	29,279,792
Program revenues					
Governmental activities:					
Charges for services:					
General government.....	58,291	60,580	1,100	11,850	5,400
Public safety.....	21,135	19,941	21,350	17,532	19,750
Public works.....	401,609	422,237	501,353	617,855	701,980
Cultural and recreation.....	86,690	87,018	92,443	74,138	80,918
Economic and physical development.....	427,814	391,359	863,738	742,977	1,233,852
Operating grants and contributions.....	574,891	934,764	742,312	957,002	821,868
Capital grants and contributions.....	639,266	3,380,460	2,617,102	3,927,560	4,465,736
Total governmental activities program revenue.....	2,209,696	5,296,359	4,839,398	6,348,914	7,329,504
Business-type activities:					
Charges for services.....	6,491,915	6,676,309	6,995,810	7,644,617	9,146,098
Capital grants and contributions.....	465,220	2,508,340	226,820	5,400,880	2,890,267
Total business-type activities program revenue.....	6,957,135	9,184,649	7,222,630	13,045,497	12,036,365
Total primary government program revenue.....	9,166,831	14,481,008	12,062,028	19,394,411	19,365,869
Net (Expense)/Revenue					
Governmental activities.....	(11,684,772)	(10,866,897)	(11,749,207)	(13,085,150)	(14,293,327)
Business-type activities.....	817,281	3,145,388	459,682	5,747,161	4,379,404
Total primary government net expense.....	(10,867,491)	(7,721,509)	(11,289,525)	(7,337,989)	(9,913,923)
General revenues and other changes in net position					
Governmental activities:					
Taxes.....					
Property taxes, levied for general purpose.....	9,751,487	10,279,056	10,895,740	11,378,933	11,807,602
Other taxes.....	4,299,798	4,563,646	4,885,951	5,067,665	5,764,756
Grants and contributions not restricted to specific programs.....	3,050	3,050	4,050	31,047	191,474
Unrestricted investment earnings.....	25,200	129,302	180,725	153,113	56,026
Miscellaneous.....	69,609	164,578	36,506	427,623	101,903
<i>Special item: Conveyance of land for economic development.....</i>	-	-	-	-	-
Transfers.....	-	(2,003)	(57,302)	(1,394)	-
Total governmental activities.....	14,149,144	15,137,629	15,945,670	17,056,987	17,921,761
Business-type activities:					
Unrestricted investment earnings.....	6,344	28,295	63,336	89,202	28,073
Miscellaneous.....	784,791	193,241	75,501	16,655	(90,910)
Transfers.....	-	2,003	57,302	1,395	-
Total business-type activities.....	791,135	223,539	196,139	107,252	(62,837)
Total primary government.....	14,940,279	15,361,168	16,141,809	17,164,239	17,858,924
Change in Net Position					
Governmental activities.....	2,464,372	4,270,732	4,196,463	3,971,837	3,628,434
Business-type activities.....	1,608,416	3,368,927	655,821	5,854,413	4,316,567
Change in primary government net position.....	\$ 4,072,788	\$ 7,639,659	\$ 4,852,284	\$ 9,826,250	\$ 7,945,001

Notes:

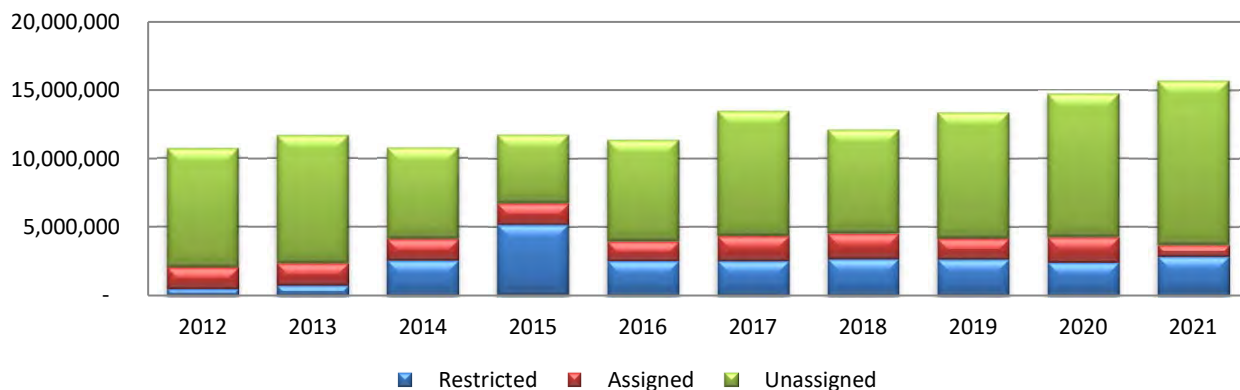
(1) 2020 includes a prior period restatement of \$427,347; 2018 includes a prior period restatement of \$2,337,035; 2017 includes a prior period restatement of \$15,099; 2016 includes a prior period restatement of \$545,860; 2015 includes a prior period restatement of \$(531,756).

City of Mebane, North Carolina
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 3
Page 1 of 2

	Fiscal Year Ending June 30				
	2012	2013	2014	2015	2016
General Fund					
Nonspendable.....	\$ -	\$ -	\$ 20,511	\$ 27,361	\$ 116,295
Restricted.....	497,614	755,213	2,566,389	5,183,933	2,533,840
Committed.....	-	-	-	-	-
Assigned.....	1,556,073	1,586,386	1,543,138	1,549,082	1,419,254
Unassigned.....	8,636,871	9,309,149	6,612,572	4,991,002	7,377,790
Total general fund.....	\$ 10,690,558	\$ 11,650,748	\$ 10,742,610	\$ 11,751,378	\$ 11,447,179
All Other Governmental Funds					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	-	-	27,852	41,814	55,776
Committed.....	-	-	-	-	-
Assigned.....	(4,500)	316,850	1,925,422	1,181,066	640,198
Unassigned.....	-	-	-	-	-
Total all other governmental funds.....	\$ (4,500)	\$ 316,850	\$ 1,953,274	\$ 1,222,880	\$ 695,974
Total Governmental Funds					
Nonspendable.....	\$ -	\$ -	\$ 20,511	\$ 27,361	\$ 116,295
Restricted.....	497,614	755,213	2,594,241	5,225,747	2,589,616
Committed.....	-	-	-	-	-
Assigned.....	1,551,573	1,903,236	3,468,560	2,730,148	2,059,452
Unassigned.....	8,636,871	9,309,149	6,612,572	4,991,002	7,377,790
Total governmental funds.....	\$ 10,686,058	\$ 11,967,598	\$ 12,695,884	\$ 12,974,258	\$ 12,143,153

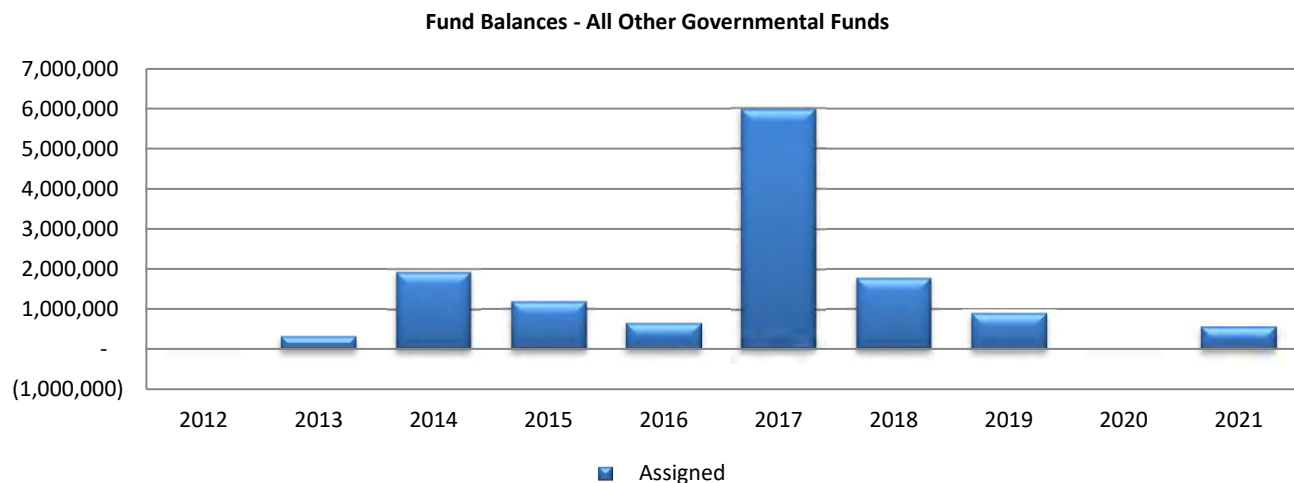
Fund Balances - General Fund



City of Mebane, North Carolina
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 3
Page 2 of 2

	Fiscal Year Ending June 30				
	2017	2018	2019	2020	2021
General Fund					
Nonspendable.....	\$ 51,005	\$ 131,945	\$ 46,552	\$ 168,052	\$ 31,716
Restricted.....	2,545,731	2,673,951	2,658,975	2,422,768	2,877,971
Committed.....	-	-	-	-	-
Assigned.....	1,803,854	1,828,000	1,500,000	1,823,718	804,772
Unassigned.....	9,083,988	7,563,514	9,186,167	10,427,779	12,005,360
Total general fund.....	\$ 13,484,578	\$ 12,197,410	\$ 13,391,694	\$ 14,842,317	\$ 15,719,819
All Other Governmental Funds					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	69,702	83,628	98,182	113,160	127,459
Committed.....	-	-	-	-	-
Assigned.....	5,986,376	1,757,022	884,814	-	566,851
Unassigned.....	-	-	-	-	-
Total all other governmental funds.....	\$ 6,056,078	\$ 1,840,650	\$ 982,996	\$ 113,160	\$ 694,310
Total Governmental Funds					
Nonspendable.....	\$ 51,005	\$ 131,945	\$ 46,552	\$ 168,052	\$ 31,716
Restricted.....	2,615,433	2,757,579	2,757,157	2,535,928	3,005,430
Committed.....	-	-	-	-	-
Assigned.....	7,790,230	3,585,022	2,384,814	1,823,718	1,371,623
Unassigned.....	9,083,988	7,563,514	9,186,167	10,427,779	12,005,360
Total governmental funds.....	\$ 19,540,656	\$ 14,038,060	\$ 14,374,690	\$ 14,955,477	\$ 16,414,129



City of Mebane, North Carolina
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 4
Page 1 of 2

	Fiscal Year Ending June 30				
	2012	2013	2014	2015	2016
Revenues					
Ad valorem taxes.....	\$ 6,963,505	\$ 7,322,698	\$ 7,705,045	\$ 8,207,631	\$ 8,436,102
Other taxes and licenses.....	19,253	189,355	199,935	190,058	795
Unrestricted intergovernmental.....	3,183,950	3,136,030	3,323,889	5,033,302	4,191,306
Restricted intergovernmental.....	686,429	695,117	1,497,810	893,277	880,010
Permits and fees.....	115,955	136,214	244,104	320,358	606,212
Sales and services.....	378,424	382,049	416,084	392,832	433,014
Investment earnings.....	14,422	11,943	17,190	1,746	6,363
Miscellaneous.....	86,011	112,033	94,753	260,119	155,294
Total revenues.....	11,447,949	11,985,439	13,498,810	15,299,323	14,709,096
Expenditures					
General government.....	1,676,324	1,950,508	2,087,742	2,094,055	2,151,509
Public safety.....	3,872,971	4,157,723	5,091,637	4,901,955	5,414,023
Public works.....	3,102,904	2,818,822	3,708,213	3,708,075	3,733,538
Cultural and recreation.....	1,152,466	1,110,864	1,195,637	1,318,029	1,466,564
Economic and physical development.....	204,146	505,146	3,832,902	703,466	1,466,432
Debt service:					
Principal.....	613,255	426,667	426,667	833,854	835,083
Interest and other charges.....	155,859	135,000	119,484	182,646	161,067
Capital outlay.....	197,277	116,669	1,437,893	2,138,037	1,276,985
Total expenditures.....	10,975,202	11,221,399	17,900,175	15,880,117	16,505,201
Excess (deficiency) of revenues over (under) expenditures.....	472,747	764,040	(4,401,365)	(580,794)	(1,796,105)
Other Financing Sources (Uses)					
Transfers to other funds.....	(1,650,000)	(245,000)	(245,000)	(1,450,000)	(856,734)
Transfers from other funds.....	-	762,500	1,029,376	1,843,092	1,821,734
Issuance of debt.....	-	-	4,345,275	-	-
Total other financing sources (uses).....	(1,650,000)	517,500	5,129,651	393,092	965,000
Net change in fund balances.....	(1,177,253)	1,281,540	728,286	(187,702)	(831,105)
Fund balances, beginning.....	11,863,311	10,686,058	11,967,598	12,695,884	12,974,258
Prior period adjustment.....	-	-	-	466,076	-
Fund balances, beginning as restated.....	11,863,311	10,686,058	11,967,598	13,161,960	12,974,258
Fund balances, ending.....	\$ 10,686,058	\$ 11,967,598	\$ 12,695,884	\$ 12,974,258	\$ 12,143,153
Debt service as a percentage of noncapital expenditures.....	7.7%	5.5%	4.6%	8.2%	7.0%

City of Mebane, North Carolina
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 4
Page 2 of 2

	Fiscal Year Ending June 30				
	2017	2018	2019	2020	2021
Revenues					
Ad valorem taxes.....	\$ 9,349,863	\$ 9,851,605	\$ 10,413,402	\$ 10,897,067	\$ 11,339,347
Other taxes and licenses.....	960	1,005	1,030	955	955
Unrestricted intergovernmental.....	4,427,170	4,866,039	5,095,144	5,433,058	6,101,360
Restricted intergovernmental.....	904,619	1,265,968	1,589,184	1,262,717	1,154,666
Permits and fees.....	482,809	411,580	915,604	811,186	1,338,035
Sales and services.....	444,814	462,033	494,687	576,421	616,526
Investment earnings.....	25,200	129,302	180,725	153,113	56,027
Miscellaneous.....	270,538	322,138	167,614	524,824	262,594
Total revenues.....	15,905,973	17,309,670	18,857,390	19,659,341	20,869,510
Expenditures					
General government.....	1,997,039	2,244,898	2,179,611	2,265,058	2,540,663
Public safety.....	6,171,044	6,526,581	6,544,785	6,888,994	6,818,514
Public works.....	3,268,769	3,400,679	3,113,625	3,048,385	3,888,863
Cultural and recreation.....	1,056,609	1,828,941	1,445,320	1,343,057	1,293,315
Economic and physical development.....	703,062	1,878,174	1,255,070	1,927,454	2,163,879
Debt service:					
Principal.....	836,338	1,316,286	1,347,620	1,272,748	1,239,573
Interest and other charges.....	139,372	306,592	285,412	264,189	211,159
Capital outlay.....	634,567	5,739,986	3,652,717	2,068,669	1,685,392
Total expenditures.....	14,806,800	23,242,137	19,824,160	19,078,554	19,841,358
Excess (deficiency) of revenues over					
(under) expenditures.....	1,099,173	(5,932,467)	(966,770)	580,787	1,028,152
Other Financing Sources (Uses)					
Transfers to other funds.....	(60,000)	(1,726,812)	(1,500,000)	(1,183,857)	(1,144,592)
Transfers from other funds.....	60,000	1,724,810	2,067,932	1,183,857	1,144,592
Issuance of debt.....	6,298,330	431,873	735,468	-	430,500
Total other financing sources (uses).....	6,298,330	429,871	1,303,400	-	430,500
Net change in fund balances.....	7,397,503	(5,502,596)	336,630	580,787	1,458,652
Fund balances, beginning.....	12,143,153	19,540,656	14,038,060	14,374,690	14,955,477
Prior period adjustment.....	-	-	-	-	-
Fund balances, beginning as restated.....	12,143,153	19,540,656	14,038,060	14,374,690	14,955,477
Fund balances, ending.....	\$ 19,540,656	\$ 14,038,060	\$ 14,374,690	\$ 14,955,477	\$ 16,414,129
Debt service as a percentage					
of noncapital expenditures.....	7.4%	10.3%	10.2%	8.8%	8.0%

Notes:

(1) 2015 includes a prior period restatement of \$466,076.

City of Mebane, North Carolina
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Table 5

<u>Fiscal</u> <u>Year</u>	<u>Real Property</u>	<u>Personal</u> <u>Property</u>	<u>Public Service</u> <u>Companies</u>	<u>Less Tax-</u> <u>Exempt</u> <u>Property</u>	<u>Total Taxable</u> <u>Assessed Value</u>	<u>Total</u> <u>Direct</u> <u>Tax</u> <u>Rate</u>	<u>Estimated Actual</u> <u>Taxable Value</u>	<u>Ratio of</u> <u>Assessed</u> <u>Value to</u> <u>Estimated</u> <u>Actual</u> <u>Value</u>
2012	1,101,391,678	400,790,237	20,894,610	(8,275,108)	1,514,801,417	0.47	1,481,995,824	102.2%
2013	1,138,480,584	417,965,044	22,126,189	(8,199,338)	1,570,372,479	0.47	1,489,959,352	105.4%
2014	1,163,814,338	476,296,137	22,343,241	(8,380,262)	1,654,073,454	0.47	1,574,895,032	105.0%
2015	1,171,969,829	498,060,858	22,232,490	(8,580,903)	1,683,682,274	0.49	1,603,949,005	105.0%
2016	1,215,674,661	511,076,370	23,926,263	(9,087,410)	1,741,589,884	0.49	1,648,732,865	105.6%
2017	1,355,230,856	550,037,154	20,701,422	(6,871,152)	1,919,098,280	0.49	1,919,559,215	100.0%
2018	1,519,215,965	576,423,148	21,265,042	(6,231,130)	2,110,673,025	0.47	2,165,774,122	97.5%
2019	1,572,394,043	593,126,106	19,041,041	(2,685,151)	2,181,876,039	0.47	2,238,905,875	97.5%
2020	1,627,662,514	648,540,774	19,264,439	(243,533)	2,295,224,194	0.47	2,449,836,538	93.7%
2021	1,755,206,176	602,162,652	19,101,600	(243,533)	2,376,226,895	0.47	2,542,954,665	93.4%

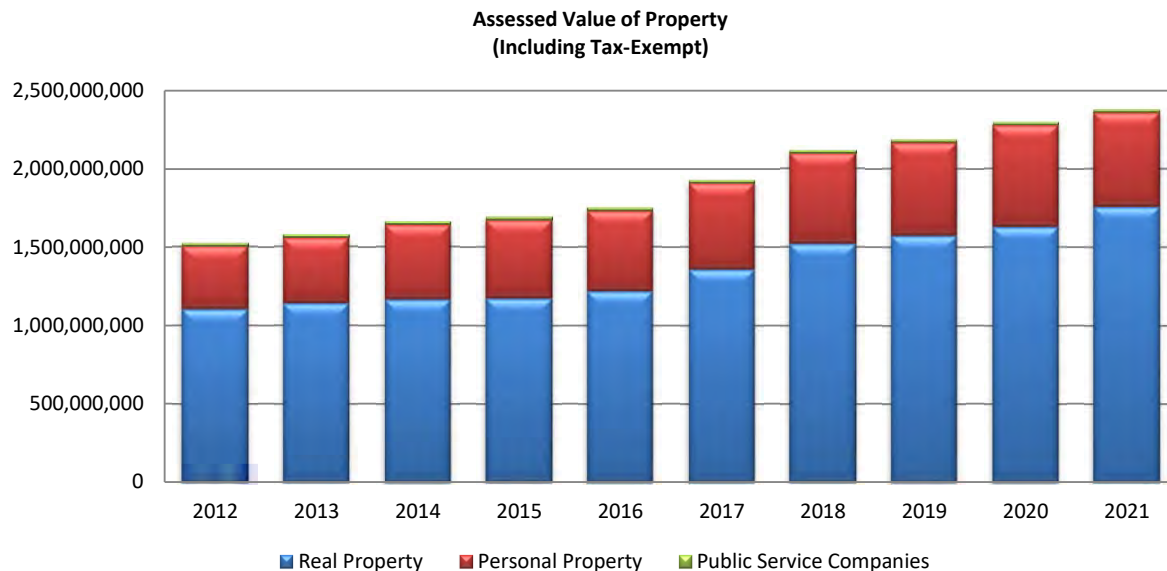
Sources:

Alamance County and Orange County Tax Departments.

Notes:

Assessed valuations are established by the Alamance County Board of Commissioners at 100% of estimated market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. Property was last revalued in FY 2018.

Estimated actual taxable value is calculated using information provided in Alamance and Orange County's Annual Comprehensive Financial Reports (ACFRs).



City of Mebane, North Carolina
Direct and Overlapping Property Tax Rates
Last Ten Years
(Rates are Per \$100 of Assessed Value)

Table 6

<u>Fiscal Year</u>	<u>Direct Rate</u>	<u>Overlapping Rates</u>		<u>Combined Tax Rate</u>	
	<u>City of Mebane</u>	<u>Alamance County</u> ⁽¹⁾	<u>Orange County</u> ⁽²⁾	<u>Alamance County</u>	<u>Orange County</u>
2012.....	0.47	0.520	0.858	0.990	1.328
2013.....	0.47	0.520	0.858	0.990	1.328
2014.....	0.47	0.540	0.858	1.010	1.328
2015.....	0.49	0.530	0.858	1.020	1.348
2016.....	0.49	0.580	0.878	1.070	1.368
2017.....	0.49	0.580	0.878	1.070	1.368
2018.....	0.47	0.580	0.838	1.050	1.308
2019.....	0.47	0.590	0.850	1.060	1.320
2020.....	0.47	0.670	0.868	1.140	1.338
2021.....	0.47	0.670	0.868	1.140	1.338

Sources:

⁽¹⁾ Alamance County Tax Department.

⁽²⁾ Orange County Tax Department.

Notes:

Overlapping rates are the county government rates that apply to property owners within the City of Mebane. The City of Mebane is located in both Alamance and Orange counties. Not all overlapping rates apply to all property owners, but at least one County overlapping rates applies to each property owner.

City of Mebane, North Carolina
Principal Property Taxpayers
Current Year and Nine Years Ago

Table 7

Taxpayer	2021			2012		
	<u>Taxable</u> <u>Assessed Value</u> (1)	<u>Rank</u>	<u>Percentage</u> <u>of Total</u> <u>Taxable</u> <u>Assessed</u> <u>Value</u>	<u>Taxable</u> <u>Assessed Value</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total</u> <u>Taxable</u> <u>Assessed</u> <u>Value</u>
GKN Automotive Components.....	\$ 103,007,774	1	4.33%	\$ 97,526,716	1	6.40%
Walmart Stores Inc.....	96,268,596	2	4.05%	16,620,399	7	1.10%
Liggett Group - One Hundred Maple.....	72,599,434	3	3.06%	67,799,849	2	4.50%
Nypro, Inc. (a Jabil Company).....	48,851,275	4	2.06%	14,571,775	8	1.00%
Lotus Bakeries US, LLC.....	44,471,513	5	1.87%	(2)		
Tanger Properties LMTD Partner.....	43,885,868	6	1.85%	34,813,065	4	2.30%
Keystone at Mebane Oaks LLC.....	36,387,530	7	1.53%	(2)		
Cambro Manufacturing Co.....	35,350,022	8	1.49%	(2)		
Morinaga American Foods Inc.....	31,928,071	9	1.34%	(2)		
Sandvik Inc.....	27,588,164	10	1.16%	44,305,583	3	2.90%
Armacell LLC/Armstrong	(2)			20,708,854	5	1.40%
Mebane Packaging / Meadwestvaco.....	(2)			20,391,569	6	1.30%
Spring Forest, LLC.....	(2)			13,251,550	9	0.90%
Fieldstone NC, LLC.....	(2)			12,757,055	10	0.80%
Total.....	<u>\$540,338,247</u>		<u>22.74%</u>	<u>\$342,746,415</u>		<u>22.65%</u>

Source:

Alamance County Tax Department.

Notes:

(1) Assessed valuation represents taxes assessed and due in the fiscal year ended June 30, 2021.

(2) Not within top ten ranking.

City of Mebane, North Carolina
Property Tax Levies and Collections
Last Ten Fiscal Years

Table 8

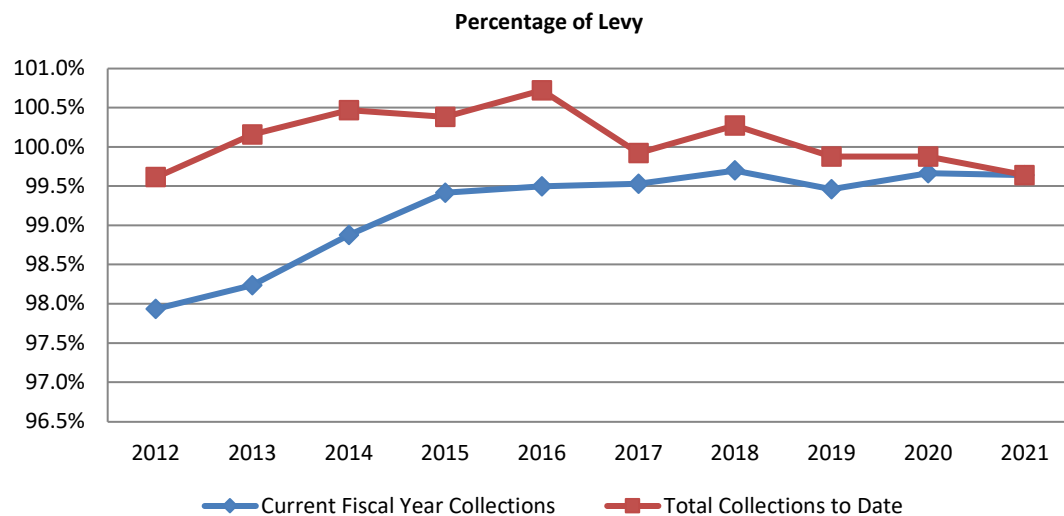
Fiscal Year	Fiscal Year of the Levy			Total Collections to Date		
	<u>Taxes Levied</u>			<u>Collections in</u>		
	<u>for the Fiscal</u>			<u>Subsequent</u>		
	<u>Year ⁽¹⁾</u>	<u>Amount</u>	<u>Percentage</u>	<u>Years</u>	<u>Amount</u>	<u>Percentage</u>
		<u>Collected</u>	<u>of Levy</u>			<u>of Levy</u>
2012.....	7,062,935	6,917,103	97.9%	118,501	7,035,604	99.6%
2013.....	7,354,497	7,224,810	98.2%	141,096	7,365,906	100.2%
2014.....	7,764,524	7,677,173	98.9%	123,667	7,800,840	100.5%
2015.....	8,223,909	8,175,886	99.4%	79,316	8,255,202	100.4%
2016.....	8,528,175	8,485,223	99.5%	104,352	8,589,575	100.7%
2017.....	9,288,710	9,244,828	99.5%	36,394	9,281,222	99.9%
2018.....	9,815,332	9,785,748	99.7%	56,185	9,841,933	100.3%
2019.....	10,383,208	10,326,956	99.5%	43,405	10,370,361	99.9%
2020.....	10,854,564	10,817,844	99.7%	23,366	10,841,210	99.9%
2021.....	11,273,675	11,233,082	99.6%	-	11,233,082	99.6%

Sources:

Alamance County Tax Department.

Notes:

⁽¹⁾ Taxes levied for the fiscal year are not adjusted for discoveries in subsequent years but their collection is included in the total collections to date for the year in which they would have been levied.



City of Mebane, North Carolina
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

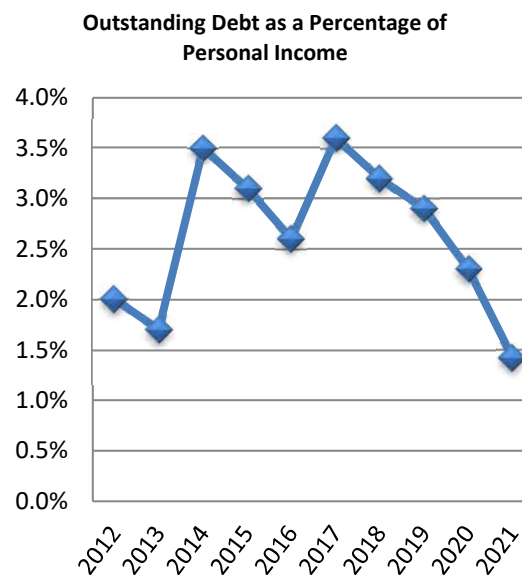
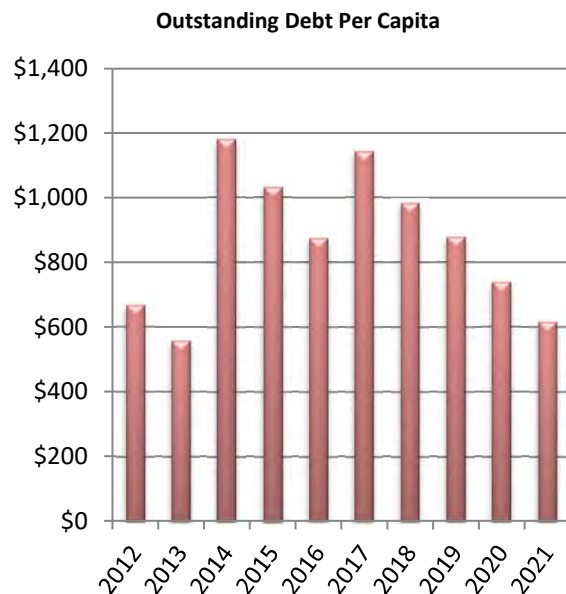
Table 9

Fiscal Year	Governmental Activities	Business-type Activities		Total	Percentage of	
	Installment Financing ⁽²⁾	General Obligation Bonds	Installment Financing ⁽²⁾		Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
2012.....	3,856,669	680,000	3,437,758	7,974,427	2.0%	666
2013.....	3,430,002	570,000	2,758,161	6,758,163	1.7%	557
2014.....	7,348,610	455,000	6,788,750	14,592,360	3.5%	1,180
2015.....	6,514,756	335,000	6,162,611	13,012,367	3.1%	1,032
2016.....	5,679,678	215,000	5,272,472	11,167,150	2.6%	874
2017.....	11,141,683	95,000	4,869,335	16,106,018	3.6%	1,141
2018.....	10,257,277	-	4,459,195	14,716,472	3.2%	983
2019.....	9,645,099	-	4,042,056	13,687,155	2.9%	878
2020.....	8,371,909	-	3,617,917	11,989,826	2.3%	737
2021.....	7,562,836	-	3,186,778	10,749,614	1.4%	615

Notes:

⁽¹⁾ See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the calendar year.

⁽²⁾ Details regarding outstanding debt can be found in the notes to the financial statements.



City of Mebane, North Carolina
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Table 10

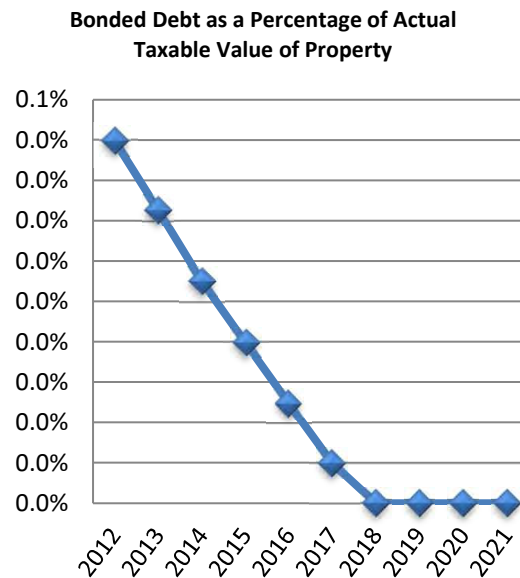
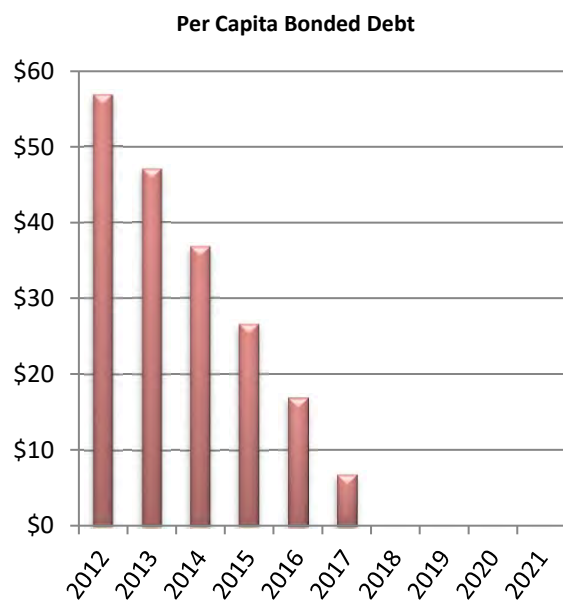
<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Percentage of Actual</u>	
		<u>Taxable Value of Property</u> ⁽¹⁾	<u>Per Capita Bonded Debt</u> ⁽²⁾
2012.....	680,000	0.04%	57
2013.....	570,000	0.04%	47
2014.....	455,000	0.03%	37
2015.....	335,000	0.02%	27
2016.....	215,000	0.01%	17
2017.....	95,000	0.00%	7
2018.....	-	0.00%	-
2019.....	-	0.00%	-
2020.....	-	0.00%	-
2021.....	-	0.00%	-

Notes:

⁽¹⁾ See Table 5 for Assessed Value of Taxable Property.

⁽²⁾ See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the calendar year.

⁽³⁾ Details regarding outstanding debt can be found in the notes to the financial statements.



City of Mebane, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021

Table 11

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> ⁽¹⁾	<u>Estimated Share of Direct and Overlapping Debt</u>
Alamance County general obligation debt.....	\$ 33,155,000	13.23%	\$ 4,386,012
Orange County general obligation debt.....	131,000,000	1.95%	<u>2,558,627</u>
Subtotal, overlapping debt.....			6,944,639
City of Mebane debt.....			<u>7,562,836</u>
Total direct and overlapping debt.....			<u>\$ 14,507,475</u>

Sources:

Alamance and Orange County debt outstanding provided by Alamance and Orange Counties.

Notes:

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

⁽¹⁾ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City of Mebane's boundaries and dividing it by each unit's total taxable assessed value. Taxable assessed property values as of June 30, 2021 were used to determine the overlapping debt percentage.

City of Mebane, North Carolina
Legal Debt Margin Information
Last Ten Fiscal Years

Table 12

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt</u> <u>Applicable to</u> <u>Limit</u>	<u>Legal Debt</u> <u>Margin</u>	<u>Legal Debt</u> <u>Margin as a</u> <u>Percent of Debt</u> <u>Limit</u>
2012.....	121,184,113	8,311,706	112,872,407	93.1%
2013.....	125,629,798	7,112,016	118,517,782	94.3%
2014.....	132,325,876	14,748,774	117,577,102	88.9%
2015.....	134,694,582	13,012,364	121,682,218	90.3%
2016.....	139,327,191	11,167,150	128,160,041	92.0%
2017.....	153,527,862	16,106,018	137,421,844	89.5%
2018.....	168,853,842	14,716,472	154,137,370	91.3%
2019.....	174,550,083	13,687,155	160,862,928	92.2%
2020.....	183,617,936	11,989,826	171,628,110	93.5%
2021.....	190,098,152	10,749,614	179,348,538	94.3%

Notes:

Legal Debt Margin Calculation for Fiscal Year 2021:

Assessed valuation.....	\$ 2,376,226,895	
Statutory limit percentage.....	8.0%	
Debt limit - 8.0% of assessed value.....		\$ 190,098,152
Gross debt:		
Total bonded debt.....	-	
Authorized and unissued bonds.....	-	
Lease financing agreements.....	10,749,614	
Total gross debt.....	10,749,614	
Less: statutory deductions.....	-	
Total amount of debt applicable to debt limit (net debt).....		10,749,614
Legal Debt Margin.....		\$ 179,348,538

City of Mebane, North Carolina
Demographic and Economic Statistics
Last Ten Calendar Years

Table 13

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Median value of owner -occupied housing (2)</u>	<u>Median Family Income</u>	<u>Median Age (4)</u>	<u>Unemployment Rate (5)</u>	
2012.....	11,965	N/A	*	51,675	35.4	6.5%
2013.....	12,128	163,500	*	53,166	35.8	6.2%
2014.....	12,366	161,000	*	52,586	35.8	6.3%
2015.....	12,613	165,800	*	53,029	35.8	5.7%
2016.....	12,774	172,400	*	53,029	35.8	4.7%
2017.....	14,117	178,700	*	54,430	35.9	4.0%
2018.....	14,973	185,700	*	56,037	35.8	4.0%
2019.....	15,589	193,500	*	60,851	34.8	3.7%
2020.....	16,262	195,800	*	54,157	34.2	4.4%
2021.....	17,472	189,600	*	64,729	34.7	5.7%

Note: Many of these data elements are not published annually for cities. Data is estimated using the ratio of Mebane to Alamance County from the 2020 census and the 2005-2014 American Community Survey. That ratio was applied back to annual county data to estimate the data for the City of Mebane.

Notes:

(1) Office of State Management and Budget, NC Department of Revenue

(2) U. S. Department of Commerce, Bureau of Economic Analysis.

United States Census Bureau, Most recent available census data.

(3) American City Survey Fact Finder.

(4) N. C. Employment Security Commission, Local Area Unemployment Statistics

(5) N. C. Employment Security Commission, Local Area Unemployment Statistics

* Data not available - estimated based on trends.

City of Mebane, North Carolina
Principal Employers
Current Year and Nine Years Ago

Table 14

Employer	2021 ⁽¹⁾			2012 ⁽²⁾		
	Employees	Rank	Percentage of	Employees	Rank	Percentage of
			Total			Total
			Employment			Employment
ABB (General Electric).....	650	1	3.72%	315	4	5.5%
Walmart Distribution.....	587	2	3.36%	*		(3)
GKN.....	547	3	3.13%	500	1	8.7%
AKG of America.....	372	4	2.13%	350	3	6.1%
Armacell.....	275	5	1.57%	250	7	4.3%
Liggett Group LLC.....	272	6	1.56%	299	6	5.2%
Jabil (Nypro).....	250	7	1.43%	250	8	4.4%
Sports Endeavors.....	200	8	1.14%	311	5	5.4%
Morinaga	194	9	1.11%	*		(3)
Sandvik.....	113	10	0.65%	*		(3)
Prescient.....	112	*	0.64%	*		(3)
Carrier (Walter Kidde).....	107	*	0.61%	114	10	2.0%
Cambro.....	106	*	0.61%	*		(3)
Kingsdown.....	90	*	0.52%	150	9	2.6%
UPI (Universal PersevaChem Inc).....	30	*	0.17%	*		(3)
West Rock (Meadwestvaco).....		*		400	2	6.9%
Total.....	3,905		22.35%	2,939		51.1%

Sources:

- (1) Human Resource Directors- Phone or Email
(2) Alamance County Area Chamber of Commerce data for closest year available
(3) Not available

* Not in top ten this year

City of Mebane, North Carolina
Full-time-Equivalent Employees by Function
Last Ten Fiscal Years

Table 15

Function / Department	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:										
Mayor & City Council.....	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
City Manager.....	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
City Clerk.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance.....	2.0	2.0	2.0	3.0	3.0	4.0	4.0	5.0	5.0	5.0
Human Resources.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tax Collector.....	2.0	1.0	1.0	1.0	1.0	-	-	-	-	-
City Attorney.....	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Information Technology.....	-	-	-	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Public Buildings.....	2.0	2.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
Public Safety:										
Police Department.....	30.0	31.0	31.0	32.0	35.0	35.5	40.0	40.0	40.0	41.0
Fire Department.....	16.0	16.0	16.0	25.0	25.0	25.0	25.0	28.0	29.0	29.0
Economic and Physical Development:										
Planning.....	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	3.0
Inspections.....	3.0	3.0	4.0	4.0	4.0	5.0	4.0	4.0	5.0	6.0
Public Works:										
Streets.....	7.0	9.0	-	-	-	-	-	-	-	-
Sanitation.....	5.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0
Public Works.....	5.0	5.0	12.0	12.0	12.0	13.0	12.0	14.0	14.0	12.0
Culture and Recreation:										
Recreation.....	5.0	5.0	5.0	5.0	5.0	5.0	7.0	7.0	7.0	8.0
Arts and Community Center.....	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Water and Sewer:										
Billing and Metering.....	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Water distribution and maintenance.....	3.0	2.0	2.0	2.0	3.0	3.0	3.0	5.0	5.0	7.0
Waste Collection and Treatment:										
Pretreatment - industrial monitoring.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Wastewater Treatment Plant.....	6.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	5.0	6.0
Laboratory.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sewer mains and lift stations.....	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total.....	106.5	109.5	110.5	122.5	128.5	131.0	136.5	145.5	147.5	152.5

Sources:

City of Mebane staff

Notes:

A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).
Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

City of Mebane, North Carolina
Operating Indicators by Function
Last Ten Fiscal Years

Table 16

<u>Function</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
General Government										
Finance Department										
Vendor checks issued.....	2,675	3,003	2,952	3,029	3,095	3,104	3,299	3,668	3,613	3,621
Human Resources										
Workers' compensation lost time (days).....	155	52	122	-	-	-	-	23	-	-
Employee turnover rate.....	3%	7%	3%	5%	9%	5%	9%	4%	6%	12%
Public Safety										
Fire Protection										
Incident calls.....	1,812	732	823	773	840	909	918	921	919	939
Structure fires.....	168	303	211	15	19	26	34	21	25	36
Inspections.....	103	177	190	186	394	363	250	545	233	188
Child passenger seat inspections.....	197	242	191	154	204	193	237	190	217	107
Police Protection										
Physical arrests.....	552	653	568	501	377	438	482	506	436	274
Citations issued.....	1,073	1,489	1,226	1,028	926	1,585	1,522	1,846	1,720	970
Response to calls/officer initiated activity.....	13,163	15,363	14,942	14,685	16,968	16,363	17,220	19,764	21,718	20,932
Traffic accidents.....	593	583	528	491	620	790	628	809	642	767
Public Works										
Street resurfacing (miles).....	3.19	0.54	2.67	1.48	1.48	1.51	1.32	2.20	1.56	4.15
Refuse collected (tons annually).....	3,200	3,267	3,390	3,585	3,880	4,073	4,278	4,594	4,950	5,459
Homes receiving service.....	4,581	4,522	3,965	4,756	4,527	4,717	5,354	4,965	5,243	5,538
Recyclables collected (tons annually).....	946	1,063	1,112	1,100	841	862	864	831	1,265	792
Economic & Physical Development										
Inspections										
Residential inspections conducted.....	3,247	3,460	5,914	5,212	6,477	7,348	4,765	7,032	7,357	11,159
Commercial inspections conducted.....	490	332	785	1,462	8,499	9,710	5,449	5,291	2,761	2,214
Total inspections conducted.....	<u>3,737</u>	<u>3,792</u>	<u>6,699</u>	<u>6,674</u>	<u>14,976</u>	<u>17,058</u>	<u>10,214</u>	<u>12,323</u>	<u>10,118</u>	<u>13,373</u>
Certificates of occupancy issued.....	136	125	131	154	166	216	102	206	207	285
Building permits issued.....	245	277	228	155	191	143	171	196	259	348
Cultural & Recreation										
Recreation										
Athletics participants.....	2,458	3,140	2,693	2,653	2,744	2,679	2,679	2,923	1,623	1,846
Water Distribution										
Accounts.....	4,302	4,454	4,566	4,744	4,934	5,227	5,471	5,717	5,972	6,008
Average daily consumption (mgd).....	1.150	1.290	1.350	1.400	1.510	1.880	1.760	1.710	1.707	1.911
Wastewater Treatment										
Accounts.....	3,974	4,125	4,263	4,424	4,587	4,898	5,034	5,170	5,395	5,564
Average daily treatment (mgd).....	1.000	1.100	1.340	1.202	1.359	1.373	1.290	1.690	1.570	1.770

Sources:

Various City departments

Notes:

"NA" indicates "not available"

City of Mebane, North Carolina
Capital Asset Statistics by Function
Last Ten Fiscal Years

Table 17

Function	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Public Safety										
Fire Protection										
Stations.....	2	2	2	3	3	3	3	3	3	3
Fire trucks.....	12	12	13	13	13	13	13	13	13	13
Police Protection										
Stations.....	1	1	1	1	1	1	1	1	1	1
Patrol units.....	30	32	32	30	29	31	39	36	36	36
Public Works										
Miles of streets.....	51.0	52.2	52.4	54.0	54.3	54.7	56.6	58.0	60.1	62.4
Maintenance vehicles.....	58	56	56	58	58	51	45	29	31	32
Miles of sidewalks (linear feet).....	42.9	43.0	43.0	50.1	50.8	54.2	55.3	57.5	59.8	63.6
Refuse collection trucks.....	5	5	6	6	6	6	6	6	6	6
Cultural & Recreation										
Number of parks	6	6	6	6	6	6	7	8	9	9
Park acreage.....	275	275	275	275	275	308	308	328	328	362
Trails (miles).....	3	3	3	3	3	3	3	5	5	5
Playgrounds.....	5	5	5	5	5	5	3	4	5	5
Baseball/softball diamonds.....	6	6	6	6	6	6	6	6	6	6
Soccer fields.....	10	10	10	10	10	10	10	7	7	7
Water and Sewer										
Miles of gravity sewer lines.....	88.1	88.7	89.1	94.3	97.8	98.6	100.1	113.4	118.8	122.1
Miles of water lines.....	100.1	103.1	104.6	111.3	111.3	114.9	117.2	117.8	122.2	125.8
Miles of sewer force mains.....	17.3	18.7	18.5	18.3	21.9	18.3	18.5	24.2	27.8	27.8
Miles of storm sewer.....	57.0	57.0	57.6	58.5	61.1	61.8	64.9	65.0	67.6	71.5

Source:

Various City departments

Notes:

"NA" indicates "not available"

Compliance Section

This section contains compliance reports for the City's Governmental Compliance.

- **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**



**STOUT
STUART
McGOWEN
& KING LLP**

*Certified
Public
Accountants*

*Advisors to
Management*

*Member of PCPS,
the AICPA Alliance
For CPA Firms*

*Mailing Address:
P.O. Box 1440
Burlington, NC 27216-1440*

*Street Address:
1233 South Church Street
Burlington, NC 27215*

*336-226-7343
fax 336-229-4204
www.ssmkllp.com
e-mail: ssmk@ssmkllp.com*

**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***

Independent Auditor's Report

To The Honorable Mayor and
Members of the City Council
City of Mebane
Mebane, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United State of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mebane, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprises the City of Mebane's basic financial statements and have issued our report thereon dated November 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Mebane's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Mebane's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mebane's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

STOUT STUART MCGOWEN & KINGS LLP

Burlington, North Carolina
November 10, 2021