



Mebane

Positively Charming



POPULAR ANNUAL FINANCIAL REPORT 2022

FISCAL YEAR ENDED JUNE 30, 2022

What is the PAFR?

The Popular Annual Financial Report (PAFR) is a document that contains information from the Annual Comprehensive Financial Report (ACFR). It provides the City of Mebane’s financial and statistical information in a user-friendly format. The PAFR is intended to increase awareness throughout the community on the financial operations of the City.

Unlike the ACFR, the PAFR is not prepared in accordance with Generally Accepted Accounting Principles (GAAP). Residents who prefer to review a report that is GAAP compliant may review the audited financial statements (ACFR) on the City’s website at <https://cityofmebanenc.gov/>.

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What is the form of government?

The City is governed by the council-manager form of municipal government. The City Council consists of the mayor and five council members. The mayor serves as the presiding officer at City Council meetings, and acts as the head of the City for ceremonial purposes. Policy making and legislative authority are vested in the City Council who are responsible for passing ordinances, adopting the budget, appointing committees, and hiring both the City’s manager and attorney, among other duties. The 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.

Mebane’s Mayor, Council & Staff



Front: (l-r) Council Member Montrena Hadley, Mayor Ed Hooks, Mayor Pro-tem Tim Bradley, Council Member Katie Burkholder

Back: (l-r) City Clerk Stephanie Shaw, City Manager Chris Rollins, Council Member Sean Ewing, Council Member Jonathan White, City Attorney Lawson Brown, Assistant City Manager Preston Mitchell

Boards, Committees & Commissions

- Bicycle and Pedestrian Advisory Commission
- Board of Adjustment
- Planning Board
- Racial Equity Advisory Committee
- Recreation and Parks Advocacy Commission

For more information visit:

<https://cityofmebanenc.gov/departments/boards-and-commissions/>



To the Mayor, City Council, and the citizens of Mebane:

I am pleased to present the first Popular Annual Financial Report (PAFR) for the City of Mebane covering the fiscal year 2022 (July 1, 2021, to June 30, 2022). The PAFR highlights the City and its financial position at a glance. It is intended to be a supplement to the FY 2022 Annual Comprehensive Financial Report, not a replacement.

The City ended FY 2022 with an overall net position of \$134,032,439, an increase of \$15,784,604. The governmental funds increased by \$7,782,168, and the proprietary funds increased by \$8,002,436. FY 2022 revenues remained strong increasing 18.92% over the prior year. Citywide expenditures decreased by 2.72% from the preceding year.

The governmental funds reported combined fund balances of \$20,869,451, an increase of \$4,455,321. Of that balance, \$14,347,743 is unassigned or available for emergencies or one-time projects.

Moving forward, staff will actively work to implement the Capital Improvement Plan approved by the Mayor and City Council. The plan includes an inclusive playground at Cates Farm Park, a new fire station, a new water tower, and the renovation and preliminary plans for the expansion of the wastewater plant.

A big "thank you" to the Finance staff for producing this outstanding report. Also, a big "thank you" to all City staff who have provided top-quality services to City residents and visitors throughout the year.

I hope this PAFR assists readers in gaining a better understanding of the City's financial activities and demonstrates transparency to residents, businesses, City Council, and all interested persons by providing important information while demonstrating continued dedication and service.



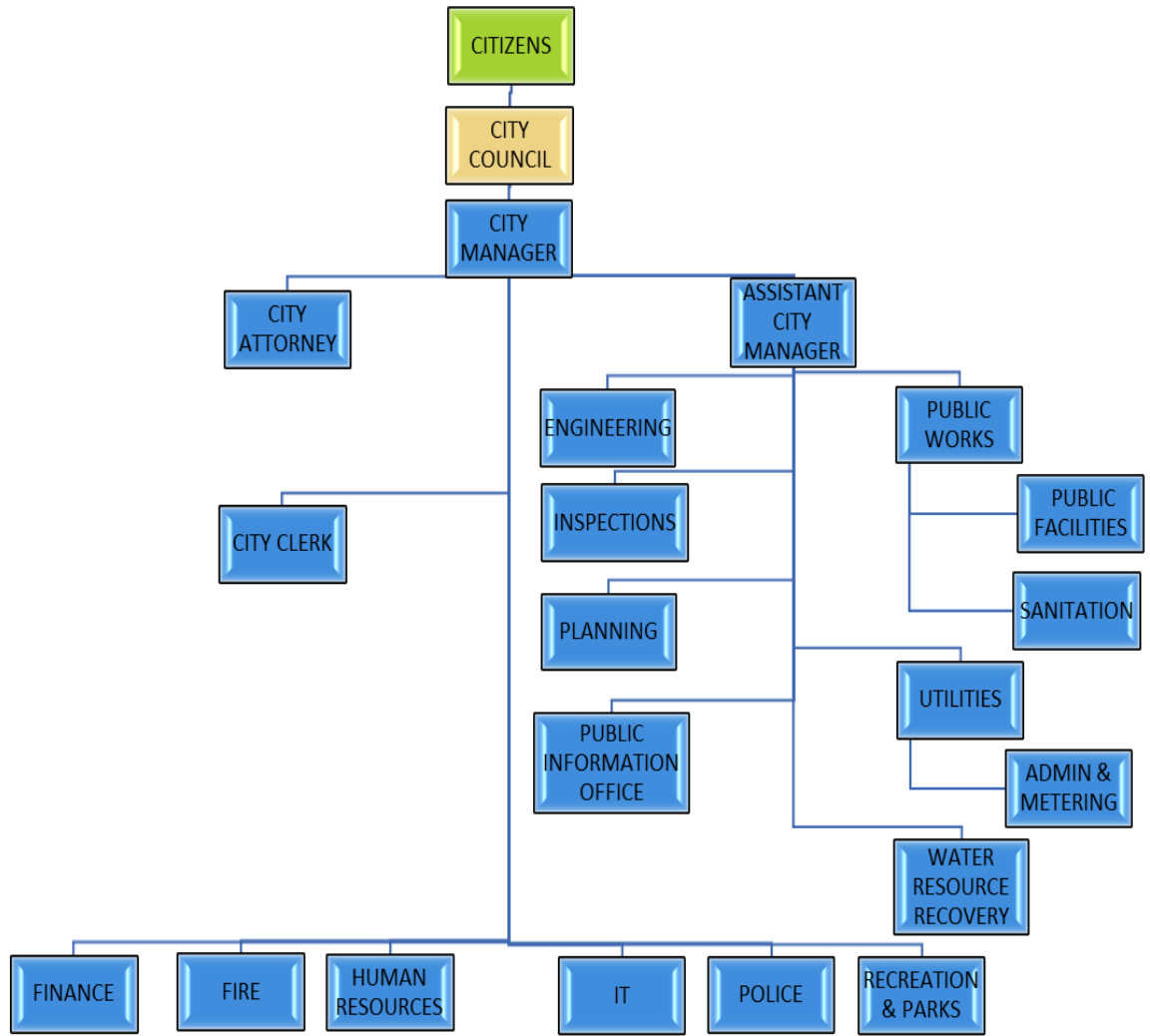
Sincerely,

Chris Rollins
City Manager

Services Provided by the City:

- Police protection
- Fire protection
- Water and wastewater utilities
- Economic development
- Recycling and sanitation
- Yard waste, loose leaf, and bulk item collection
- Snow removal
- Cemetery
- Stormwater management
- Street maintenance
- Public parks
- Recreation programs
- Dog park
- Splash pad
- Trails
- Planning and zoning
- Licensing, permitting and inspections





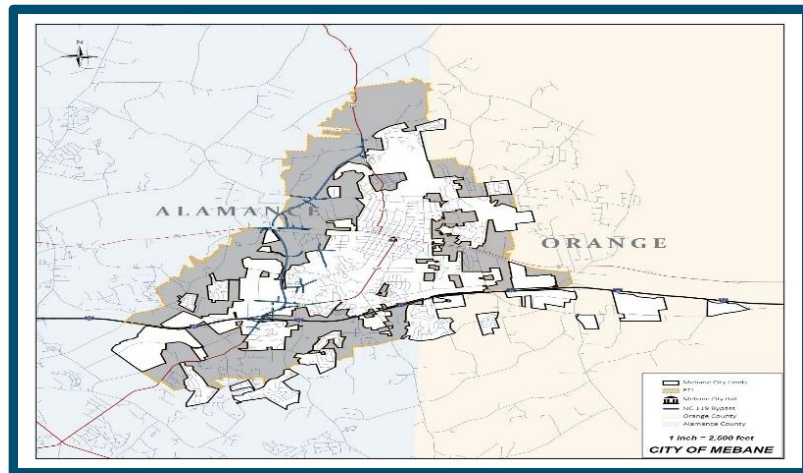
HISTORY

1881	1883	1921	1922	1987
Incorporated as the town of Mebanesville	Name is officially changed to Mebane	Water and sewer facilities were placed in operation	The first paving of streets and laying of sidewalks	Name is officially changed to the City of Mebane

The City of Mebane is named after Brigadier General Alexander Mebane of the North Carolina Militia and a member of Congress in the 1790s. For more information go to <https://www.mebanehistoricalmuseum.org/>

GEOGRAPHY

- Located in the Piedmont Triad Region of North Carolina
- 45 minutes west of Raleigh, the State capital
- 20 minutes west of Research Triangle Park
- 20 minutes east of Greensboro, the State's third-largest City
- The land area is approximately 12 square miles
- The majority of Mebane is in Alamance County, with about 28% in Orange County



DEMOGRAPHICS

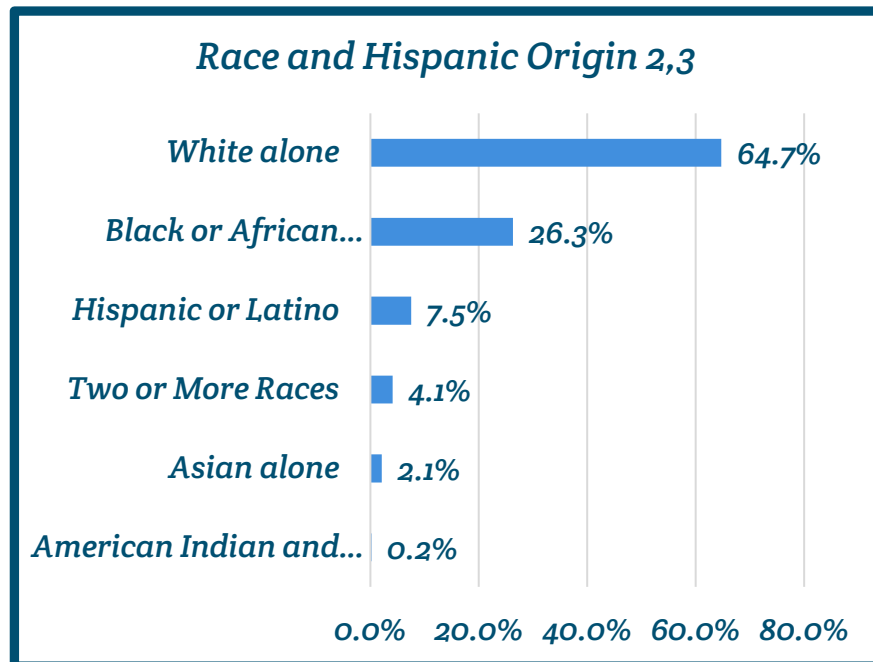
Population: 18,116¹

Median Age: 35.3¹

EDUCATIONAL ATTAINMENT FOR THE POPULATION OVER AGE 25:

95.0% graduated high school or equivalent

35.7% Bachelor's degree or higher



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

3. The percentages in the chart do not add up to 100% because individuals can be a person of Hispanic or Latino origin regardless of race. Also, some individuals select more than one race, or Hispanic or Latino only, and do not select a race.

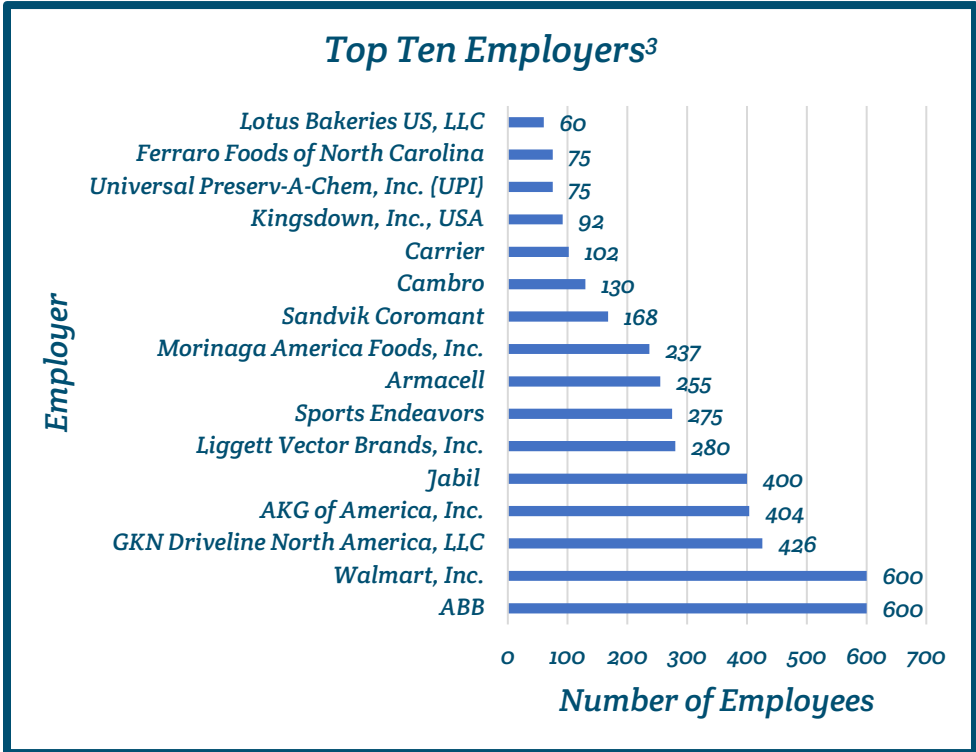
Strong Growth Trends

Mebane’s proximity between two large metropolitan areas, the Triangle and the Triad, as well as Interstate 40/85, makes it an attractive location for families, homebuilders, and commercial and industrial developers and businesses. Mebane has and will continue to lead the area in new home building. Industrial development is steady with recent additions including a Chick-Fil-A Supply distribution center, and Lotus Bakeries expansion. UPS is building a \$262 million facility that will employ 451 full-time positions. Additionally, Thermo-Fisher and Sunlight Batteries are building new manufacturing facilities in Mebane.



ECONOMIC AND PHYSICAL DEVELOPMENT

<i>Residential inspections conducted:</i>	10,274
<i>Commercial inspections conducted:</i>	1,565
<i>Certificate of occupancy issued:</i>	322
<i>Building permits issued</i>	268
<i>Median value of owner-occupied housing:</i>	\$202,900²
<i>Median household income:</i>	\$61,213²
<i>Unemployment rate:</i>	4.5%¹



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
 3. Data acquired from the company directly or the Alamance County Chamber of Commerce

FUNDS

Governmental Funds: The City's major governmental fund is the **General Fund** through which most governmental functions of the City are financed, such as police, fire, recreation and parks, sanitation, and public works. All general tax revenues and other receipts not allocated by law or contractual agreement to another fund are accounted for in this fund.

Proprietary (Business-Type) Funds: The City's proprietary fund is an enterprise fund. Enterprise funds are used to report activities for which a fee is charged to external users for goods or services. The City utilizes one enterprise fund, the **Utility Fund**, to account for revenues and expenses to the City's water and wastewater activities, financed through user charges and fees for services.

Capital Reserve Fund: The City has one capital reserve fund, the **Utility Capital Reserve Fund**. This fund preserves system development fees (paid for each new home constructed) for future use in utility capital and infrastructure projects.

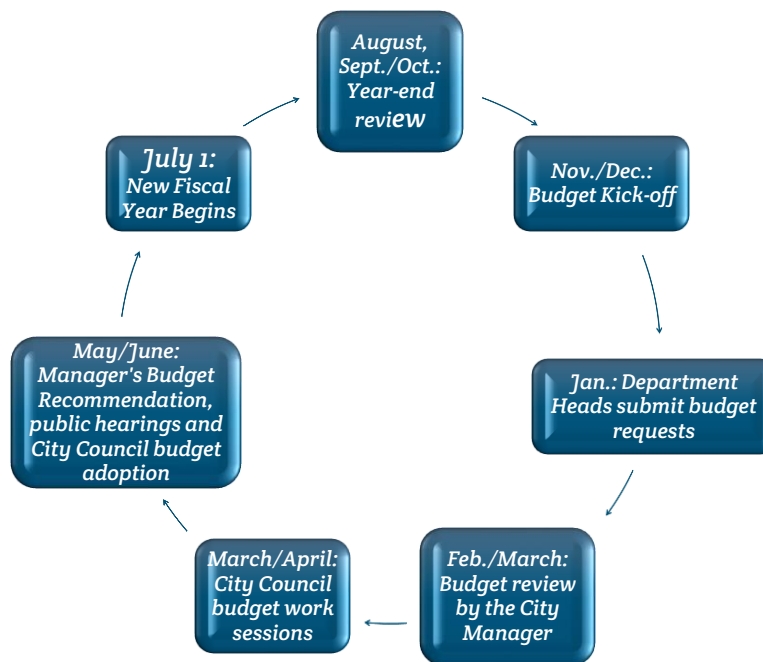
BUDGET

The City of Mebane's budget is developed annually for each of the City's funds. The City's budgeted revenues are presented by funding source while the budgeted expenditures are presented by department.

Budgeting is a year-round activity in most municipalities. The City operates on a July 1 to June 30 fiscal year. Therefore, budgeting for a new year usually starts in November or December and moves through the steps in the budget cycle shown above.

The City follows a budget calendar each year that outlines each step of the process and the date on which it should occur. The City Council adopts the budget by June 30 each year, while budget amendments may happen throughout the year. The current fiscal year's budget calendar and adopted budget may be found [here](#).

THE BUDGET CYCLE



What is the City of Mebane's financial structure?

The City uses fund accounting to maintain control over resources that have been segregated for specific activities or objectives.

Governmental funds account for the City's basic operations. Proprietary funds are self-supporting, where costs are covered by charges and fees. Capital reserve funds may be established as a mechanism for legally saving money to finance all or part of future infrastructure, equipment or other capital requirements.

What is the City of Mebane's net position?

Net position, the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, serves over time as a useful indicator of a government's overall financial condition. Net position is divided into three categories: net investment in capital assets, restricted net position, and unrestricted net position.

The City of Mebane's overall net position was \$134,032,439 million in FY 2022. This was a 13.35% increase of \$15,784,604 million from FY 2021. The largest portion, 83.4%, reflects the City's net investment in capital assets.

The City's net investment in capital assets was \$111,783,088 million, an increase of 8.95% or \$10,501,168 million from FY 2021. This was largely due to \$7,706,884 of capital contributions from developers.

Restricted net position, resources that are subject to external restrictions on how they may be used, represents, \$8,026,525 million of the City's total net position.

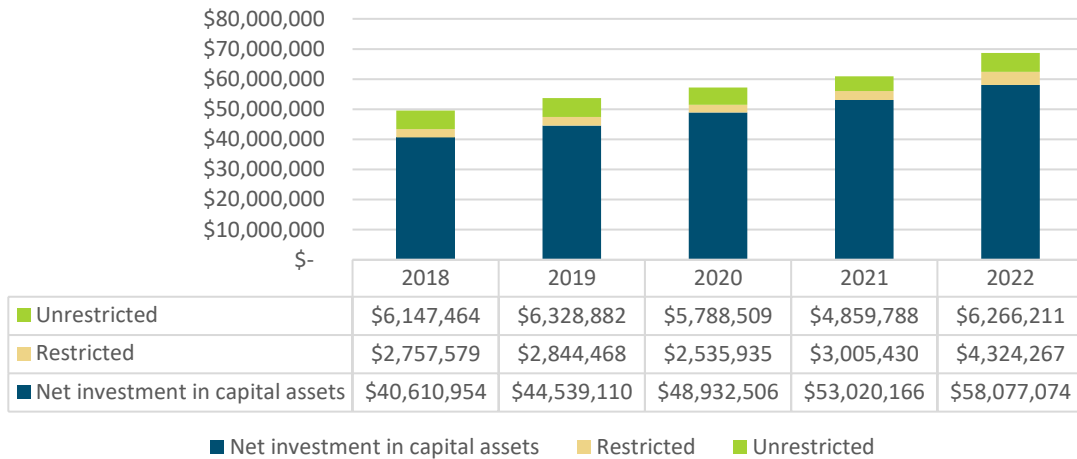
Unrestricted net position, which is used to meet the City's ongoing obligations to citizens, creditors, and employee pension plans, represents \$14,222,826 million. Business-type activities account for \$7,956,615 million of this total, while \$6,266,211 million account for governmental activities.

Changes in Net Position

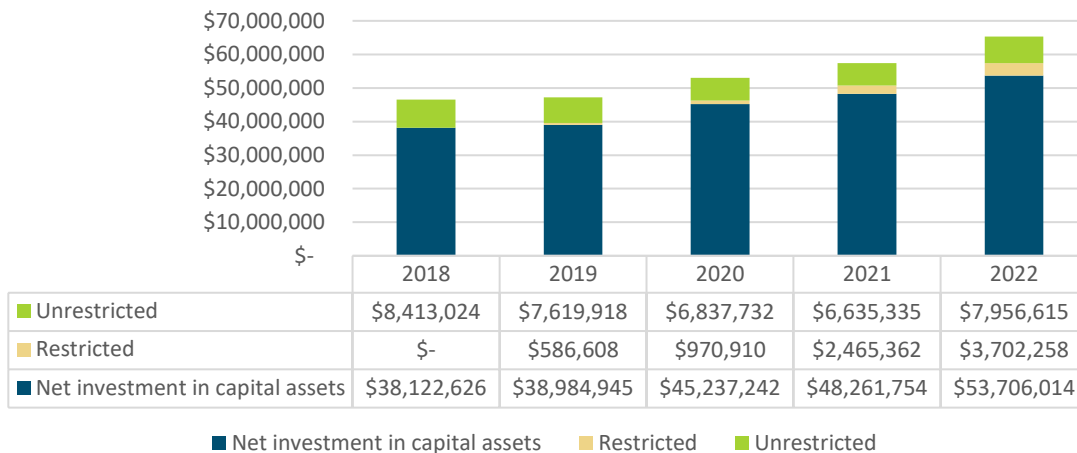
	Governmental Activities	Business- Type Activities	City-Wide Totals
Revenues:			
Program revenues:			
Charges for services	\$ 2,165,375	\$ 9,703,779	\$ 11,869,154
Operating grants and contributions	1,071,973	2,045,130	\$ 3,117,103
Capital grants and contributions	4,284,192	3,422,692	\$ 7,706,884
General Revenues:			
Property Taxes	13,129,528		\$ 13,129,528
Other Taxes	7,341,386		\$ 7,341,386
Grants and contributions not restricted to specific programs	410,380		\$ 410,380
Other	630,116	63,939	\$ 694,055
Total Revenues	29,032,950	15,235,540	\$ 44,268,490
Expenses:			
General government	\$ 2,838,280		\$ 2,838,280
Public safety	8,660,213		8,660,213
Public works	4,824,551		4,824,551
Economic development	2,260,845		2,260,845
Culture and recreation	2,064,269		2,064,269
Interest on long-term debt	178,756		178,756
Water and sewer	-	7,656,972	7,656,972
Total expenses	20,826,914	7,656,972	28,483,886
Increase in net position before transfers and special items	8,206,036	7,578,568	15,784,604
Transfers	(423,868)	423,868	
Special Items			
Increase in net position	7,782,168	8,002,436	15,784,604
Net position, July 1	60,885,384	57,362,451	118,247,835
Net position, June 30	68,667,552	65,364,887	134,032,439

History of Net Position

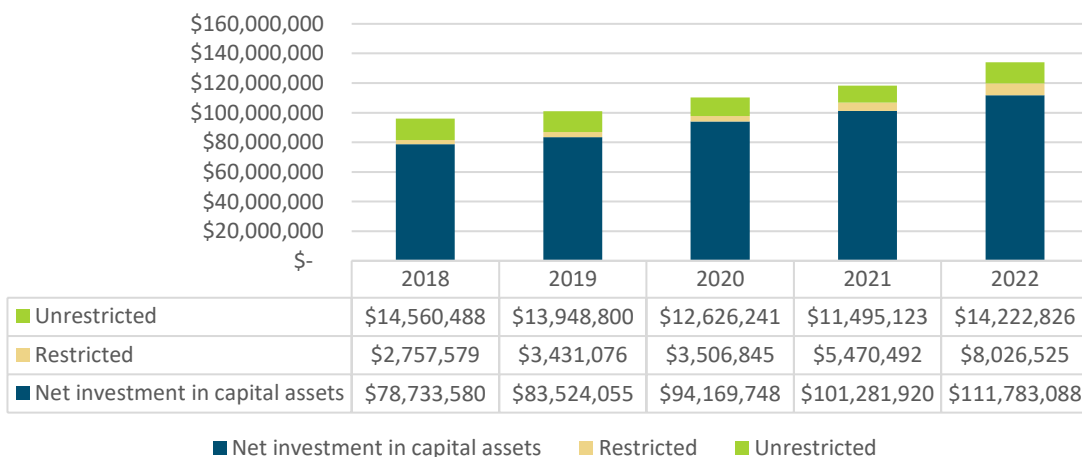
Governmental Activities Net Position



Business-Type Activities Net Position



City-Wide Net Position



What is fund balance?

Fund balance, the City’s savings account, measures the net financial resources available to finance expenditures in the future. Fund balance demonstrates the difference between assets and deferred inflows of resources over its liabilities and deferred outflows of resources.

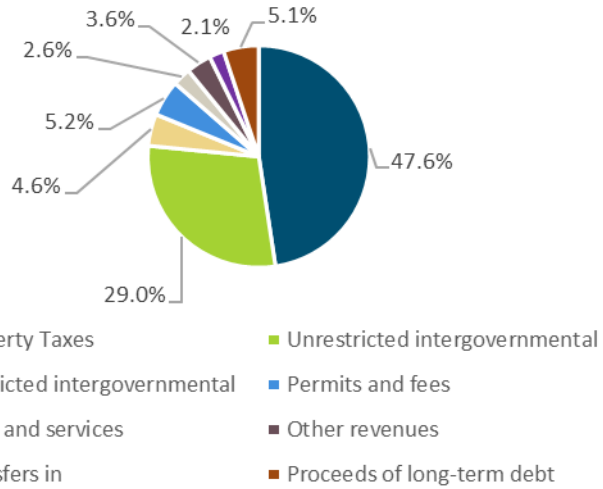
What is the fund balance policy?

The City’s fund balance policy requires an unassigned fund balance of fifty percent (50%) of annual budgeted expenditures and transfers for each operating fund.

Why do we need a fund balance?

The purpose is to alleviate significant unanticipated expenditures or revenue shortfalls and to ensure the continued delivery of City services.

General Fund Revenues and Other Financing Sources



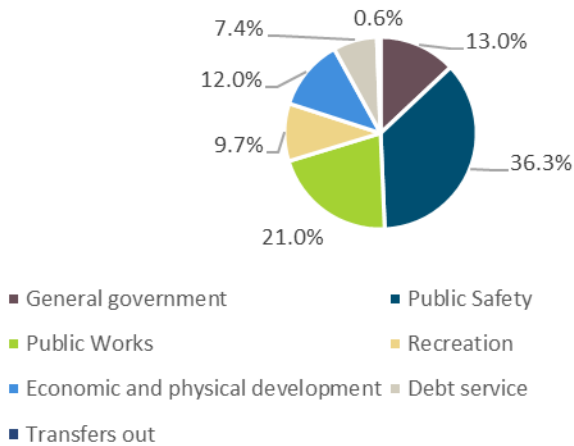
General Fund revenues were \$24,603,405, approximately \$2.5 million more than budgeted, mainly due to sales taxes coming in at \$1.5 million more than anticipated. Revenues were \$3,748,196 higher than the prior year. Property taxes account for over half of the City's revenues. Other financing sources include approximately \$1.4 million in debt proceeds and \$600,000 of transfers in from a closed capital fund.

Principal Property Taxpayers

Name	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
GKN Driveline North America, LLC	85,655,962	1	3.13%
Liggett Vector Brands, Inc.	53,505,837	2	1.96%
ABB	52,653,817	3	1.93%
Walmart, Inc.	49,253,101	4	1.80%
Lotus Bakeries US, LLC	43,502,662	5	1.59%
Jabil	42,923,810	6	1.57%
Tanger Properties LMTD Partner	42,389,129	7	1.55%
Keystone at Mebane Oaks, LLC	41,411,560	8	1.51%
Morinaga America Foods, Inc.	30,794,748	9	1.13%
Medline Industries	28,015,300	10	1.02%
	<u>470,105,926</u>		<u>17.19%</u>

*New to Top Ten List
 Source: Alamance & Orange County Tax Department
 Assessed Valuation represents taxes assessed and due in the fiscal year ended June 30, 2022.

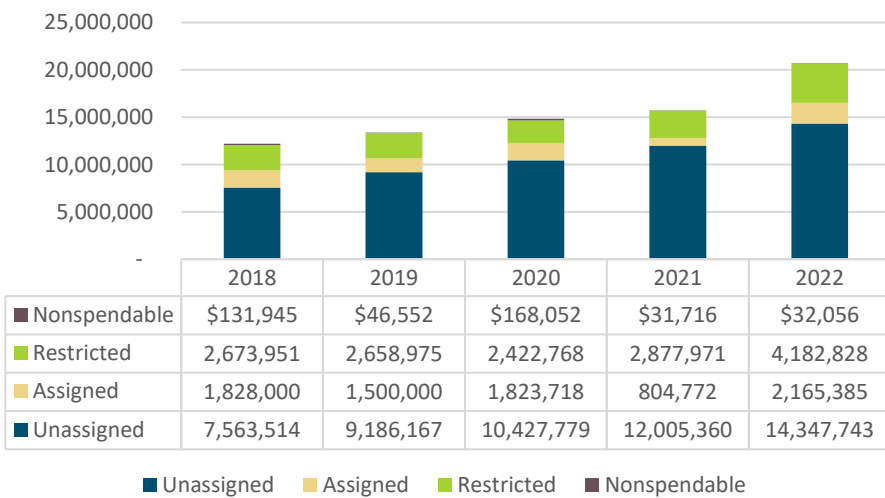
General Fund Expenditures and Other Financing Uses



Expenditures for the General Fund were \$21,397,641, which was approximately \$5.5 million less than budgeted, primarily due to supply chain issues delaying projects and delivery of vehicles and a fire engine. Expenditures were \$2,134,026 higher than the prior year. Other financing uses include approximately \$130,000 transferred to the Cates Farm Park and Lake Michael Dam Spillway capital projects.

The General Fund's balance increased by \$5,008,912 for a total of \$20,728,012. The unassigned fund balance was \$14,347,743, which is 75% of actual expenditures and transfers, whereas the policy only requires 50%.

General Fund Balance



Fund Balance Components

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

Non-spendable – Amounts in this classification cannot be spent because they are an asset, such as inventory, or are legally or contractually unable to be spent.

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

Assigned – This classification includes the portion of fund balance that the City intends for specific purposes. Most frequently this is amount is the portion of fund balance budgeted in the following years budget.

Unassigned – Amounts not included in any other classification.

City of Mebane's Property Tax Rate

Local governments have historically relied on ad valorem property taxes as a major source of revenue. Ad valorem property taxes are based on residential and commercial property throughout the City of Mebane. Taxes are based on the value of land, buildings, improvements, and significant assets such as business machinery and equipment.

County tax assessors are responsible for determining the assessed value of property.

There was no change in Mebane's tax rate in FY 2022. The tax rate remained \$0.47 per \$100 of assessed value.

Property Tax Revenues

In FY 2022, every \$0.01 charged in property tax generated approximately \$279,352 in revenue. Total FY 2022 property tax revenues of \$13,129,528 were higher than projections by \$560,104 and higher than FY 2021 by \$1,321,926. The increase is the result of growth.

Assessed Values and Collection Rates

Fiscal Year	Total Taxable Assessed Value	Tax Rate	Taxes Levied	Total Collections to Date	Percentage Collected
2018	\$ 2,110,673,025	0.47	\$ 9,815,332	9,842,229	100.3%
2019	\$ 2,181,876,039	0.47	\$ 10,383,208	10,371,987	99.9%
2020	\$ 2,295,224,194	0.47	\$ 10,854,564	10,846,194	99.9%
2021	\$ 2,376,226,895	0.47	\$ 11,273,675	11,256,281	99.8%
2022	\$ 2,654,716,052	0.47	\$ 12,490,459	12,460,266	99.8%

Ways Your Taxpayer Dollar is Used



Public safety - \$0.37



Public works - \$0.21



General government - \$0.13



Economic and physical development - \$0.12



Recreation - \$0.10



Debt service - 0.07



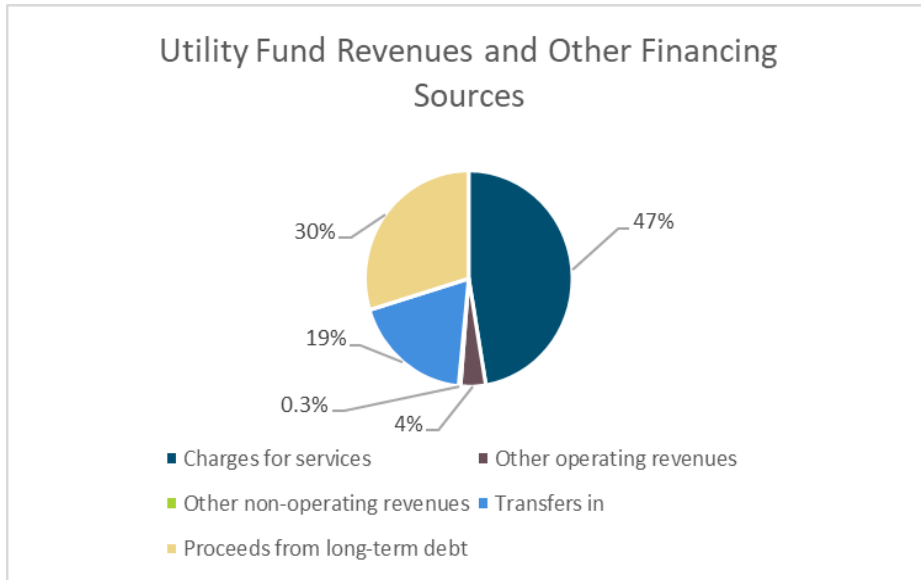
The Utility Fund revenues were \$8,328,698, which was \$206,953 more than budgeted. Revenues were \$825,061 higher than the prior year, primarily due to a 10% rate increase. Other financing sources include approximately \$4.8 million in proceeds from long-term debt, mostly revenue bonds, and roughly \$3.0 million in transfer in from the American Rescue Plan grant funds.

Utility Rates and Fees

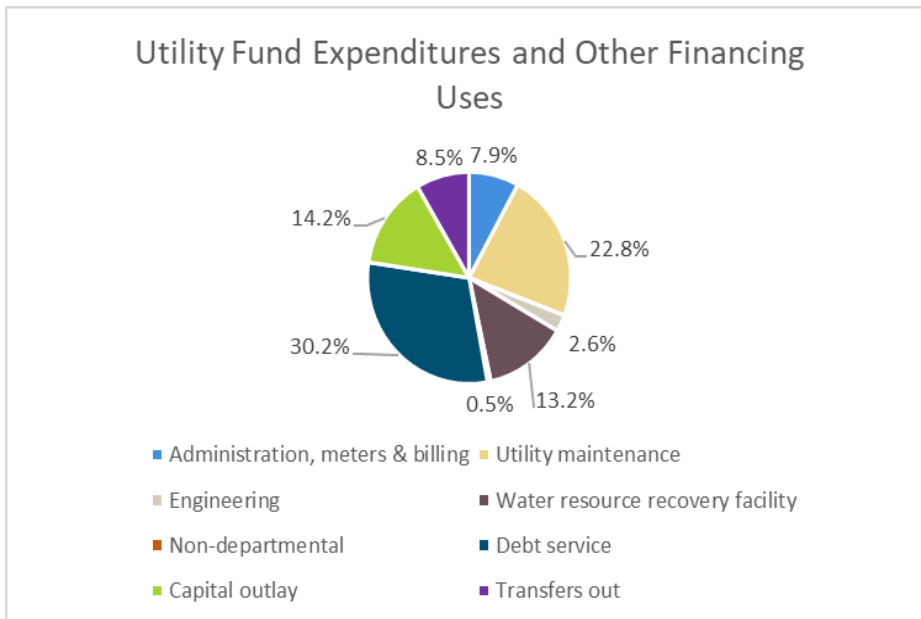
The Utility Fund is supported by user fees. These fees include rates for water usage and sewer services, bulk water purchases, fees for water and sewer taps, meters, and new development. These fees cover operating costs, including maintenance, and capital costs, such as new equipment, renovations, and expansions.

Fees are set by the City Council each year during the budget process and become effective July 1. Since the fees must cover all costs of the utility, at times, the fees must be increased.

The City increased water and sewer rates as well as system development fees in fiscal year 2021-2022.



Expenditures for the Utility Fund were \$10,992,046, approximately \$4.6 million less than budgeted, mainly due to supply chain issues delaying projects and delivery of trucks. Expenditures were \$4,377,969 higher than the prior year, primarily due to the refinancing of \$3,015,000 of debt. Other financing uses include transferring approximately \$1.0 million to the Water Resource Recovery Facility expansion capital project ordinance.



Revenues and other sources over expenditures and other uses for FY 2022 were \$4,139,026.

How does the City pay for Capital Investments?

Capital investments are funded from various sources, including transfers from the General or Utility funds, federal and state grants, developer contributions, user charges and fees, and bond or installment financing agreement proceeds.

Is there a limit on the amount of debt the City can issue?

The City Council approves the issuance of all new debt. The legal debt limit imposed by state statute is 8% of assessed property value. As of June 30, 2022, the City’s legal debt limit was \$212,377,284 with total net debt applicable to the limit of \$7,512,035.

NC Local Government Commission (LGC)

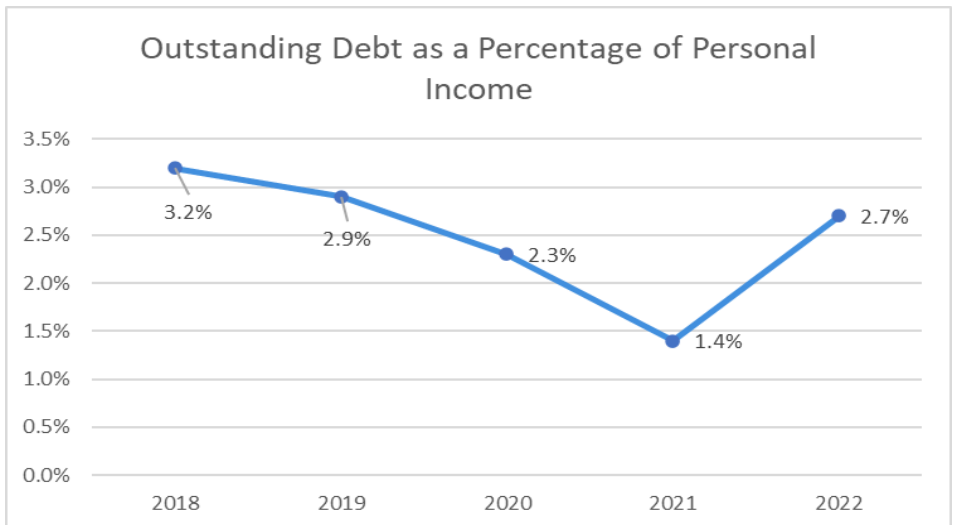
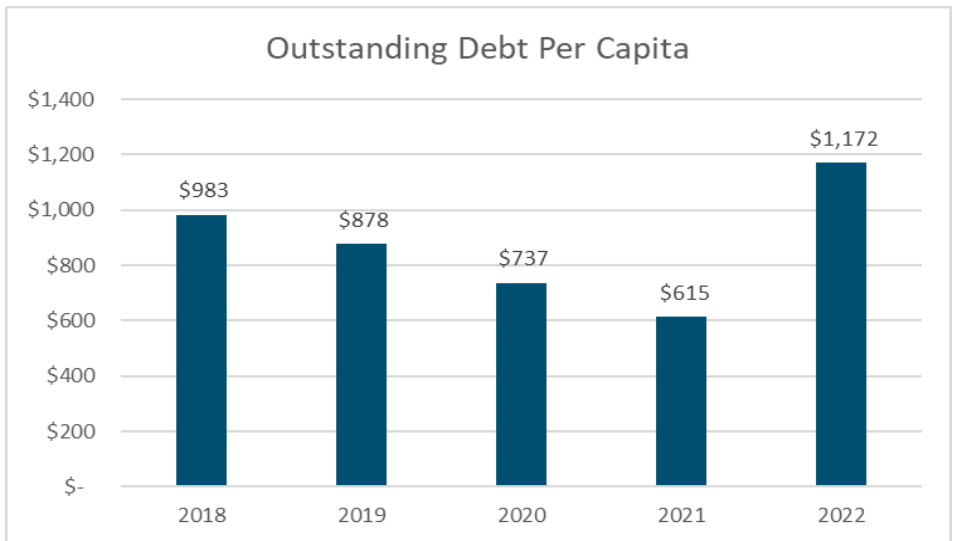
The City is required to have the majority of debt issuances approved by the NC LGC, which is an oversight commission established by the NC General Assembly in 1931 after a wave of municipal bond defaults in the first years of the Great Depression.

City of Mebane’s Capital Budget

The City plans its capital improvement plan (CIP) over a five-year period. The City defines capital assets as assets with an initial cost of more than \$5,000; however, only items with a cost of \$25,000 or more are included in the CIP. In 2022, the City’s capital assets for governmental activities and proprietary activities increased by \$4,155,515 and \$6,150,938, respectively.

The City finances capital purchases through various funding sources, including Pay-go (cash), grants, installment loans, and revenue bonds. Significant capital projects and the corresponding capital expenditures are shown below.

Project	FY20	FY21	FY22	Total
Cates Farm Park		\$ 84,823	\$ 44,170	\$ 128,992
Lake Michael Dam Spillway			\$ 85,253	\$ 85,253
Water Resource Recovery				
Facility Renovation	\$ 138,852	\$ 416,433	\$ 1,304,972	\$ 1,860,257
Water Resource Recovery				
Facility Expansion			\$ 1,016,746	\$ 1,016,746
Total	\$ 138,852.15	\$ 501,255.27	\$ 2,451,140.39	\$ 3,091,247.81



365 park acres

10 parks

6 playgrounds

1,833 athletic participants

4.9 miles of trails

7 soccer fields

6 baseball/softball diamonds

37 patrol units

22,657 police responses to calls

49 structure fires

1,175 fire incident calls

65.56 miles of streets

69 miles of sidewalks

5,454 tons of refuse collected

10,274 residential inspections

1,565 commercial inspections

322 certificates of occupancy issued

268 building permits issued

6,678 water accounts

6,031 sewer accounts

3.35 miles of streets resurfaced

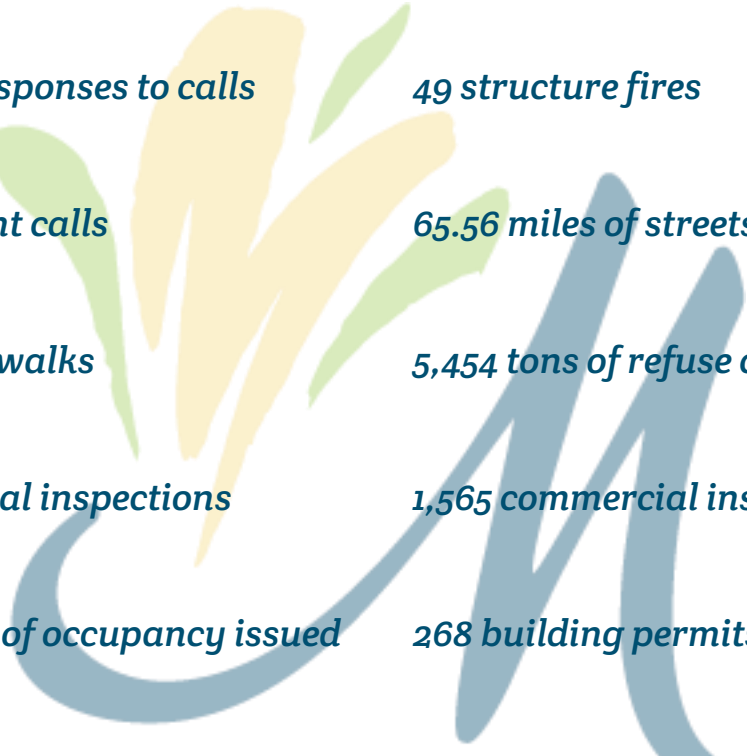
725 fire inspections

130 miles of water lines

123.64 miles of gravity sewer lines

3,984 vendor payments

0 workers comp lost days





CITY OF MEBANE
 106 E Washington St
 Mebane, NC 27302-2656
 (919) 563-5901

Account Number	AMOUNT DUE
99-99999-00	\$52.37
Meter 9999999	
Due Date	After Due Date Pay
11/20/2022	\$52.37
Service Address	
1234 City Street	

Any check, electronic payment or bank draft that is returned for insufficient funds or any other reason will be assessed a \$25 return charge.

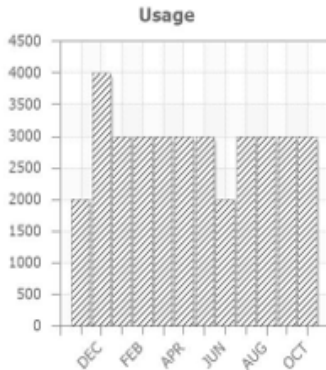
MAKE CHECK PAYABLE &
 REMIT TO:

BOB AND MARY SMITH
 1234 CITY STREET
 MEBANE, NC 27302

CITY OF MEBANE
 106 E Washington St
 Mebane, NC 27302

CUSTOMER ACCOUNT INFORMATION - RETAIN FOR YOUR RECORDS

Name		Service Address			Account Number	
BOB AND MARY SMITH		1234 CITY STREET			99-99999-00	
Status	Service Dates			Bill Date	Penalty Date	Due Date
	From	To	# Days			
Active	9/10/2022	10/10/2022	1 30	10/31/2022	11/25/2022	11/20/2022



METER	CURRENT READING	PREVIOUS READING	2 USAGE
3056559	37,000	34,000	3,000

PREVIOUS BALANCE	\$52.37
PAYMENTS	(\$52.37)
ADJUSTMENTS	\$0.00
PENALTIES	\$0.00
PAST DUE AMOUNT	\$0.00
3 INSIDE WATER	21.39
4 INSIDE SEWER	22.98
5 GARBAGE/RECYCLING	8.00
CURRENT BILL	\$52.37
AMOUNT DUE	\$52.37

1. The number of days represents the number of days in a billing period.
2. The usage represents the usage in gallons for a billing period.
3. Water usage fees are based on the location of the service address. The current rate for service addresses inside the City is \$7.13 per 1,000 gallons, and for outside the City, the rate is \$14.26 per 1,000 gallons.
4. Sewer usage fees are based on the location of the service address. The current rate for service addresses inside the City is \$7.66 per 1,000 gallons, and for outside the City, the rate is \$15.30 per 1,000 gallons.
5. The garbage/recycling fee is \$8 per month.

Do you want to track your water usage and receive an alert in the event of unexpected occurrences, such as a leak? Then grab your last water bill and go to www.waterscope.us to register.

Annual Budget: A budget that applies to a single fiscal year. The term is also used to describe the City's current budget.

Annual Comprehensive Financial Report: The official annual report of the City.

Assessed Valuation: A government's valuation of real estate or other property as a basis for levying taxes.

Assets: Items the City owns.

Business-Type Activities: Activities financed through fees charged to external parties.

Capital Assets: Assets with a life extending beyond the current year that are intended to continue to be used over time, such as land, buildings, vehicles, machinery, infrastructure like roads and bridges, and other equipment.

Capital Reserve Fund: A fund that provides a mechanism for legally saving money to finance all or part of future infrastructure, equipment, or other capital requirements.

Deferred Inflow of Resources: An accounting term for acquiring assets applicable to a future reporting period. An example is taxes received before the period for which they are levied. (i.e., receive 2023 taxes in 2022).

Deferred Outflow of Resources: An accounting term for the City's use of assets applicable to a future reporting period. An example is a grant received by the City before meeting the related timing requirements. (i.e., received in 2022 but will be used in 2023).

Enterprise Fund: Account for operations that are financed like a private business, where the intent is that the costs of providing goods and services to the general public continually be financed or recovered through user charges. The City's sole enterprise fund is the Utility Fund.

Expenditures: City purchases using revenue and/or borrowed funds.

Fund: A fiscal and accounting entity with a self-balancing set of accounts that are segregated to carry on specific activities or attain particular objectives in accordance with special regulations, restrictions, or limitations.

Fund Balance: The excess of a fund's assets over liabilities and reserves. Commonly referred to as the City's savings.

Fiscal Year (FY): The twelve months beginning July 1 and ending the following June 30. The fiscal year 2022 covers July 1, 2021, to June 30, 2022.

Generally Accepted Accounting Principles (GAAP): The accounting standards adopted by the United States Securities and Exchange Commission (SEC).

Governmental Activities: Activities financed through taxes and intergovernmental revenues.

Governmental Fund: Governmental funds are typically used to account for most of a government's activities, including those that are tax-supported. The General Fund is a governmental fund.

Liabilities: Planned future spending resulting from past transactions and/or events, such as obtaining an item without yet paying for it.

Net Position: The difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. This is the City's equity.

Proprietary Fund: Funds that focus on determining operating income, changes in net assets, financial position, and cashflows. The Utility Fund is the only proprietary fund for the City of Mebane.

Popular Annual Financial Report (PAFR): This report is a condensed version of the ACFR and is geared toward public use.

Revenue: Financial resources received from various sources.

Revenue Bond: A bond for which payment is supported by a specific revenue stream. The City of Mebane's revenue bond is supported by the revenue generated by the Utility Fund.



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