



Annual Comprehensive Financial Report

City of Mebane, North Carolina

For the Year Ended June 30, 2022



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For the Year Ended June 30, 2022

Prepared by
Daphna Schwartz
Finance Director



City of Mebane, North Carolina
Annual Comprehensive Financial Report – Table of Contents
June 30, 2022

	Exhibit No.	Page No.
Introductory Section		
Letter of Transmittal	-	i-iii
Organizational Chart	-	iv
List of Principal Officials	-	v
Certificate of Achievement for Excellence in Financial Reporting	-	vi
Financial Section		
Independent Auditors' Report	-	1-4
Management's Discussion and Analysis	-	5-11
Basic Financial Statements:		
Government Wide Financial Statements:		
Statement of Net Position	1	13
Statement of Activities	2	14
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	15
Reconciliation of the Governmental Funds to the Statement of Net Position.....	3	16
Statement of Revenues, Expenditures and Changes in		
Fund Balances – Governmental Funds	4	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	4	18
Statement of Revenues, Expenditures, and Changes in Fund Balances –		
Annual Budget and Actual – General Fund.....	5	19
Statement of Fund Net Position – Proprietary Funds	6	20
Statement of Revenues, Expenditures, and Changes in		
Fund Net Position – Proprietary Funds.....	7	21
Statement of Cash Flows – Proprietary Funds	8	22-23
Notes to the Financial Statements	-	24-57
Required Supplemental Financial Data:		
Schedule of Proportionate Share of the Net Pension Liability (Asset)-		
Local Government Employees' Retirement System	-	59
Schedule of Contributions-		
Local Government Employees' Retirement System	-	60
Schedule of Proportionate Share of the Net Pension Liability (Asset)-		
Firefighters' and Rescue Squad Workers' Pension	-	61
Schedule of Changes in Total Pension Liability -- Law		
Enforcement Officers' Special Separation Allowance	-	62
Schedule of Total Pension Liability as a Percentage of		
Covered Payroll - LEOSSA	-	63
Schedule of Changes in Total Pension Liability -- Firefighters'		
Special Separation Allowance	-	64
Schedule of Total Pension Liability as a Percentage of		
Covered Payroll - FireSSA	-	65
Schedule of Changes in the Total OPEB Liability and		
Related Ratios	-	66

City of Mebane, North Carolina
Annual Comprehensive Financial Report – Table of Contents
June 30, 2022

	Statement No.	Page No.
Individual Fund Statements and Schedules:		
Major Governmental Funds:		
General Fund:		
Comparative Balance Sheets	A-1	67
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual	A-2	68-72
Non-Major Governmental Funds:		
Combining Balance Sheet.....	B-1	73
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	B-2	74
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Special Revenue Fund – CDBG – Mebane Mills Loft.....	B-3	75
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Capital Project Fund – General Fund	B-4	76
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Capital Project Fund – Cates Farm Park Project	B-5	77
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Capital Project Fund – Lake Michael Dam Spillway	B-6	78
Proprietary Funds:		
Comparative Statement of Net Position	C-1	79
Combining Statement of Net Position – Proprietary Funds – By Subfund	C-2	80
Combining Schedule of Revenues, Expenses, and Changes in Net Position – Proprietary Funds – By Subfund	C-3	81
Schedule of Revenues and Expenditures – Budget to Actual - Water and Sewer Fund.....	C-4	82-84
Schedule of Revenues and Expenditures – Budget to Actual System Development Capital Reserve Fund.....	C-5	85
Schedule of Revenues and Expenditures – Budget to Actual Capital Project Fund - Utility.....	C-6	86
Schedule of Revenues and Expenditures – Budget and Actual – From Inception - Capital Project Fund – WRRF Renovation	C-7	87
Schedule of Revenues and Expenditures – Budget and Actual – From Inception - Capital Project Fund – WRRF 0.5 MGD Expansion	C-8	88
Schedule of Revenues and Expenditures – Budget and Actual – From Inception - Grant Project Fund – American Rescue Plan.....	C-9	89
Additional Financial Data:		
Schedule of Ad Valorem Taxes Receivable.....	D-1	91
Analysis of Current Tax Levy – City-wide Levy.....	D-2	92
Analysis of Current Tax Levy – City-wide Levy.....	D-3	93
Ten Largest Taxpayers	D-4	94

City of Mebane, North Carolina
Annual Comprehensive Financial Report – Table of Contents
June 30, 2022

	Table No.	Page No.
Statistical Section		
Government-wide information:		
Net Position by Component	1	96-97
Changes in Net Position	2	98-99
Fund information:		
Fund Balances – Governmental Funds by Year	3	100-101
Changes in Fund Balances – Governmental Funds by Year.....	4	102-103
Assessed Value and Estimated Actual Value of Taxable Property	5	104
Direct and all Overlapping Property Tax Rates	6	105
Principal Property Taxpayers	7	106
Property Tax Levies and Collections.....	8	107
Ratios of Outstanding Debt by Type	9	108
Ratios of General Bonded Debt Outstanding	10	109
Direct and Overlapping Governmental Activities Debt.....	11	110
Legal Debt Margin Information.....	12	111
Demographic and Economic Statistics	13	112
Principal Employers.....	14	113
Full-Time Equivalent Employees by Function	15	114
Operating Indicators by Function.....	16	115
Capital Asset Statistics by Function.....	17	116
 Compliance Section		
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.....	-	117-118
Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; with OMB Uniform Guidance and the State Single Audit Implementation Act.....	-	119-121
Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; with OMB Uniform Guidance and the State Single Audit Implementation Act.....	-	122-124
Schedule of Findings and Questioned Costs, Corrective Action Plans and Summary Schedules of Prior Audit Findings	-	125-127
Schedule of Expenditures of Federal and State Awards	-	128





November 23, 2022

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

Ladies and Gentlemen:

The City of Mebane, North Carolina's Annual Comprehensive Financial Report is submitted for your review and use. The City's Finance Department prepared this report, which is the comprehensive publication of the City's financial position and results of operations as of and for the fiscal year ending June 30, 2022. Like all other local governments in the State, the City is required by state law to publish a complete set of financial statements within four months of the close of each fiscal year. In addition, 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 licensed, certified public accountant firm. This report is published to fulfill that requirement for the fiscal year ending June 30, 2022, 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 data's accuracy and the report's completeness and fairness. Accordingly, city management has established a comprehensive framework of internal controls to ensure the reliability of the information. Internal controls protect the City's assets from loss, theft, and misuse and provide reliable information for preparing this report. Because the cost of internal controls should not outweigh their benefits, the City's controls were designed to provide reasonable, rather than an 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, 2022. The independent auditors' report on the basic financial statements is 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 1790s. 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 1987. Also in 1881, Mebane's industrial growth began with the 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, 20 minutes west of Research Triangle Park, and 20 minutes east of Greensboro, the State's third largest City. The City has a land area of approximately twelve square miles and a population of 18,116. Mebane is the second largest of ten municipalities on the eastern border of Alamance County. The City is located mainly in Alamance County, with about 28% of it in Orange County.

The City is governed by the council-manager form of government. Policymaking and legislative authority are vested in the City Council, consisting of the Mayor and five Council Members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City's manager and attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the City, and appointing the heads of the various departments. Five Council Members 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 1970s, 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 half of the costs paid by the City of Mebane and half borne by the City of Graham. In FY17, Mebane entered into an agreement to buy 750,000 gallons per day 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 real estate and personal properties 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 budget ordinance authorizes the City Manager 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 grow like other Triangle fringe cities. In addition, 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-use approaches. At the October 2022 meeting, the Council approved the re-zoning of 5.74 acres downtown from heavy manufacturing to a central business conditional district to make way for a planned unit development to consist of 217 apartment units, retail space, and 4,200 square feet of event space.

Industrial development also continues in Mebane. UPS is building a \$262 million facility that will employ 451 full-time positions. Thermo Fisher is building a state-of-the-art manufacturing facility in Mebane that is expected to create 150-200 jobs. In addition, Sunlight Batteries will invest \$40 million in a new manufacturing site in the North Carolina Commerce Park in Mebane and create 130 jobs. 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 total resources of the region come together to create exceptional opportunities for expanding and relocating companies in the nationally recognized N.C. Industrial Center, the Buckhorn Industrial Park 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 solid 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. In addition, the City's dedication to quality of life is reflected in the commitment to update the Master Recreation and Parks Plan and Bike and Pedestrian Plan by the Fall of 2023.

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 annual comprehensive financial report (ACFR) for the fiscal year ending June 30, 2021. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized ACFR. 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 nine years. We believe that our current ACFR 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 participating in the GFOA's Certificate of Achievement program 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 want 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 in maintaining the highest standards of professionalism in managing the City of Mebane's finances.

Respectfully submitted,

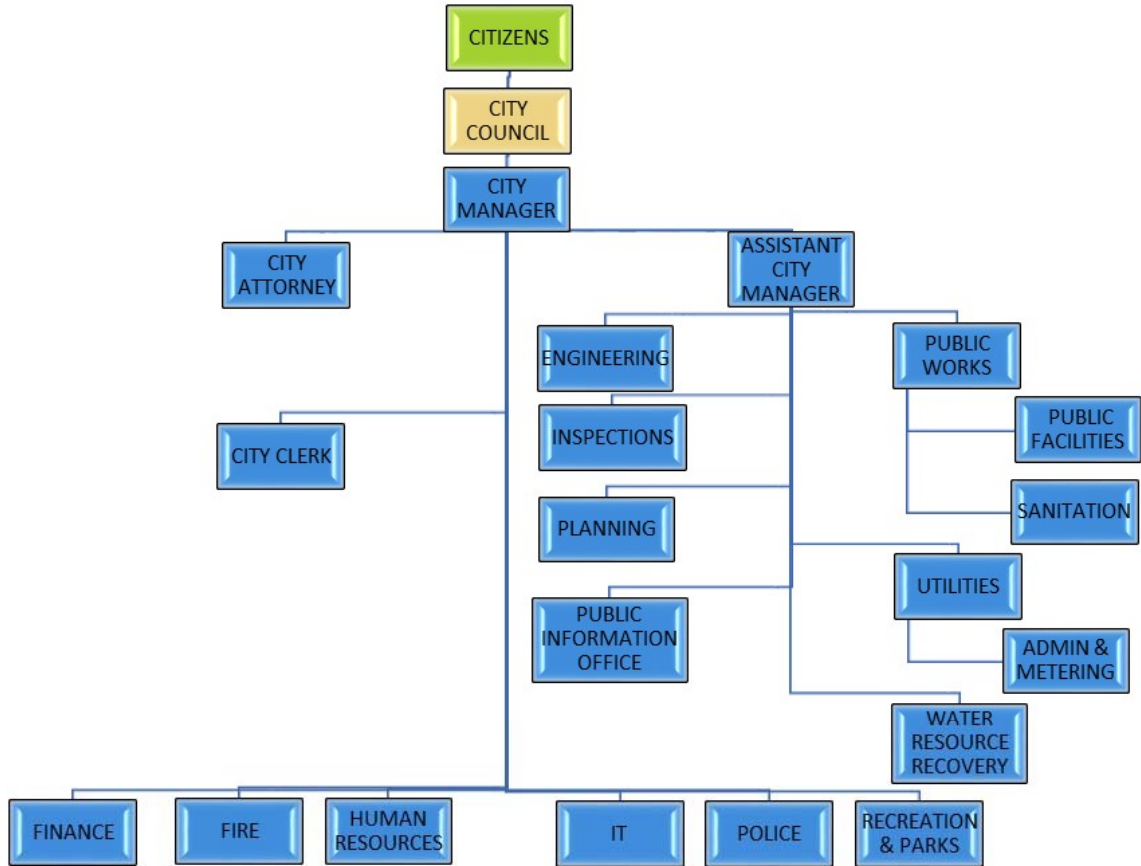
Handwritten signature of Chris Rollins in black ink.

Chris Rollins
City Manager

Handwritten signature of Daphna Schwartz in black ink.

Daphna Schwartz
Finance Director

City of Mebane, North Carolina
List of Principal Officials
June 30, 2022



Elected Officials

Ed Hooks	Mayor
Tim Bradley	Mayor Pro-Tem
Katherine Burkholder	Council Member
Sean Ewing	Council Member
Montrena Hadley	Council Member
Jonathan White	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
Charles Smith	Public Works Director
Ashley Ownbey	Interim 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



**STOUT
STUART
MCGOWEN
& KING LLP**

*Certified
Public
Accountants*

*Advisors to
Management*

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

Independent Auditor's Report

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

Report on the Audit of Financial Statements

Opinions

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, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Mebane's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Mebane as of June 30, 2022, and the respective changes in financial position, and cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Mebane and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Responsibilities of Management for the Audit of the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the City of Mebane's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Governmental Auditing Standards* we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Mebane's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Mebane's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 11, and the Other Post Employment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios on page 66, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 62 through 63, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 59 through 60, respectively, and the Firefighter' and Rescue Squad Worker's Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 61 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 is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mebane's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, and the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory information and the statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2022 on our consideration of the City of Mebane's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of City of Mebane's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Mebane's internal control over financial reporting and compliance.

STOUT STUART MCGOWEN & KINGS LLP

Burlington, North Carolina

November 29, 2022

City of Mebane, North Carolina
Management Discussion and Analysis
June 30, 2022

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, 2022. 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.

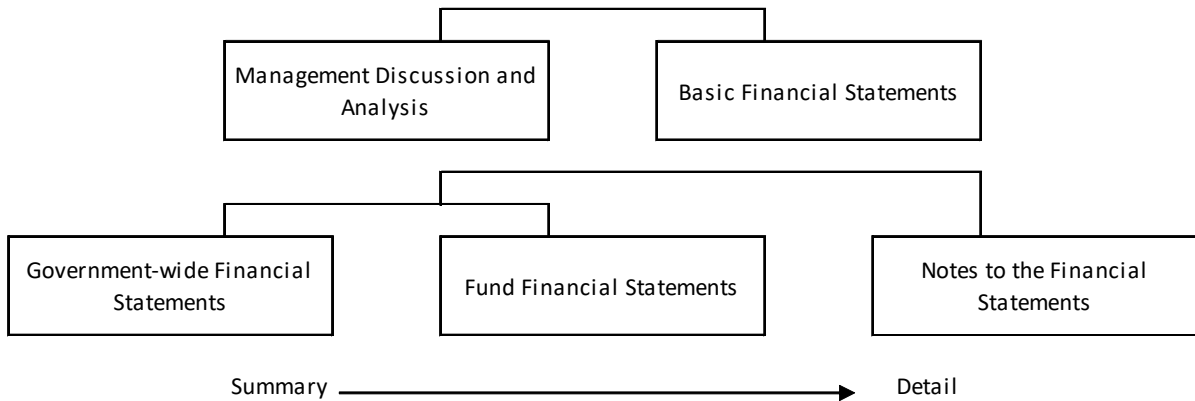
Financial Highlights

- 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 \$134,032,439 (net position).
- The government’s total net position increased by \$15,784,604, due to increases in the government type net position of \$7,782,168 and increases in the business type activities net position of \$8,002,436.
- As of the close of the current fiscal year, the City of Mebane’s governmental funds reported combined ending fund balances of \$20,869,451, an increase of \$4,455,321 in comparison to \$1,458,652 in the prior year. Approximately 20.9 percent of this total amount, or \$4,356,323, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$14,347,743 or 66.6 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, 2022

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, 2022

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)

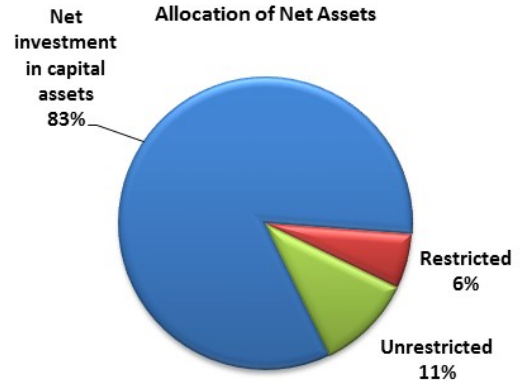
	Governmental Activities			Business-Type Activities			Total		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Current and other assets.....	\$ 21,553,090	\$ 17,108,874	\$ 16,328,930	\$ 11,173,521	\$ 8,495,903	\$ 8,422,634	\$ 32,726,611	\$ 25,604,777	\$ 24,751,564
Non-current assets.....	2,761,091	2,077,097	1,694,588	14,484,677	3,136,703	1,573,791	17,245,768	5,213,800	3,268,379
Capital assets.....	<u>64,738,517</u>	<u>60,583,002</u>	<u>57,304,415</u>	<u>61,138,183</u>	<u>54,987,245</u>	<u>52,721,275</u>	<u>125,876,700</u>	<u>115,570,247</u>	<u>110,025,690</u>
Total assets	<u>89,052,698</u>	<u>79,768,973</u>	<u>75,327,933</u>	<u>86,796,381</u>	<u>66,619,851</u>	<u>62,717,700</u>	<u>175,849,079</u>	<u>146,388,824</u>	<u>138,045,633</u>
Deferred outflows of resources	8,237,052	6,984,654	4,717,368	1,187,413	971,957	692,831	9,424,465	7,956,611	5,410,199
Long-term liabilities outstanding.....	22,886,748	22,991,907	19,099,032	19,009,149	8,841,303	9,026,767	41,895,897	31,833,210	28,125,799
Other liabilities.....	<u>2,772,624</u>	<u>2,200,642</u>	<u>2,471,378</u>	<u>3,171,532</u>	<u>1,293,498</u>	<u>1,226,150</u>	<u>5,944,156</u>	<u>3,494,140</u>	<u>3,697,528</u>
Total liabilities	<u>25,659,372</u>	<u>25,192,549</u>	<u>21,570,410</u>	<u>22,180,681</u>	<u>10,134,801</u>	<u>10,252,917</u>	<u>47,840,053</u>	<u>35,327,350</u>	<u>31,823,327</u>
Deferred inflows of resources	2,962,826	675,694	790,594	438,226	94,556	111,730	3,401,052	770,250	902,324
Net position:									
Net investment in capital assets.....	58,077,074	53,020,166	48,932,506	53,706,014	48,261,754	45,237,242	111,783,088	101,281,920	94,169,748
Restricted.....	4,324,267	3,533,331	2,535,935	3,702,258	2,465,362	970,910	8,026,525	5,998,693	3,506,845
Unrestricted.....	<u>6,266,211</u>	<u>4,331,887</u>	<u>6,215,856</u>	<u>7,956,615</u>	<u>6,635,335</u>	<u>6,837,732</u>	<u>14,222,826</u>	<u>10,967,222</u>	<u>13,053,588</u>
Total net position	<u>\$ 68,667,552</u>	<u>\$ 60,885,384</u>	<u>\$ 57,684,297</u>	<u>\$ 65,364,887</u>	<u>\$ 57,362,451</u>	<u>\$ 53,045,884</u>	<u>\$ 134,032,439</u>	<u>\$ 118,247,835</u>	<u>\$ 110,730,181</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 \$134,032,439 as of June 30, 2022. The City’s net position increased by \$15,784,604 for the fiscal year ended June 30, 2022. However, the largest portion (83.4%) 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 \$8,026,525 (5.99%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$14,222,826 is unrestricted.

City of Mebane, North Carolina
Management Discussion and Analysis
June 30, 2022

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 99.76%, which compares favorably with the statewide average of 99.12%.
- Other taxes increased \$1,576,630 which included an increase in sales taxes of \$1,514,458.
- Water and sewer charges for services increased by \$557,681 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		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Revenues:									
Program revenues:									
Charges for services.....	\$ 2,165,375	\$ 2,041,900	\$ 1,464,352	\$ 9,703,779	\$ 9,146,098	\$ 7,644,617	\$ 11,869,154	\$ 11,187,998	\$ 9,108,969
Operating grants and contributions	1,071,973	821,868	957,002	2,045,130	-	-	3,117,103	821,868	957,002
Capital grants and contributions.....	4,284,192	4,465,736	3,927,560	3,422,692	2,890,267	5,400,880	7,706,884	7,356,003	9,328,440
General revenues:									
Property taxes.....	13,129,528	11,807,602	11,378,933	-	-	-	13,129,528	11,807,602	11,378,933
Other taxes.....	7,341,386	5,764,756	5,067,665	-	-	-	7,341,386	5,764,756	5,067,665
Grants and contributions not restricted to specific programs.....	410,380	191,474	31,047	-	-	-	410,380	191,474	31,047
Other.....	630,116	157,929	580,737	63,939	(62,837)	105,857	694,055	95,092	686,594
Total revenues.....	29,032,950	25,251,265	23,407,296	15,235,540	11,973,528	13,151,354	44,268,490	37,224,793	36,558,650
Expenses:									
General government.....	2,838,280	2,945,979	2,508,794	-	-	-	2,838,280	2,945,979	2,508,794
Public safety.....	8,660,213	9,046,866	8,045,419	-	-	-	8,660,213	9,046,866	8,045,419
Public works.....	4,824,551	5,273,617	4,939,677	-	-	-	4,824,551	5,273,617	4,939,677
Economic development.....	2,260,845	2,225,126	1,677,079	-	-	-	2,260,845	2,225,126	1,677,079
Culture and recreation.....	2,064,269	1,931,238	2,005,292	-	-	-	2,064,269	1,931,238	2,005,292
Interest on long-term dept.....	178,756	200,005	257,803	-	-	-	178,756	200,005	257,803
Water and sewer.....	-	-	-	7,656,972	7,656,961	7,298,336	7,656,972	7,656,961	7,298,336
Total expenses.....	20,826,914	21,622,831	19,434,064	7,656,972	7,656,961	7,298,336	28,483,886	29,279,792	26,732,400
Increase in net position before transfers and special item.....	8,206,036	3,628,434	3,973,232	7,578,568	4,316,567	5,853,018	15,784,604	7,945,001	9,826,250
Transfers.....	(423,868)	-	(1,395)	423,868	-	1,395	-	-	-
Special item.....	-	-	-	-	-	-	-	-	-
Increase in net position.....	7,782,168	3,628,434	3,971,837	8,002,436	4,316,567	5,854,413	15,784,604	7,945,001	9,826,250
Net position, July 1.....	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
Net position, restated.....	60,885,384	57,256,950	53,712,460	57,362,451	53,045,884	47,191,471	118,247,835	110,302,834	100,903,931
Net position, June 30.....	\$68,667,552	\$60,885,384	\$57,684,297	\$65,364,887	\$57,362,451	\$53,045,884	\$134,032,439	\$118,247,835	\$110,730,181

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 \$8,206,036 thereby accounting for 50.25% 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 \$1,321,926 over the prior year.
- Other tax revenues increased by \$1,576,630 over the prior year, mostly in sales tax despite the impact of the coronavirus pandemic.
- Charges for services increased by \$123,475 and operating grants increased \$250,105 while capital grants and contributions decreased \$181,544 over the prior year.

**City of Mebane, North Carolina
Management Discussion and Analysis
June 30, 2022**

Business-type activities: Business-type activities prior to transfers increased the City of Mebane’s net position by \$7,578,568, accounting for 48.01% 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:

- Charges for services increased \$557,681 due to an increase in demand for these services, due to the growth in Mebane.
- Operating grants and contributions increased \$2,045,130 due to the American Rescue Plan Grant proceeds of \$2,045,130 received in the current year.

Financial Analysis of the City’s Funds

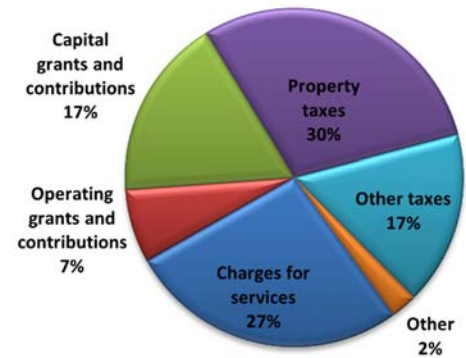
As noted earlier, the City of Mebane uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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.

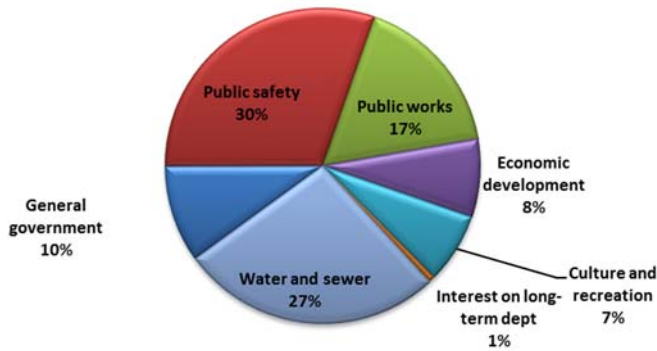
The general fund is the chief operating fund of the City of Mebane. At the end of the current fiscal year, fund balance available in the General Fund was \$16,513,128, while total fund balance reached \$20,728,012. The City currently has an available fund balance of 76.71% of general fund expenditures, while total fund balance represents 96.29% of the same amount.

At June 30, 2022, the governmental funds of the City of Mebane reported a combined fund balance of \$20,869,451, a 27.14% increase over last year. This increase in fund balance is due to an increase in the general fund of \$5,008,192 offset by a decrease in the non-major funds of \$552,871.

Revenues by Source - All Activities



Expenses by Function - All Activities

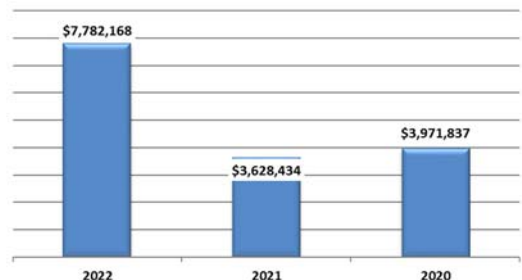


external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

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 supply change issues.

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

Increase in Net Position - Governmental Funds



City of Mebane, North Carolina
Management Discussion and Analysis
June 30, 2022

Water and Sewer fund at the end of the fiscal year amounted to \$7,956,615. The total increase in net position was \$8,002,436.

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, 2022, totals \$125,876,700 (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 \$4,284,192 and in the water and sewer fund in the amount of \$3,422,692.
- Construction in progress in the governmental funds consisted of construction related expenses in the Lake Michael Dam Spillway of \$85,253 and the Cates Farm Park of \$44,170.
- Construction in progress for Utility funds includes related expenses of \$1,295,972 for the WRRF Upgrade and \$1,016,746 for the WRRF 0.5 MGD Expansion.

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

	Governmental Activities			Business-Type Activities			Total		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Land.....	\$ 7,669,906	\$ 7,509,059	\$ 6,980,512	\$ 766,326	\$ 566,834	\$ 520,198	\$ 8,436,232	\$ 8,075,893	\$ 7,500,710
Artwork and collections.....	68,360	68,360	68,360	-	-	-	68,360	68,360	68,360
Buildings and systems.....	12,533,851	12,515,279	12,834,576	21,830,149	22,100,411	21,650,859	34,364,000	34,615,690	34,485,435
Water and sewer systems.....	-	-	-	34,620,673	30,748,944	29,099,844	34,620,673	30,748,944	29,099,844
Improvements other than buildings	9,510,210	9,994,677	10,114,964	-	-	-	9,510,210	9,994,677	10,114,964
Machinery and equipment.....	1,556,136	1,515,008	1,775,174	982,313	984,340	1,049,187	2,538,449	2,499,348	2,824,361
Computer equipment.....	216,302	213,453	216,441	-	-	-	216,302	213,453	216,441
Infrastructure.....	30,048,595	26,250,167	22,306,612	-	-	-	30,048,595	26,250,167	22,306,612
Vehicles and motorized equipment.	2,678,709	2,225,671	2,954,627	23,713	31,431	43,463	2,702,422	2,257,102	2,998,090
Construction in progress.....	456,448	291,328	53,149	2,915,009	555,285	357,724	3,371,457	846,613	410,873
	<u>\$64,738,517</u>	<u>\$60,583,002</u>	<u>\$57,304,415</u>	<u>\$61,138,183</u>	<u>\$54,987,245</u>	<u>\$52,721,275</u>	<u>\$125,876,700</u>	<u>\$115,570,247</u>	<u>\$110,025,690</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, 2022, the City of Mebane had no bonded debt outstanding.

City of Mebane’s Outstanding Debt (Figure 5)

	Governmental Activities			Business-Type Activities			Total		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
General obligation bonds. \$	-	-	-	-	-	-	-	-	-
Revenue bonds.....	-	-	-	13,573,000	-	-	13,573,000	-	-
Direct Placement Debt.....	7,512,035	7,562,836	8,371,909	144,563	3,186,778	3,617,917	7,656,598	10,749,614	11,989,826
Other long-term payables.	-	-	-	3,211,310	3,538,713	3,866,116	3,211,310	3,538,713	3,866,116
Compensated absences.....	510,453	445,229	465,151	88,740	78,990	76,077	599,193	524,219	541,228
OPEB.....	11,120,836	9,501,292	6,809,240	1,757,921	1,494,607	1,061,570	12,878,757	10,995,899	7,870,810
Pension related debt.....	3,743,424	5,482,550	3,880,079	233,615	542,215	405,087	3,977,039	6,024,765	4,285,166
Total.....	<u>\$22,886,748</u>	<u>\$22,991,907</u>	<u>\$19,526,379</u>	<u>\$19,009,149</u>	<u>\$ 8,841,303</u>	<u>\$ 9,026,767</u>	<u>\$41,895,897</u>	<u>\$31,833,210</u>	<u>\$28,553,146</u>

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

The City of Mebane’s total debt increased by \$10,062,687 (31.61%) during the past fiscal year, primarily due to increases in revenue bonds of \$13,573,000 and OPEB of \$1,882,858, offset by decreases in pension obligations of \$2,047,726, netted with scheduled principal payments of \$1,868,015 on notes and other long-term payables and the direct placement debt refunded payoff of \$2,713,000 in the Utility Fund.

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 FY22, 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.

City of Mebane, North Carolina
Management Discussion and Analysis
June 30, 2022

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 \$204,865,249.

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.
- Retail sales are expected to remain strong, with Tanger Outlets sustaining much of its growth.
- The City's population continues to grow at a rapid pace, with the 2020 Census showing a 56.21% increase in the total population from 2010 to 2020.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities: The tax base is expected to continue to grow; therefore, the City retained a valorem tax rate of \$.47 per \$100 valuation and a 4.6% growth in tax collections. Sales tax revenues were budgeted to increase based on current trends and forecasts, with an overall increase of 29.81%. The expenditures budget added nine new positions and multiple rolling stock purchases of almost \$1 million. Projects include an inclusive playground at Cates Farm Park, the renovation of the Lake Michael Dam spillway, and multiple sidewalk projects. The budget included a 3% cost-of-living increase and merit pay for employees.

Business-type Activities: The budget for FY23 included a 6% rate increase for water and sewer services. Water and sewer charges were budgeted to increase due to the rate increase and growth, with overall revenues increasing 11.57% overall. In addition, the budget continued the City's dedication to the maintenance of the system and to address growth, continuing the plan to expand the capacity of 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, 2022

Exhibit 1

	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents.....	\$ 18,920,436	\$ 10,061,364	\$ 28,981,800
Taxes receivables, (net).....	77,564	-	77,564
Accrued interest receivable on taxes.....	15,776	-	15,776
Accounts receivable (net).....	115,682	1,112,157	1,227,839
Leases receivable.....	28,887	-	28,887
Due from other governments.....	2,363,029	-	2,363,029
Prepaid items.....	31,716	-	31,716
Restricted cash.....	2,259,324	14,484,677	16,744,001
Notes receivable - Mebane Mill Lofts, LLC.....	501,767	-	501,767
Capital assets (Note 2):			
Land, non-depreciable improvements, and construction in progress	8,194,714	3,681,335	11,876,049
Other capital assets, net of depreciation.....	56,543,803	57,456,848	114,000,651
Total capital assets.....	<u>64,738,517</u>	<u>61,138,183</u>	<u>125,876,700</u>
Total assets	<u>89,052,698</u>	<u>86,796,381</u>	<u>175,849,079</u>
Deferred outflows of resources	8,237,052	1,187,413	9,424,465
Liabilities			
Amounts due within one year:			
Accounts payable and accrued expenses.....	1,609,653	1,793,902	3,403,555
Accrued interest payable.....	43,300	92,665	135,965
Payable from restricted assets.....	1,119,671	738,766	1,858,437
Unearned revenues.....	-	546,199	546,199
Current portion of long-term liabilities.....	1,935,280	1,393,985	3,329,265
Amounts due in more than one year:			
Net pension liability - LGERS.....	1,574,035	233,615	1,807,650
Net pension liability - LEOSA.....	1,503,388	-	1,503,388
Net pension liability - FireSSA.....	666,001	-	666,001
Due in more than one year.....	<u>17,208,044</u>	<u>17,381,549</u>	<u>34,589,593</u>
Total liabilities	<u>25,659,372</u>	<u>22,180,681</u>	<u>47,840,053</u>
Deferred inflows of resources	2,962,826	438,226	3,401,052
Net Position			
Net investment in capital assets.....	58,077,074	53,706,014	111,783,088
Restricted for:			
Stabilization by State Statute.....	4,182,828	-	4,182,828
Economic development.....	141,439	-	141,439
Future system development.....	-	3,702,258	3,702,258
Unrestricted	<u>6,266,211</u>	<u>7,956,615</u>	<u>14,222,826</u>
Total net position	<u>\$ 68,667,552</u>	<u>\$ 65,364,887</u>	<u>\$ 134,032,439</u>

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, 2022

Exhibit 2

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government.....	\$ 2,838,280	\$ 4,605	\$ -	\$ -	\$ (2,833,675)	\$ -	\$ (2,833,675)
Public safety.....	8,660,213	22,229	204,572	-	(8,433,412)	-	(8,433,412)
Public works.....	4,824,551	680,282	530,520	4,284,192	670,443	-	670,443
Recreation.....	2,064,269	141,125	7,883	-	(1,915,261)	-	(1,915,261)
Economic & physical development.....	2,260,845	1,317,134	328,998	-	(614,713)	-	(614,713)
Interest on long-term debt.....	178,756	-	-	-	(178,756)	-	(178,756)
Total governmental activities.....	20,826,914	2,165,375	1,071,973	4,284,192	(13,305,374)	-	(13,305,374)
Business-type activities:							
Water and sewer.....	7,656,972	9,703,779	2,045,130	3,422,692	-	7,514,629	7,514,629
Total business-type activities.....	7,656,972	9,703,779	2,045,130	3,422,692	-	7,514,629	7,514,629
Total primary government.....	\$ 28,483,886	\$ 11,869,154	\$ 3,117,103	\$ 7,706,884	(13,305,374)	7,514,629	(5,790,745)
General revenues:							
Taxes:							
Property taxes, levied for general purposes.....					13,129,528	-	13,129,528
Sales taxes.....					5,913,171	-	5,913,171
Franchise tax.....					1,179,423	-	1,179,423
Privilege license tax.....					805	-	805
Excise Tax.....					247,987	-	247,987
Grants & contributions not restricted to specific programs.....					410,380	-	410,380
Unrestricted investment earnings.....					12,614	14,078	26,692
Miscellaneous.....					617,502	49,861	667,363
Total general revenues excluding transfers.....					21,511,410	63,939	21,575,349
Transfers.....					(423,868)	423,868	-
Total general revenues and transfers.....					21,087,542	487,807	21,575,349
Change in net position.....					7,782,168	8,002,436	15,784,604
Net position - beginning					60,885,384	57,362,451	118,247,835
Net position - ending.....					\$ 68,667,552	\$ 65,364,887	\$ 134,032,439

Page 14

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

City of Mebane, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022

Exhibit 3

	<u>General Fund</u>	<u>Total Non - Major Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents.....	\$ 18,906,921	\$ 13,515	\$ 18,920,436
Restricted cash.....	2,117,885	141,439	2,259,324
Taxes receivable, net.....	77,563	-	77,563
Receivable from other governments.....	2,363,029	-	2,363,029
Other receivables.....	115,682	-	115,682
Leases receivable.....	28,887	-	28,887
Prepaid items.....	31,716	-	31,716
Total assets.....	<u>\$ 23,641,683</u>	<u>\$ 154,954</u>	<u>\$ 23,796,637</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts payable.....	1,596,138	13,515	1,609,653
Payable from restricted assets.....	1,119,671	-	1,119,671
Total liabilities.....	<u>2,715,809</u>	<u>13,515</u>	<u>2,729,324</u>
Deferred inflows of resources.....	197,862	-	197,862
Fund balances:			
Nonspendable			
Leases.....	340	-	340
Prepaid assets.....	31,716	-	31,716
Restricted			
Stabilization by State Statute.....	4,182,828	-	4,182,828
Economic development.....	-	141,439	141,439
Assigned			
Subsequent year's expenditures.....	2,165,385	-	2,165,385
Unassigned.....	14,347,743	-	14,347,743
Total fund balances.....	<u>20,728,012</u>	<u>141,439</u>	<u>20,869,451</u>
Total liabilities, deferred inflows of resources and fund balances.....	<u>\$ 23,641,683</u>	<u>\$ 154,954</u>	<u>\$ 23,796,637</u>

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, 2022

Exhibit 3

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

Total fund balance, governmental funds.....		\$ 20,869,451
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost.....	85,405,302	
Accumulated depreciation.....	<u>(20,666,785)</u>	64,738,517
Deferred outflows of resources related to pensions are not reported in the funds.....		4,886,955
Deferred outflows of resources related to OPEB are not reported in the funds.....		3,350,097
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.....	15,776	
Notes receivable.....	<u>501,767</u>	517,543
Earned revenues considered deferred inflows of resources in fund statements.....		77,563
Deferred inflows of resources related to pensions are not reported in the funds.....		(2,300,398)
Deferred inflows of resources related to OPEB are not reported in the funds.....		(542,129)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Notes payable.....	(7,512,035)	
Compensated absences.....	(510,453)	
Net pension liability - LGERS.....	(1,574,035)	
Total pension liability - LEOSSA.....	(1,503,388)	
Total pension liability - FireSSA.....	(666,001)	
OPEB liability.....	<u>(11,120,836)</u>	<u>(22,886,748)</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>(43,299)</u>
Net Position of Governmental Activities.....		<u>\$ 68,667,552</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, 2022

Exhibit 4

	<u>General Fund</u>	<u>Total Non- Major Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Property taxes.....	\$ 12,631,940	\$ -	\$ 12,631,940
Other taxes and licenses.....	805	-	805
Unrestricted intergovernmental.....	7,683,475	-	7,683,475
Restricted intergovernmental.....	1,231,498	-	1,231,498
Permits and fees.....	1,388,813	-	1,388,813
Sales and services.....	701,267	-	701,267
Investment earnings.....	9,809	2,806	12,615
Miscellaneous.....	955,798	11,174	966,972
Total revenues.....	<u>24,603,405</u>	<u>13,980</u>	<u>24,617,385</u>
Expenditures			
Current:			
General government.....	2,796,570	-	2,796,570
Public safety.....	7,819,284	-	7,819,284
Public works.....	4,515,439	-	4,515,439
Recreation.....	2,088,479	-	2,088,479
Economic and physical development.....	2,583,545	-	2,583,545
Debt Service:			
Principal.....	1,415,799	-	1,415,799
Interest and other charges.....	178,525	-	178,525
Capital outlay.....	-	129,423	129,423
Total Expenditures.....	<u>21,397,641</u>	<u>129,423</u>	<u>21,527,064</u>
Excess (deficiency) of revenues over expenditures.....	<u>3,205,764</u>	<u>(115,443)</u>	<u>3,090,321</u>
Other Financing Sources (Uses)			
Transfers in.....	566,851	129,423	696,274
Transfers out.....	(129,423)	(566,851)	(696,274)
Installment purchase obligations issued.....	1,365,000	-	1,365,000
Total other financing sources and uses.....	<u>1,802,428</u>	<u>(437,428)</u>	<u>1,365,000</u>
Net change in fund balances.....	5,008,192	(552,871)	4,455,321
Fund balances - beginning	15,719,820	694,310	16,414,130
Fund balances - ending.....	<u>\$ 20,728,012</u>	<u>\$ 141,439</u>	<u>\$ 20,869,451</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, 2022

Exhibit 4

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

Net change in fund balances - total governmental funds		\$ 4,455,321
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.....	\$ 2,597,002	
Capital asset transfers to and from other funds.....	\$ (423,868)	
Depreciation expense for governmental assets.....	<u>(2,449,699)</u>	(276,565)
Cost of capital asset disposed of during the year, not recognized on modified accrual basis.....		(470)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.....		(326,078)
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.....		110,906
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 and donations.....	4,432,552	
Mebane Mills Lofts notes receivable principal receipts.....	(11,174)	
Change in unavailable revenue for tax revenues.....	<u>(4,209)</u>	4,417,169
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.....	(1,365,000)	
Principal payments on long-term debt.....	1,415,799	
Increase in accrued interest payable.....	<u>(231)</u>	50,568
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.....	(66,362)	
Pension expense.....	589,459	
OPEB plan expense.....	<u>(1,171,780)</u>	(648,683)
Total changes in net position of governmental activities		<u><u>\$ 7,782,168</u></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 - Annual Budget to Actual
General Fund
For the Year Ended June 30, 2022

Exhibit 5

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
Revenues				
Property taxes.....	\$ 12,569,424	\$ 12,569,424	\$ 12,631,940	\$ 62,516
Other taxes and licenses.....	1,000	1,000	805	(195)
Unrestricted intergovernmental.....	5,962,500	5,962,500	7,683,475	1,720,975
Restricted intergovernmental.....	959,570	959,570	1,231,498	271,928
Permits and fees.....	1,335,652	1,335,652	1,388,813	53,161
Sales and services.....	695,550	695,550	701,267	5,717
Investment earnings.....	20,000	20,000	9,809	(10,191)
Miscellaneous.....	587,600	587,602	955,798	368,196
Total revenues.....	<u>22,131,296</u>	<u>22,131,298</u>	<u>24,603,405</u>	<u>2,472,107</u>
Expenditures				
Current:				
General government.....	3,639,890	3,651,516	2,796,570	854,946
Public safety.....	8,896,470	9,034,737	7,819,284	1,215,453
Public works.....	5,355,061	6,136,627	4,515,439	1,621,188
Recreation.....	2,478,023	2,640,417	2,088,479	551,938
Economic and physical development.....	3,455,894	3,823,758	2,583,545	1,240,213
Debt Service:				
Principal.....	1,415,802	1,415,802	1,415,799	3
Interest and other charges.....	204,200	204,200	178,525	25,675
Total expenditures.....	<u>25,445,340</u>	<u>26,907,057</u>	<u>21,397,641</u>	<u>5,509,416</u>
Excess (deficiency) of revenues over expenditures.....	<u>(3,314,044)</u>	<u>(4,775,759)</u>	<u>3,205,764</u>	<u>7,981,523</u>
Other Financing Sources (Uses)				
Transfers in.....	-	-	566,851	566,851
Transfers out.....	-	(908,240)	(129,423)	778,817
Long-term debt obligations issued.....	1,364,044	1,364,044	1,365,000	956
Fund balance appropriated.....	1,950,000	4,319,955	-	(4,319,955)
Total other financing sources and uses.....	<u>3,314,044</u>	<u>4,775,759</u>	<u>1,802,428</u>	<u>(2,973,331)</u>
Net change in fund balances	\$ -	\$ -	5,008,192	\$ 5,008,192
Fund balances - beginning			15,719,820	
Fund balances - ending			<u>\$ 20,728,012</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, 2022

Exhibit 6

	<u>Water and</u> <u>Sewer Fund</u>
Assets	
Current assets:	
Cash and cash equivalents.....	\$ 10,061,364
Accounts receivable (net) - billed.....	765,038
Accounts receivable (net) - unbilled.....	341,998
Other receivables.....	5,121
Restricted cash.....	<u>14,484,677</u>
Total current assets.....	<u>25,658,198</u>
Non-current assets:	
Net pension asset.....	-
Capital assets:	
Land and other non-depreciable assets.....	3,681,335
Other capital assets, net of depreciation.....	<u>57,456,848</u>
Total capital assets.....	<u>61,138,183</u>
Total non-current assets.....	<u>61,138,183</u>
Total assets.....	<u>86,796,381</u>
Deferred outflows of resources.....	1,187,413
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities.....	1,793,902
Accrued interest payable.....	92,665
Payable from restricted assets.....	738,766
Unearned revenues.....	546,199
Compensated absences.....	73,570
Long-term debt - current.....	356,415
Bonds payable - current.....	<u>964,000</u>
Total current liabilities.....	<u>4,565,517</u>
Noncurrent liabilities:	
Compensated absences.....	15,170
Net pension liability.....	233,615
Total OPEB liability.....	1,757,921
Long-term debt - noncurrent.....	7,670,516
Bonds payable - noncurrent.....	<u>7,937,942</u>
Total noncurrent liabilities.....	<u>17,615,164</u>
Total liabilities.....	<u>22,180,681</u>
Deferred inflows of resources.....	438,226
Net Position	
Net investment in capital assets.....	53,706,014
Restricted for future system development.....	3,702,258
Unrestricted	<u>7,956,615</u>
Total net position.....	<u>\$ 65,364,887</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, 2022

Exhibit 7

	<u>Water and</u> <u>Sewer Fund</u>
Operating Revenues	
Charges for services.....	\$ 7,616,776
Water and sewer taps.....	26,279
Connection fees.....	1,650,570
Miscellaneous.....	<u>415,476</u>
Total operating revenues.....	<u>9,709,101</u>
Operating Expenses	
Administration, meters and billing.....	959,494
Utility maintenance.....	2,798,410
Engineering.....	306,902
Water resource recovery facility.....	1,621,109
Non-departmental.....	64,185
Depreciation.....	<u>1,710,866</u>
Total operating expenses.....	<u>7,460,966</u>
Operating income (loss).....	<u>2,248,135</u>
Nonoperating revenues (expenses)	
Interest and investment revenue.....	14,078
Other.....	44,539
Interest expense.....	(196,006)
ARPA Grant Proceeds.....	<u>2,045,130</u>
Total nonoperating revenues (expenses).....	<u>1,907,741</u>
Income (loss) before contributions and transfers.....	4,155,876
Capital contributions.....	3,422,692
Transfers in.....	4,465,676
Transfers out.....	<u>(4,041,808)</u>
Change in net position.....	8,002,436
Total net position - beginning.....	<u>57,362,451</u>
Total net position - ending.....	<u>\$ 65,364,887</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, 2022

Exhibit 8

	<u>Water and Sewer Fund</u>
Cash Flows from Operating Activities	
Cash received from customers.....	\$ 9,166,101
Cash paid for goods and services.....	(1,619,889)
Cash paid to or on behalf of employees for services.....	(2,567,327)
Customer deposits received.....	170,850
Customer deposits returned.....	(103,425)
Other operating revenues.....	415,476
Total cash provided (used) by operating activities.....	<u>5,461,786</u>
Cash Flows from Noncapital Financing Activities	
Transfers from other funds.....	4,041,808
Transfers to other funds.....	(4,041,808)
Grant proceeds-federal ARPA grant.....	2,591,329
Total cash provided (used) by non-capital financing activities.....	<u>2,591,329</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets.....	(4,233,031)
Proceeds from new debt.....	13,696,000
Principal paid on bonds and notes payable.....	(3,492,619)
Interest paid on bonds and notes payable.....	(139,475)
Total cash provided (used) by capital and related financing activities.....	<u>5,830,875</u>
Cash Flows from Investing Activities	
Investment income.....	14,078
Total cash provided (used) by investing activities.....	<u>14,078</u>
Net increase (decrease) in cash and equivalents.....	13,898,068
Balance, beginning.....	10,647,973
Balance, ending.....	<u>\$ 24,546,041</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, 2022

Exhibit 8

	<u>Water and</u> <u>Sewer Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss).....	\$ 2,248,135
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation.....	1,710,866
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable.....	(154,155)
Increase (decrease) in allowance for doubtful accounts.....	26,631
(Increase) decrease in prepaid items.....	-
(Increase) decrease in deferred outflows of resources for pensions.....	(215,456)
Increase (decrease) accounts payable.....	1,478,903
Increase (decrease) salaries payable.....	(8,698)
Increase (decrease) accrued vacation.....	9,751
Increase (decrease) in net pension liability.....	(308,600)
Increase (decrease) in deferred inflows of resources for pensions.....	361,003
Increase (decrease) in OPEB liability.....	263,314
Increase (decrease) in deferred inflows of resources for OPEB.....	(17,333)
Increase (decrease) in customer deposits.....	<u>67,425</u>
Total adjustments.....	<u>3,213,651</u>
Net cash provided by operating activities.....	<u>\$ 5,461,786</u>
Noncash investing, capital, and financing activities:	
Noncash capital contributions of capital assets.....	<u>\$ 3,422,692</u>
Unrealized gain/loss on investments.....	<u>\$ -</u>

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

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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.

The City reports the following non-major governmental funds:

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.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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.

Capital Project Fund – Lake Michael Dam Spillway: This fund is used to account for the construction of upgrades to the Lake Michael Dam Spillway.

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, 2022

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 North Carolina Capital Management Trust (NCCMT), which consists of an SEC-registered mutual fund (the Government Portfolio), is authorized by G.S. 159-30(c)(8). The Government Portfolio, which invests in treasuries and government agencies, is a money market mutual fund (2a-7) and maintains an AAAm rating from S&P and AAAMf by Moody's Investor Service. It is reported 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, 2022

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.....	\$	270,438
Asset forfeiture funds.....		147,620
Unspent loan proceeds.....		850,594
Corrections unused funds.....		445
Stormwater reserves.....		848,788
CDBG- Mebane Mills Loft Capital Project Fund		
Economic Development.....		141,439
Total governmental activities.....		<u>2,259,324</u>

Business-type Activities

Water and Sewer Fund

Customer deposits.....		738,766
Unexpended system development fees.....		3,702,258
Unexpended ARPA Capital Project Fund unexpended proceeds.....		546,949
Unspent bond proceeds.....		<u>9,496,704</u>
Total business-type activities.....		<u>14,484,677</u>
Total Restricted Cash.....	\$	<u><u>16,744,001</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, 2021. 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
Notes to the Financial Statements
June 30, 2022

Lease Receivable

The City’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the City may receive variable lease payments that are dependent upon the lessee’s revenue. There are no variable components under the lease agreement.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

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

Right to use assets

The City has no right to use lease assets required to be reported as a result of implementing GASB 87.

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, represent a consumption of net assets that applies to future periods and so will not be recognized as an expense or expenditure until then. The City has three items that meet this criterion, pension deferrals and OPEB deferrals for the 2022 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, represent an acquisition of net assets that applies to future periods 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, leases, and pension and OPEB deferrals.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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 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 Balances

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.

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

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

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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.

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.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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.

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, 2022 the City’s deposits had a carrying amount of \$43,605,377, and a bank balance of \$34,343,107. Of the bank balance, \$1,026,740 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, 2022 was \$400.

Investments

At June 30, 2022, 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>6/30/2022</u>		
	<u>Method</u>			
NC Capital Management Trust				
- Government Portfolio.....	Fair Value Level 1	\$ 2,120,024	N/A	AAAm
Total.....		<u>\$ 2,120,024</u>		

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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.

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, 2022, 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, 2022.

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, 2022, 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 \$13,294.

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2022 are net of the following allowances for doubtful accounts:

Funds

General Fund:

Taxes Receivable.....	\$	11,695
Accounts Receivable.....		-
Total.....		<u>11,695</u>
Enterprise Fund.....		<u>201,551</u>
Total.....	\$	<u><u>213,246</u></u>

Leases Receivable

In July 2020, the City entered into a lease with Alamance County. Under the lease, the Alamance County pays the City \$450 per month for three years in exchange for maintaining a room and parking bay at the City fire department. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.6%, which is the City's incremental borrowing rate.

In fiscal year 2022, the City recognized \$3,998 of lease revenue and \$189 of interest revenue under the lease.

In prior years, the City entered into separate five year renewable leases with three mobile phone companies. Under the leases, the mobile phone companies pay the City rents in the amounts of \$2,409, \$1,331, and \$1,452 per month in exchange for antenna space on the City's water tower. The leases receivable are measured as the present value of the future minimum rent payments expected to be

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

received during the lease terms at a discount rate of 2.6%, which is the City's incremental borrowing rate.

In fiscal year 2022, the City recognized \$4,802, \$15,749, and \$4,337 of lease revenue and \$454, \$559, and \$308 of interest revenue under the leases.

Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	<u>Beginning</u>			<u>Ending</u>
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land.....	\$ 7,509,059	\$ 160,847	\$ -	\$ 7,669,906
Artwork and collections.....	68,360	-	-	68,360
Construction in progress.....	291,328	165,120	-	456,448
Total capital assets not being depreciated...	<u>7,868,747</u>	<u>325,967</u>	<u>-</u>	<u>8,194,714</u>
Capital assets being depreciated:				
Buildings.....	16,910,432	377,613	-	17,288,045
Other improvements.....	11,567,334	446,278	592,669	11,420,943
Equipment.....	3,364,825	292,575	4,686	3,652,714
Computer equipment.....	618,764	65,711	19,250	665,225
Vehicles and motorized equipment.....	8,744,706	1,059,247	42,341	9,761,612
Infrastructure.....	29,829,007	4,462,162	(130,881)	34,422,050
Total capital assets being depreciated.....	<u>71,035,068</u>	<u>6,703,586</u>	<u>528,065</u>	<u>77,210,589</u>
Less accumulated depreciation for:				
Buildings.....	4,395,153	359,041	-	4,754,194
Other improvements.....	1,572,657	368,858	30,782	1,910,733
Equipment.....	1,849,817	260,152	13,391	2,096,578
Computer equipment.....	405,311	43,612	-	448,923
Vehicles and motorized equipment.....	6,519,035	606,209	42,341	7,082,903
Infrastructure.....	3,578,840	811,829	17,214	4,373,455
Total accumulated depreciation.....	<u>18,320,813</u>	<u>\$2,449,701</u>	<u>\$ 103,728</u>	<u>20,666,786</u>
Total capital assets being depreciated, net...	<u>52,714,255</u>			<u>56,543,803</u>
Governmental activity capital assets, net.....	<u>\$ 60,583,002</u>			<u>\$64,738,517</u>

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

General government.....	\$ 103,856
Public safety.....	686,299
Public works.....	1,164,611
Recreation.....	480,305
Economic & physical development.....	14,630
Total.....	<u>\$2,449,701</u>

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

Business-type Activities

The capital assets of the Enterprise Fund for the year ended June 30, 2022, was as follows:

	<u>Beginning</u>			<u>Ending</u>
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Water and Sewer Fund:				
Capital assets not being depreciated:				
Land.....	\$ 566,834	\$ 199,492	\$ -	\$ 766,326
Construction in progress.....	555,285	2,359,724	-	2,915,009
Total capital assets not being depreciated.....	<u>1,122,119</u>	<u>2,559,216</u>	-	<u>3,681,335</u>
Capital assets being depreciated:				
Water sources.....	13,937,610	-	-	13,937,610
Lift stations, pumping stations and tanks.....	8,847,539	18,950	-	8,866,489
Water and sewer lines.....	41,885,773	4,863,741	-	46,749,514
Land improvements.....	10,971	66,123	-	77,094
Water Resource Recovery Facility.....	9,491,911	304,665	-	9,796,576
Machinery and equipment.....	1,916,181	103,913	17,406	2,002,688
Vehicles.....	485,245	-	41,415	443,830
Total capital assets being depreciated.....	<u>76,575,230</u>	<u>5,357,392</u>	<u>58,821</u>	<u>81,873,801</u>
Less accumulated depreciation for:				
Water sources.....	4,282,031	285,942	-	4,567,973
Lift stations, pumping stations and tanks.....	2,044,407	163,812	-	2,208,219
Water and sewer lines.....	11,136,829	992,012	-	12,128,841
Land improvements.....	9,841	1,018	-	10,859
Water Resource Recovery Facility.....	3,851,341	209,228	-	4,060,569
Machinery and equipment.....	931,841	105,940	17,406	1,020,375
Vehicles.....	453,814	7,718	41,415	420,117
Total accumulated depreciation.....	<u>22,710,104</u>	<u>\$ 1,765,670</u>	<u>\$ 58,821</u>	<u>24,416,953</u>
Total capital assets being depreciated, net.....	<u>53,865,126</u>			<u>57,456,848</u>
Business-type activity capital assets, net.....	<u>\$ 54,987,245</u>			<u>\$ 61,138,183</u>

During the year ended June 30, 2022, 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
June 30, 2022

Construction Commitments

The government has active construction projects as of June 30, 2022. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Contract</u>
Jones Road Sewer Survey & Preliminary Design.....	\$ 165	\$ 49,335
GKN Force Main Survey and Preliminary Design.....	2,659	46,842
Construction Contract for N. First Sidewalk Improv.....	123,884	7,916
Lead & Copper Engineering Services.....	-	10,000
AWCK Design and Bidding at Cates Farm Park.....	44,170	5,330
AWCK - Lake Michael Connector Engineering and Des.....	19,180	16,820
WRRF Upgrade Construction Services.....	141,324	395,066
WRRF Design/Engineering Services.....	956,646	2,353,354
McKinley St Water Line Engineering.....	18,529	8,347
City of Mebane WRRF Upgrade.....	542,040	6,384,960
LRUP and Flow Reduction Study.....	21,902	13,098
WRRF Construction Administration.....	-	5,000
GKN Re-Route Final Design.....	-	49,500
Fence and Gate Access Control.....	-	89,419
Atlas Fence Jobs - MACC and B-Ball Court.....	-	13,649
Gate Access -.....	-	2,351
McKinley Street Water Line Replacement.....	-	143,550
Public Works/Utilities/WRRF Driveway Improvements.....	92,884	5,466
New equipment shed at Public Works.....	-	122,612
Total.....	<u>\$ 1,963,383</u>	<u>\$ 9,722,615</u>

Right to Use Leased Assets

The City has no right to use leased assets for the year ended June 30, 2022.

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

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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 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, 2022, was 12.1% of compensation for law enforcement officers and 11.35% 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 \$2,065,813 for the year ended June 30, 2022.

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, 2022, the City reported a liability of \$1,807,650 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021, the City's proportion was 0.118%, which was an increase of 0.006% from its proportion measured as of June 30, 2020.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

For the year ended June 30, 2022, the City recognized pension expense of \$1,424,922. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows of</u> <u>Resources</u>
Differences between expected and actual experience.....	\$ 575,078	\$ -
Changes of assumptions.....	1,135,666	-
Net difference between projected and actual earnings on pension plan investments.....	-	2,582,588
Changes in proportion and differences between City contributions and proportionate share of contributions..	1,128,407	123
City contribution subsequent to the measurement date.....	<u>2,065,813</u>	-
Total.....	<u>\$ 4,904,964</u>	<u>\$ 2,582,711</u>

\$2,065,813 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, 2023. 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:

2023.....	\$ 684,703
2024.....	330,395
2025.....	31,630
2026.....	(790,288)
2027.....	-
Thereafter.....	-

Actuarial Assumptions. The total pension liability in the December 31, 2020 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 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income.....	26.7%
Public Equity	36.8%
Cash and receivables.....	10.9%
Other.....	<u>25.6%</u>
Total.....	<u>100.0%</u>

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 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 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 6.50 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 (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<u>1% Decrease</u> <u>(5.50%)</u>	<u>Discount Rate</u> <u>(6.50%)</u>	<u>1% Increase</u> <u>(7.50%)</u>
City's proportionate share of the net pension liability (asset).....	\$ 7,017,145	\$ 1,807,650	\$ (2,479,463)

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

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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 law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2020, 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>34</u>
Total	<u>34</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, 2020 valuation. The total pension liability in the December 31, 2020 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	2.25 percent

The discount rate used is the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020.

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, 2022, the City reported a total pension liability of \$1,503,388. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the City recognized pension expense of \$211,550.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

	<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.....	\$ 155,723	\$ -
Changes of assumptions.....	355,015	58,289
Benefit payments and administrative expenses made subsequent to the measurement date.....	-	-
Total.....	<u>\$ 510,738</u>	<u>\$ 58,289</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:

2023.....	\$ 92,656
2024.....	94,041
2025.....	80,324
2026.....	81,483
2027.....	69,060
Thereafter.....	34,885

\$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 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<u>1% Decrease</u> <u>(1.25%)</u>	<u>Discount Rate</u> <u>(2.25%)</u>	<u>1% Increase</u> <u>(3.25%)</u>
Total pension liability.....	\$ 1,655,609	\$ 1,503,388	\$ 1,365,445

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

	2022
Beginning balance.....	\$ 1,372,013
Service cost at end of year.....	92,414
Interest of total pension liability.....	26,480
Changes of benefit terms.....	-
Differences between expected and actual experience in the measurement of the total pension liability.....	59,602
Changes of assumptions or other inputs.....	(47,121)
Benefit payments.....	-
Other changes.....	-
Ending balance of the total pension liability.....	<u>\$ 1,503,388</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

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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, 2020 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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>27</u>
Total	<u>27</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 8.00 percent, including inflation and productivity factor
Discount rate	2.25 percent

The discount rate used is the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020.

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.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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

At June 30, 2022, the City reported a total pension liability of \$666,001. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the City recognized pension expense of \$76,219.

	<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.....	\$ 1,333	\$ -
Changes of assumptions.....	111,499	20,401
Benefit payments and administrative expenses made subsequent to the measurement date.....	-	-
Total.....	<u>\$ 112,832</u>	<u>\$ 20,401</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:

2023.....	\$ 24,359
2024.....	24,359
2025.....	24,359
2026.....	22,086
2027.....	(2,732)
Thereafter.....	-

\$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 2.25 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 (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<u>1% Decrease</u> <u>(1.25%)</u>	<u>Discount Rate</u> <u>(2.25%)</u>	<u>1% Increase</u> <u>(3.25%)</u>
Total pension liability.....	\$ 746,361	\$ 666,001	\$ 594,064

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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

	<u>2022</u>
Beginning balance.....	\$ 637,293
Service cost at end of year.....	39,560
Interest of total pension liability.....	12,300
Changes of benefit terms.....	-
Differences between expected and actual experience in the measurement of the total pension liability.....	1,618
Changes of assumptions or other inputs.....	(24,770)
Benefit payments.....	-
Other changes.....	<u>-</u>
Ending balance of the total pension liability.....	<u>\$ 666,001</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, 2020 valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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.....	\$ 1,424,922	\$ 211,550	\$ 76,219	\$ 1,712,691
Pension Liability.....	1,807,650	1,503,388	666,001	3,977,039
Proportionate share of the net pension liability.....	0.11787%	n/a	n/a	
 Deferred Outflows of Resources				
Differences between expected and actual experience.....	575,078	155,723	1,333	732,134
Changes of assumptions.....	1,135,666	355,015	111,499	1,602,180
Net difference between projected and actual earnings on plan investments.....	-	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions.....	1,128,407	-	-	1,128,407
Benefit payments and administrative costs paid subsequent to the measurement date..	2,065,813	-	-	2,065,813
 Deferred Inflows of Resources				
Differences between expected and actual experience.....	-	-	-	-
Changes of assumptions.....	-	58,289	20,401	78,690
Net difference between projected and actual earnings on plan investments.....	2,582,588	-	-	2,582,588
Changes in proportion and differences between contributions and proportionate share of contributions.....	123	-	-	123

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, 2022 were \$480,838, which consisted of \$311,357 from the City and \$169,481, 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. 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

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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, 2022 were \$147,119, which consisted of \$103,572 from the City and \$43,547, 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, 2022, the State contributed \$18,302,000 to the plan. The City of Mebane's proportionate share of the State's contribution is \$27,727.

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.

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

At June 30, 2022, 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 \$40,756. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2022 and at June 30, 2021 was 0%.

For the year ended June 30, 2022, the City recognized pension expense of \$2,992 and revenue of \$2,992 for support provided by the State. At June 30, 2022, 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Not applicable
Investment rate of return	6.50 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 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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.

Membership of the Health Care Plan consisted of the following at June 30, 2020, 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	25	5
Active plan members	<u>100</u>	<u>38</u>
Total	<u>125</u>	<u>43</u>

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

Total OPEB Liability

The City's total OPEB liability of \$12,878,757 was measured as of June 30, 2021 with a determination date of June 30, 2020, the actuarial valuation date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 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	0.75 percent
Wage inflation	3.25 percent
Salary increases	General Employees- 3.25 to 8.41 percent, Firefighters 3.25 to 8.15 percent, Law Enforcement Officers 3.25 to 7.90 percent, including inflation
Discount rate	2.16 percent
Healthcare cost trend rates	Pre-Medicare- 7.00 percent for 2021 to 4.50 percent by 2031 Medicare- 5.125 percent for 2021 to 4.50 percent by 2024

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, 2021.....	\$	10,995,899
Changes for the year		
Service cost.....		699,762
Interest.....		256,952
Changes in benefit terms.....		-
Differences between expected and actual experience.....		297,009
Changes in assumptions or other inputs.....		767,656
Benefit payments.....		(138,521)
Net changes.....		<u>1,882,858</u>
Total OPEB Liability, Balance at June 30, 2022.....	\$	<u>12,878,757</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the 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:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(1.16%)</u>	<u>(2.16%)</u>	<u>(3.16%)</u>
Total OPEB liability.....	\$ 15,902,834	\$ 12,878,757	\$ 10,586,982

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:

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

	<u>1% Decrease</u>		<u>Current</u>		<u>1% Increase</u>
Total OPEB liability.....	\$ 10,271,357	\$	12,878,757	\$	16,437,534

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

For the year ended June 30, 2022, the City recognized OPEB expense of \$1,371,222. At June 30, 2022, 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.....	\$ 1,151,717	\$	4,567
Changes of assumptions.....	2,617,143		614,785
Benefit payments and administrative costs made subsequent to the measurement date.....	127,071		-
Total.....	<u>\$ 3,895,931</u>	<u>\$</u>	<u>619,352</u>

\$127,071 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:

2023.....	\$ 414,508
2024.....	414,508
2025.....	414,508
2026.....	414,508
2027.....	450,692
Thereafter.....	1,040,784

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, 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.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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.....	\$	575,078
Pensions- change of assumptions.....		1,135,666
Pensions- difference between projected and actual investment earnings.....		-
Pensions- change in proportion and difference between employer contributions and proportionate share of contributions.....		1,128,407
Contributions to pension plan in current fiscal year.....		2,065,813
LEOSSA- differences between expected and actual experience.....		155,723
LEOSSA- change of assumptions.....		355,015
FFSSA- differences between expected and actual experience.....		1,333
FFSSA- change of assumptions.....		111,499
OPEB- differences between expected and actual experience.....		1,151,717
OPEB- change of assumptions.....		2,617,143
Benefit payments for OPEB made subsequent to measurement date.....		127,071
LEOSSA- benefit payments made and administrative expenses.....		-
Total.....	\$	<u>9,424,465</u>

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

	<u>Statement of</u> <u>Net Position</u>	<u>General Fund</u> <u>Balance Sheet</u>
Pensions- difference between projected and actual investment earnings.....	\$ 2,582,588	\$ -
Pensions- change in proportion and difference between employer contributions and proportionate share of contributions.....	\$ 123	\$ -
LEOSSA- change of assumptions.....	58,289	-
FFSSA- change of assumptions.....	20,401	-
OPEB- differences between expected and actual experience.....	4,567	-
OPEB- change of assumptions.....	614,785	-
Leases receivable (General Fund).....	29,227	29,227
Prepaid taxes and licenses (General Fund).....	91,072	91,072
Taxes receivable, less penalties (General Fund).....	-	<u>77,563</u>
Total.....	\$ <u>3,401,052</u>	\$ <u>197,862</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, 2022

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, 2022, 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 has no lease agreements that qualify as other than short-term leases required to be reported under GASB 87.

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, 2022 are comprised of the following individual issues:

Revenue Bonds:

Serviced by the Water and Sewer Fund:

\$2,749,000 2021 Series A Refunding Utilities Revenue Bonds due in annual installments of \$329,000 to \$359,000 through June 30, 2030; interest at 1.27%.....	\$ 2,749,000
\$10,824,000 2021 Series B Utilities Revenue Bonds due in annual installments of \$635,000 to \$815,000 through August 1, 2036; interest at 1.78%	<u>10,824,000</u>
Total Revenue Bonds	<u>\$ 13,573,000</u>

The City is in compliance with the covenants as to rates, fees, rentals and charges in Section 4 of the Master Trust Agreement, authorizing the issuance of the City's Combined Utilities Revenue Bonds, Series 2021A and 2021B. Section 4.03 of the Master Trust Agreement requires the sum of the income available for debt service and 15% of the system fund balance to be no less than 120% of the long-term debt service requirement for parity indebtedness and the income available for debt service will be not less than the sum of the long-term debt service requirement for parity indebtedness and subordinate indebtedness and the debt service on all installment debt and system general obligation debt.

The debt service calculation is as follows:

Operating revenues	\$ 9,709,101
Operating expenses less depreciation	<u>(5,750,100)</u>
Operating income	3,959,001
Nonoperating revenues (expenses)	<u>2,453,940</u>
Income available for debt service	6,412,941
15% of Unrestricted Net Position	<u>1,553,396</u>
Total Balance for 120% Parity	<u>\$ 7,966,337</u>
Debt service principal and interest (Revenue Bond only)	1,183,839
Debt service coverage ratio on first-lien debt	673%
Debt service all debt	1,213,574
Debt service coverage ratio on all debt together	656%

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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	213,333
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	1,213,333
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	140,889
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 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	234,165
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	3,886,667
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	43,187
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	140,700
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	106,587

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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, 2022. 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..... 301,350

Direct placement contract payable to Truist Bank, for equipment and rolling stock. Principal payments of \$133,176 to \$138,871 plus interest are due semi-annually starting on January 20, 2022. The note bears interest at the rate of 1.070%. All equipment and rolling stock acquired with these local funds are the security for the debt while the debt is outstanding 1,231,824

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 33,640

Direct placement contract payable to Truist Bank, for equipment and rolling stock. Principal payments of \$12,077 to \$12,528 plus interest are due semi-annually starting on January 20, 2022. The note bears interest at the rate of 1.070%. All equipment and rolling stock acquired with these local funds are the security for the debt while the debt is outstanding 110,923

Total installment purchases..... 7,656,598

Total long-term debt..... 21,229,598

Less: Current portion of long-term debt..... (2,501,083)

Non-current portion of long-term debt..... \$ 18,728,515

At June 30, 2022, the City of Mebane had no authorized but unissued bonds and had a legal debt margin of \$204,865,249.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

The following table summarizes the annual requirements to amortize all long-term liabilities outstanding at June 30, 2022 (excluding compensated absences, pension liabilities, OPEB liabilities, and any claims or judgments).

	Revenue Bonds		Other Long-term Indebtedness		Total Debt Due	
	Principle	Interest	Principle	Interest	Principle	Interest
Serviced by General Fund:						
Fiscal Year	Principle	Interest	Principle	Interest	Principle	Interest
2023.....	-	-	1,508,070	156,112	1,508,070	156,112
2024.....	-	-	1,066,643	127,406	1,066,643	127,406
2025.....	-	-	969,362	106,576	969,362	106,576
2026.....	-	-	929,257	87,652	929,257	87,652
2027.....	-	-	748,703	69,873	748,703	69,873
2028-2032.....	-	-	2,290,000	145,223	2,290,000	145,223
2033-2037.....	-	-	-	-	-	-
2038-maturity.....	-	-	-	-	-	-
Total.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,512,035</u>	<u>\$ 692,842</u>	<u>\$ 7,512,035</u>	<u>\$ 692,842</u>
Serviced by Water & Sewer Fund:						
Fiscal Year	Principle	Interest	Principle	Interest	Principle	Interest
2023.....	964,000	219,839	29,012	723	993,012	220,562
2024.....	980,000	204,225	29,272	463	1,009,272	204,688
2025.....	995,000	188,356	29,534	372	1,024,534	188,728
2026.....	1,010,000	172,238	29,800	336	1,039,800	172,574
2027.....	1,028,000	155,849	17,333	-	1,045,333	155,849
2028-2032.....	4,662,000	532,917	9,612	-	4,671,612	532,917
2033-2037.....	3,934,000	177,555	-	-	3,934,000	177,555
2038-maturity.....	-	-	-	-	-	-
Total.....	<u>\$13,573,000</u>	<u>\$1,650,979</u>	<u>\$ 144,563</u>	<u>\$ 1,894</u>	<u>\$ 13,717,563</u>	<u>\$1,652,873</u>

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

Changes in Long-Term Liabilities

	<u>Balance July 1,</u>			<u>Balance June</u>	<u>Current</u>
	<u>2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>30, 2022</u>	<u>Portion of</u>
					<u>Balance</u>
<u>Governmental activities:</u>					
Direct Placement					
Installment purchase.....	\$ 7,562,836	\$ 1,365,000	\$ 1,415,801	\$ 7,512,035	\$ 1,508,070
Compensated absences.....	445,229	415,255	350,031	510,453	427,210
Total OPEB liability.....	9,501,292	1,619,544	-	11,120,836	-
Net pension liability (LGERS).....	3,473,244	-	1,899,209	1,574,035	-
Net pension liability (LEOSSA).....	1,372,013	131,375	-	1,503,388	-
Total pension liability (Firefighters SSA)...	637,293	28,708	-	666,001	-
Governmental activity					
long-term liabilities.....	<u>\$22,991,907</u>	<u>\$ 3,559,882</u>	<u>\$ 3,665,041</u>	<u>\$ 22,886,748</u>	<u>\$ 1,935,280</u>
<u>Business-type activities:</u>					
Direct Placement					
Installment purchase.....	\$ 3,186,778	\$ 123,000	\$ 3,165,215	\$ 144,563	\$ 29,012
Revenue bonds.....	-	13,573,000	-	13,573,000	964,000
Graham/Mebane Watershed					
Agreement.....	1,656,249	-	127,403	1,528,846	127,403
Graham/Mebane Capacity					
Agreement.....	1,882,464	-	200,000	1,682,464	200,000
Net pension liability (LGERS).....	542,215	-	308,600	233,615	-
Compensated absences.....	78,990	89,634	79,884	88,740	73,570
Total OPEB liability.....	<u>1,494,607</u>	<u>263,314</u>	<u>-</u>	<u>1,757,921</u>	<u>-</u>
Business-type activity					
long-term liabilities.....	<u>\$ 8,841,303</u>	<u>\$ 14,048,948</u>	<u>\$ 3,881,102</u>	<u>\$ 19,009,149</u>	<u>\$ 1,393,985</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, 2022.

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.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

A summary of interfund transfers for the fiscal year ended June 30, 2022 is as follows:

Cash Transfers:

Transfer from General Fund to:	
Cates Farm Park Capital Project Fund.....	\$ 44,170
Lake Michael Dam Spillway Capital Project Fund.....	85,253
Transfer from General Fund Capital Project Fund to:	
General Fund.....	566,851
Transfer from Utility Fund to:	
WRRF 0.5 MGD Expansion Capital Project Fund.....	1,016,746
Transfer from Utility Capital Project Fund to:	
Utility Fund.....	197,755
Transfer from WRRF Renovation Capital Project Fund to:	
Utility Fund.....	583,000
Transfer from American Rescue Plan Grant Project Fund to:	
Utility Fund.....	2,045,130
Transfer from System Development Capital Reserve Fund to:	
Utility Capital Project Fund.....	<u>199,177</u>
Total Cash Transfers	<u>\$ 4,738,082</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 general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Further, during the year ended June 30, 2022, the City made the following one-time transfers:

- 1) A transfer of \$44,170 from the General Fund to the Cates Farm Park Capital Project Fund for capital improvements.
- 2) A transfer of \$85,253 from the General Fund to the Lake Michael Dam Spillway Capital Project Fund for capital improvements.
- 3) A transfer of \$566,851 from the General Fund Capital Project Fund to the General Fund for capital project fund closeout.
- 4) A transfer of \$1,016,746 from the Utility Fund to the WRRF 0.5 MGD Expansion Capital Project Fund for capital improvements.
- 5) A transfer of \$197,755 from the Utility Capital Project Fund to the Utility Fund for capital project fund closeout.
- 6) A transfer of \$583,000 from WRRF Renovation Capital Project Fund to the Utility Fund for repayment of expenses subsequently covered by loan proceeds in the project.
- 7) A transfer of \$2,045,130 for the American Rescue Plan Grant Project Fund to the Utility fund to cover payroll expenses.
- 8) A transfer of \$199,177 from the System Development Capital Reserve Fund to the Utility 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 \$2,992, 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, 2022. Under State

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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.....	\$ 64,738,517	\$ 61,138,183
less: long-term debt.....	7,512,035	16,928,873
add: unexpended debt proceeds.....	<u>850,592</u>	<u>9,496,704</u>
Net investment in capital assets.....	<u>\$ 58,077,074</u>	<u>\$ 53,706,014</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.....	\$ 20,728,012
Less: Nonspendable Prepaid Assets.....	(31,716)
Nonspendable Leases Receivable.....	(340)
Stabilization by State Statute.....	(4,182,828)
Appropriated Fund Balance in 2023 budget.....	(2,165,385)
Working Capital.....	<u>(14,347,743)</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, 2022 were \$1,704,457 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 \$3,009 in general membership fees and \$6,635 in stormwater fees to the Council during the fiscal years ended June 30, 2022.

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, 2022. 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

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2022

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, 2022 was \$1,528,846.

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, 2022 was \$1,682,464.

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 29, 2022, 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.

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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 Nine Fiscal Years *
June 30, 2022

Local Government Employees' Retirement System

	<u>2022</u>	<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) (%).....	0.11787%	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) (\$).....	\$ 1,807,650	\$ 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.....	\$ 8,101,894	\$ 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.....	22.31%	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 **.....	95.51%	88.61%	90.86%	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 Nine Fiscal Years *
June 30, 2022

Local Government Employees' Retirement System

	<u>2022</u>	<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.....	\$ 970,164	\$ 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>970,164</u>	<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>	<u>\$ -</u>
Mebane's covered payroll.....	\$ 8,177,170	\$ 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.....	11.86%	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 Eight Fiscal Years *
June 30, 2022

Firefighters' and Rescue Squad Workers' Pension

	<u>2022</u>	<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%	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>40,756</u>	<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>\$ 40,756</u>	<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.....	\$ 1,648,356	\$ 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.....	2.47%	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.....	105.58%	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 Six Fiscal Years*
June 30, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance.....	\$ 1,372,013	\$ 802,190	\$ 621,186	\$ 574,870	\$ 427,541	\$ 400,968
Service cost.....	92,414	56,536	49,682	45,895	37,803	35,736
Interest on the total pension liability.....	26,480	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.....	59,602	46,055	77,061	23,723	53,293	-
Changes of assumptions or other inputs.....	(47,121)	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>\$ 1,503,388</u>	<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, 2022

	<u>2022</u>	<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>
Total pension liability.....	\$ 1,503,388	\$ 1,372,013	\$ 802,190	\$ 621,186	\$ 574,870	\$ 427,541	\$ 400,968	\$ 258,154	\$ 238,533	\$ 226,153
Covered payroll.....	2,088,345	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
Total pension liability as a percentage of covered payroll...	71.99%	69.58%	42.45%	38.29%	36.99%	29.61%	27.77%	21.02%	21.74%	24.27%

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
Last Two Fiscal Years**
June 30, 2022

	<u>2022</u>	<u>2021</u>
Beginning balance.....	\$ 637,293	\$ 427,347
Service cost.....	39,560	27,629
Interest on the total pension liability.....	12,300	13,932
Changes of benefit terms.....	-	-
Differences between expected and actual experience in the measurement of the total pension liability.....	1,618	-
Changes of assumptions or other inputs.....	(24,770)	168,385
Benefit payments.....	-	-
Other changes.....	-	-
Ending balance of the total pension liability.....	<u>\$ 666,001</u>	<u>\$ 637,293</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
Firefighters' Special Separation Allowance
Last Two Fiscal Years**
June 30, 2022

	<u>2022</u>	<u>2021</u>
Total pension liability.....	\$ 666,001	\$ 637,293
Covered payroll.....	1,647,382	1,368,060
Total pension liability as a percentage of covered payroll.....	40.43%	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.

**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 OPEB Liability and Related Ratios
Last Five Fiscal Years*
June 30, 2022

<u>Total OPEB Liability</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost.....	\$ 699,762	\$ 459,321	\$ 380,966	\$ 402,678	\$ 452,991
Interest	256,952	289,711	238,114	213,111	183,870
Changes of benefit terms.....	-	-	-	-	-
Differences between expected and actual experience.....	297,009	5,490	1,302,981	8,326	(9,652)
Changes of assumptions.....	767,656	2,476,778	(115,846)	(384,358)	(663,734)
Benefit payments.....	<u>(138,521)</u>	<u>(106,211)</u>	<u>(112,112)</u>	<u>(97,786)</u>	<u>(74,215)</u>
Net change in total OPEB liability.....	1,882,858	3,125,089	1,694,103	141,971	(110,740)
Total OPEB liability - beginning.....	<u>10,995,899</u>	<u>7,870,810</u>	<u>6,176,707</u>	<u>6,034,736</u>	<u>6,145,476</u>
Total OPEB liability - ending.....	<u>\$ 12,878,757</u>	<u>\$ 10,995,899</u>	<u>\$ 7,870,810</u>	<u>\$ 6,176,707</u>	<u>\$ 6,034,736</u>
Covered payroll.....	7,289,922	6,848,284	6,848,284	6,100,000	6,100,000
Total OPEB liability as a percentage of covered payroll.....	176.67%	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>
2022	2.16%
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.



City of Mebane, North Carolina
Comparative Balance Sheets
General Fund
June 30, 2022 and 2021

Statement A-1

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Assets		
Cash and equivalents.....	\$ 18,906,921	\$ 13,745,250
Restricted cash.....	2,117,885	1,436,696
Taxes receivable.....	77,563	82,899
Accounts receivable.....	115,682	166,065
Leases receivable.....	28,887	-
Prepaid items.....	31,716	31,715
Advance to other funds.....	-	-
Due from other governments.....	2,363,029	2,435,035
Total assets.....	<u>\$ 23,641,683</u>	<u>\$ 17,897,660</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 1,596,138	\$ 1,052,795
Due to other governments.....	-	15,819
Payable from restricted assets.....	1,119,671	1,023,687
Total liabilities.....	<u>2,715,809</u>	<u>2,092,301</u>
Deferred inflows of resources.....	197,862	85,539
Fund balances:		
Nonspendable:		
Leases.....	340	-
Prepaid assets.....	31,716	31,715
Restricted for:		
Stabilization by State Statute.....	4,182,828	3,405,872
Assigned:		
Subsequent year's expenditures.....	2,165,385	1,950,000
Unassigned.....	14,347,743	10,332,231
Total fund balances.....	<u>20,728,012</u>	<u>15,719,820</u>
Total liabilities, deferred inflows of resources and fund balances.....	<u>\$ 23,641,683</u>	<u>\$ 17,897,660</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, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021) **Statement A-2**

	<u>2022</u>		<u>Variance</u>	<u>2021 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	
Revenues				
Property taxes:				
Current and prior years.....	\$	\$ 12,574,194	\$	\$ 11,331,936
Penalties and interest, net of discounts.....		57,746		7,411
Total.....		<u>12,569,424</u>	<u>62,516</u>	<u>11,339,347</u>
Other taxes and licenses:				
Privilege licenses.....	1,000	805	(195)	955
Unrestricted intergovernmental:				
Local option sales tax.....		5,781,791		4,261,900
Telecommunications sales tax.....		54,274		74,249
Utility franchise tax.....		1,179,423		1,141,022
Video franchise fee.....		77,107		62,564
Beer and wine tax.....		70,859		59,850
ABC profit distribution.....		163,667		153,491
Tax sharing.....		315,498		313,314
Other.....		40,856		34,970
Total.....	<u>5,962,500</u>	<u>7,683,475</u>	<u>1,720,975</u>	<u>6,101,360</u>
Restricted intergovernmental:				
Powell Bill allocation.....		497,992		354,268
Controlled substance tax.....		1,726		1,403
ABC Revenue for law enforcement.....		43,323		38,978
Solid waste disposal tax.....		13,461		10,725
On-behalf of payments - fire.....		50,815		48,184
Federal equitable sharing.....		119,771		18,880
One NC Grant.....		-		-
Cares funding.....		-		187,904
Other grants and awards.....		2,437		-
Fire district tax funds.....		501,973		494,324
Total.....	<u>959,570</u>	<u>1,231,498</u>	<u>271,928</u>	<u>1,154,666</u>
Permits and fees:				
Building permits.....		712,334		615,935
Inspection fees.....		336,176		412,766
Planning fees.....		178,488		104,845
Street and utility inspection fees.....		147,650		193,353
Development fees.....		-		-
Other.....		14,165		11,136
Total.....	<u>1,335,652</u>	<u>1,388,813</u>	<u>53,161</u>	<u>1,338,035</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, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021)

Statement A-2

	<u>2022</u>		<u>Variance</u>	<u>2021 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	
Revenues (continued)				
Sales and services:				
Recreation department fees.....	\$	\$ 141,125	\$	\$ 86,368
Sanitation fees.....		524,592		493,408
Cemetery plot sales.....		35,550		36,750
Total.....	<u>695,550</u>	<u>701,267</u>	<u>5,717</u>	<u>616,526</u>
Investment earnings.....	<u>20,000</u>	<u>9,809</u>	<u>(10,191)</u>	<u>52,436</u>
Miscellaneous:				
Material sales.....		1,378		15,140
Rent.....		65,854		69,035
Other grants and awards.....		566,050		34,570
Other.....		322,516		133,139
Total.....	<u>587,602</u>	<u>955,798</u>	<u>368,196</u>	<u>251,884</u>
Total revenues.....	<u>22,131,298</u>	<u>24,603,405</u>	<u>2,472,107</u>	<u>20,855,209</u>
Expenditures				
General government:				
City Council:				
Salaries and employee benefits.....		58,925		54,410
Other operating expenditures.....		8,928		18,563
Total.....	<u>88,127</u>	<u>67,853</u>	<u>20,274</u>	<u>72,973</u>
Administration:				
Salaries and employee benefits.....		708,008		800,898
Other operating expenditures.....		208,391		160,813
Capital outlay.....		15,500		-
Total.....	<u>1,130,927</u>	<u>931,899</u>	<u>199,028</u>	<u>961,711</u>
Finance:				
Salaries and employee benefits.....		368,628		317,970
Other operating expenditures.....		239,681		212,398
Capital outlay.....		-		-
Total.....	<u>715,712</u>	<u>608,309</u>	<u>107,403</u>	<u>530,368</u>
Information Technology:				
Salaries and employee benefits.....		178,685		153,763
Other operating expenditures.....		298,498		249,513
Capital outlay.....		151,528		23,600
Total.....	<u>788,857</u>	<u>628,711</u>	<u>160,146</u>	<u>426,876</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, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021) **Statement A-2**

	<u>2022</u>		<u>Variance</u>	<u>2021 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	
Expenditures (continued)				
General government:				
Non-departmental:				
Salaries and employee benefits.....	\$	\$ 127,326	\$	\$ 129,300
Other operating expenditures.....		432,472		443,035
Total.....	927,893	559,798	368,095	572,335
Total general government.....	3,651,516	2,796,570	854,946	2,564,263
Public safety:				
Police:				
Salaries and employee benefits.....		3,471,541		3,272,176
Maintenance.....		118,750		70,105
Other operating expenditures.....		687,082		508,036
Capital outlay.....		437,788		201,311
Total.....	5,257,947	4,715,161	542,786	4,051,628
Fire:				
Salaries and employee benefits.....		2,653,334		2,582,303
Maintenance.....		152,125		114,738
Other operating expenditures.....		289,857		271,156
Capital outlay.....		8,807		-
Total.....	3,776,790	3,104,123	672,667	2,968,197
Total public safety.....	9,034,737	7,819,284	1,215,453	7,019,825
Public works:				
Public works:				
Salaries and employee benefits.....		716,761		742,390
Maintenance.....		746,627		1,044,220
Other operating expenditures.....		323,806		286,214
Capital outlay.....		650,859		8,420
Total.....	3,453,742	2,438,053	1,015,689	2,081,244
Public facilities:				
Salaries and employee benefits.....		292,141		261,431
Maintenance.....		207,516		207,847
Other operating expenditures.....		60,824		192,633
Capital outlay.....		34,284		-
Total.....	914,346	594,765	319,581	661,911

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, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021)

Statement A-2

	<u>2022</u>		<u>Variance</u>	<u>2021 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	
Expenditures (continued)				
Sanitation:				
Salaries and employee benefits.....		\$ 425,570		\$ 435,920
Maintenance.....		125,889		128,723
Tipping fees.....		477,583		493,088
Other operating expenditures.....		142,373		96,396
Capital outlay.....		311,206		-
Total.....	<u>1,768,539</u>	<u>1,482,621</u>	<u>285,918</u>	<u>1,154,127</u>
Total public works.....	<u>6,136,627</u>	<u>4,515,439</u>	<u>1,621,188</u>	<u>3,897,282</u>
Recreation:				
Parks and recreation:				
Salaries and employee benefits.....		847,152		778,229
Maintenance.....		201,970		217,503
Other operating expenditures.....		489,376		297,581
Capital outlay.....		549,981		839,027
Total.....	<u>2,640,417</u>	<u>2,088,479</u>	<u>551,938</u>	<u>2,132,340</u>
Total recreation.....	<u>2,640,417</u>	<u>2,088,479</u>	<u>551,938</u>	<u>2,132,340</u>
Economic and physical development:				
Planning:				
Salaries and employee benefits.....		260,218		235,444
Maintenance.....		9,733		958
Professional services.....		62,769		64,500
Other operating expenditures.....		88,129		65,006
Capital outlay.....		31,284		-
Total.....	<u>584,593</u>	<u>452,133</u>	<u>132,460</u>	<u>365,908</u>
Inspections:				
Salaries and employee benefits.....		546,524		488,194
Maintenance.....		2,718		1,593
Professional services.....		-		-
Other operating expenditures.....		33,798		21,919
Capital outlay.....		276,340		35,293
Total.....	<u>890,067</u>	<u>859,380</u>	<u>30,687</u>	<u>546,999</u>
Engineering:				
City Engineer contracted services.....		87,660		60,000
Professional services stormwater.....		70,000		81,500
Professional services.....		293,828		289,000
Total.....	<u>451,488</u>	<u>451,488</u>	<u>-</u>	<u>430,500</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, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021)

Statement A-2

	2022			2021 Actual
	Budget	Actual	Variance Positive (Negative)	
Expenditures (continued)				
Main Street Program:				
Professional services.....	\$	\$ 47,875	\$	\$ 4,688
Other operating expenditures.....		17,320		3,985
Total.....	151,810	65,195	86,615	8,673
Economic development:				
Other operating expenditures.....		755,349		847,092
Total.....	1,745,800	755,349	990,451	847,092
Total economic and physical development.....	3,823,758	2,583,545	1,240,213	2,199,172
Debt Service:				
Principal Retirement.....	1,415,802	1,415,799	3	1,239,573
Interest and other charges.....	204,200	178,525	25,675	211,159
Total debt service.....	1,620,002	1,594,324	25,678	1,450,732
Total expenditures.....	26,907,057	21,397,641	5,509,416	19,263,614
Excess (deficiency) of revenues over expenditures.....	(4,775,759)	3,205,764	7,981,523	1,591,595
Other Financing Sources (Uses)				
Transfers in.....	-	566,851	566,851	-
Transfers out.....	(908,240)	(129,423)	778,817	(1,144,592)
Proceeds from long-term debt obligations issued.....	1,364,044	1,365,000	956	430,500
Total other financing sources (uses).....	455,804	1,802,428	1,346,624	(714,092)
Fund balance appropriated.....	4,319,955	-	(4,319,955)	-
Net change in fund balances.....	\$ -	5,008,192	\$ 5,008,192	877,503
Fund balances - beginning		15,719,820		14,842,317
Fund balances - ending.....		\$ 20,728,012		\$ 15,719,820

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.
- **The Lake Michael Dam Spillway Capital Project Fund** – This fund is used to account for the construction of the Lake Michael Dam Spillway.



**City of Mebane, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022**

Statement B-1

	<u>Special</u>		<u>Capital Project</u>	<u>Capital Project</u>	<u>Total</u>
	<u>Revenue Fund</u>		<u>Fund - Cates</u>	<u>Fund - Lake</u>	<u>Nonmajor</u>
	<u>- CDBG -</u>	<u>Capital Project</u>	<u>Fund - Cates</u>	<u>Fund - Lake</u>	<u>Governmental</u>
	<u>Mebane Mills</u>	<u>Fund - General</u>	<u>Farm Park</u>	<u>Michael Dam</u>	<u>Funds</u>
	<u>Loft</u>	<u>Fund</u>	<u>Project</u>	<u>Spillway</u>	
Assets					
Cash and cash equivalents	\$ -	\$ -	\$ 13,515	\$ -	\$ 13,515
Restricted cash.....	141,439	-	-	-	141,439
Total assets.....	<u>\$ 141,439</u>	<u>\$ -</u>	<u>\$ 13,515</u>	<u>\$ -</u>	<u>\$ 154,954</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable.....	\$ -	\$ -	\$ 13,515	\$ -	\$ 13,515
Total liabilities	<u>-</u>	<u>-</u>	<u>13,515</u>	<u>-</u>	<u>13,515</u>
Fund balances:					
Restricted					
Economic development.....	141,439	-	-	-	141,439
Assigned					
Capital improvements.....	-	-	-	-	-
Total fund balances.....	<u>141,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,439</u>
Total liabilities and fund balances.....	<u>\$ 141,439</u>	<u>\$ -</u>	<u>\$ 13,515</u>	<u>\$ -</u>	<u>\$ 154,954</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, 2022

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>Project Fund -</u>	<u>Nonmajor</u>
	<u>Mebane Mills</u>	<u>Project Fund -</u>	<u>Cates Farm</u>	<u>Lake Michael</u>	<u>Governmental</u>
	<u>Loft</u>	<u>General Fund</u>	<u>Park Project</u>	<u>Dam Spillway</u>	<u>Funds</u>
Revenues					
Program revenue.....	\$ 11,174	\$ -	\$ -	\$ -	\$ 11,174
Interest earnings.....	2,806	-	-	-	2,806
Total revenues.....	<u>13,980</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,980</u>
Expenditures					
Capital outlay - other.....	-	-	44,170	85,253	129,423
Capital outlay - equipment.....	-	-	-	-	-
Total expenditures.....	<u>-</u>	<u>-</u>	<u>44,170</u>	<u>85,253</u>	<u>129,423</u>
Excess (deficiency) of revenues					
over expenditures	<u>13,980</u>	<u>-</u>	<u>(44,170)</u>	<u>(85,253)</u>	<u>(115,443)</u>
Other Financing Sources (Uses)					
Transfers from other funds.....	-	-	44,170	85,253	129,423
Transfers to other funds.....	-	(566,851)	-	-	(566,851)
Appropriated fund balance.....	-	-	-	-	-
Total Other Financing Sources (Uses).....	<u>-</u>	<u>(566,851)</u>	<u>44,170</u>	<u>85,253</u>	<u>(437,428)</u>
Net change in fund balances.....	13,980	(566,851)	-	-	(552,871)
Fund balances - beginning.....	127,459	566,851	-	-	694,310
Fund balances - ending.....	<u>\$ 141,439</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,439</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, 2022 **Statement B-3**

	<u>Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance Positive (Negative)</u>
			<u>Current Year</u>	<u>Total to Date</u>	
Revenues					
CDBG.....	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
Program revenue- principal receipts.....	-	87,095	11,174	98,269	98,269
Program revenue- interest receipts.....	-	38,311	2,752	41,063	41,063
Investment earnings.....	-	2,053	54	2,107	2,107
Total revenues.....	<u>250,000</u>	<u>377,459</u>	<u>13,980</u>	<u>391,439</u>	<u>141,439</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>127,459</u>	<u>13,980</u>	<u>141,439</u>	<u>141,439</u>
Net change in fund balance.....	\$ <u>-</u>	\$ <u>127,459</u>	13,980	\$ <u>141,439</u>	\$ <u>141,439</u>
Fund balance, July 1.....			127,459		
Fund balance, June 30.....			<u>\$ 141,439</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, 2022 **Statement B-4**

	<u>Budget</u>		<u>Variance</u>	
	<u>Authorization</u>	<u>Actual</u>	<u>Positive</u>	<u>2021 Actual</u>
			<u>(Negative)</u>	
Expenditures				
Art.....	\$ -	\$ -	\$ -	\$ -
Holt St Greenway.....	-	-	-	24,256
Foust Road widening.....	-	-	-	117,390
Bike and Ped maintenance.....	-	-	-	-
3rd Street Alleyway- drainage maint.....	-	-	-	-
Streets maintenance.....	-	-	-	-
Sidewalk construction.....	-	-	-	65,264
Public works vehicles.....	-	-	-	156,910
Inspections and planning building.....	-	-	-	-
Fire vehicles.....	-	-	-	-
Capital Outlay - Lake Michael Dam.....	-	-	-	129,100
Capital Outlay - Cates Farm Park.....	-	-	-	-
Total expenditures.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>492,920</u>
Revenue over (under) expenditures.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>(492,920)</u>
Other Financing Sources (Uses)				
Operating transfers in (out):				
From General Fund for				
capital improvements.....	-	-	-	1,059,769
To General Fund for				
for project closeout.....	-	(566,851)	566,851	-
Appropriated fund balance.....	-	-	-	-
Total other financing sources (uses).....	<u>-</u>	<u>(566,851)</u>	<u>566,851</u>	<u>1,059,769</u>
Revenues and other sources over (under)				
 expenditures and other uses.....	<u>\$ -</u>	<u>(566,851)</u>	<u>\$ 566,851</u>	<u>566,849</u>
Fund balance, July 1.....		<u>566,851</u>		<u>2</u>
Fund balance, June 30.....		<u>\$ -</u>		<u>\$ 566,851</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, 2022 **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.....	50,550	-	44,170	44,170	6,380
Construction administration.....	17,200	-	-	-	17,200
Construction.....	612,323	84,823	-	84,823	527,500
Total expenditures.....	<u>680,961</u>	<u>84,823</u>	<u>44,170</u>	<u>128,993</u>	<u>551,968</u>
Revenue over (under) expenditures.....	<u>(680,961)</u>	<u>(84,823)</u>	<u>(44,170)</u>	<u>(128,993)</u>	<u>551,968</u>
Other Financing Sources (Uses)					
Operating transfers in:					
From General Fund for					
capital improvements.....	680,961	84,823	44,170	128,993	(551,968)
Total other financing sources (uses).....	<u>680,961</u>	<u>84,823</u>	<u>44,170</u>	<u>128,993</u>	<u>(551,968)</u>
Revenues and other sources over (under)					
expenditures and other uses.....	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, July 1.....			-		
Fund balance, June 30.....			<u>\$ -</u>		

City of Mebane, North Carolina
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Project Fund - Lake Michael Dam Spillway
From Inception and For the Year Ended June 30, 2022 **Statement B-6**

	Actual				<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.....	\$ 908,240	\$ -	\$ 85,253	\$ 85,253	\$ 822,987
Total expenditures.....	<u>908,240</u>	<u>-</u>	<u>85,253</u>	<u>85,253</u>	<u>822,987</u>
Revenue over (under) expenditures.....	<u>(908,240)</u>	<u>-</u>	<u>(85,253)</u>	<u>(85,253)</u>	<u>822,987</u>
Other Financing Sources (Uses)					
Operating transfers in:					
From General Fund for					
capital improvements.....	908,240	-	85,253	85,253	(822,987)
Total other financing sources (uses).....	<u>908,240</u>	<u>-</u>	<u>85,253</u>	<u>85,253</u>	<u>(822,987)</u>
Revenues and other sources over (under)					
expenditures and other uses.....	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, July 1.....			-		
Fund balance, June 30.....			<u>\$ -</u>		

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.
- **American Rescue Plan – Grant Project Fund** – This fund is used to account for expenditures related to the American Rescue Plan Grant.



City of Mebane, North Carolina
Comparative Statement of Net Position
Proprietary Funds
June 30, 2022 and 2021

Statement C-1

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Assets		
Current assets:		
Cash and equivalents.....	\$ 10,061,364	\$ 7,511,270
Restricted cash.....	14,484,677	3,136,703
Accounts Receivable, net - billed.....	765,038	657,559
Accounts Receivable, net - unbilled.....	341,998	320,655
Other receivables.....	5,121	6,419
Due from other governments.....	-	-
Prepaid items.....	-	-
Total current assets.....	<u>25,658,198</u>	<u>11,632,606</u>
Non-current assets:		
Capital assets:		
Land and other non-depreciable assets.....	3,681,335	1,122,119
Other capital assets, net of depreciation.....	57,456,848	53,865,126
Total capital assets.....	<u>61,138,183</u>	<u>54,987,245</u>
Total non-current assets.....	<u>61,138,183</u>	<u>54,987,245</u>
Total assets.....	<u>86,796,381</u>	<u>66,619,851</u>
Deferred outflows of resources.....	<u>1,187,413</u>	<u>971,957</u>
Total assets and deferred outflows of resources.....	<u>\$ 87,983,794</u>	<u>\$ 67,591,808</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 1,793,902	\$ 323,697
Accrued interest payable.....	92,665	36,135
Due to other governments.....	-	262,325
Payable from restricted assets.....	738,766	671,341
Unearned revenues.....	546,199	-
Compensated absences.....	73,570	66,299
Long-term debt - current.....	356,415	767,542
Bonds payable - current.....	964,000	-
Total current liabilities.....	<u>4,565,517</u>	<u>2,127,339</u>
Noncurrent liabilities:		
Compensated absences.....	15,170	12,690
Net pension liability.....	233,615	542,215
Other postemployment benefits.....	1,757,921	1,494,607
Long-term debt - noncurrent.....	7,670,516	5,957,950
Bonds payable - noncurrent.....	7,937,942	-
Total noncurrent liabilities.....	<u>17,615,164</u>	<u>8,007,462</u>
Total liabilities.....	<u>22,180,681</u>	<u>10,134,801</u>
Deferred inflows of resources.....	<u>438,226</u>	<u>94,556</u>
Net Position		
Net investment in capital assets.....	53,706,014	48,261,754
Restricted for future system development.....	3,702,258	2,465,362
Unrestricted	7,956,615	6,635,335
Total net position.....	<u>65,364,887</u>	<u>57,362,451</u>
Total liabilities, deferred outflows of resources, and net position.....	<u>\$ 87,983,794</u>	<u>\$ 67,591,808</u>

City of Mebane, North Carolina
Combining Statement of Net Position
Proprietary Funds - By Subfund
June 30, 2022

Statement C-2

	<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>WRRF 0.5 MGD Expansion Capital Project Fund</u>	<u>American Rescue Plan Grant Project</u>	<u>Total</u>
Assets							
Current assets:							
Cash and equivalents.....	\$ 9,870,264	\$ -	\$ -	\$ -	\$ 191,100	\$ -	\$ 10,061,364
Restricted cash.....	2,591,925	3,702,258	-	7,643,545	-	546,949	14,484,677
Accounts receivable, net - billed.....	765,038	-	-	-	-	-	765,038
Accounts receivable, net - unbilled.....	341,998	-	-	-	-	-	341,998
Other receivables.....	5,121	-	-	-	-	-	5,121
Due from other governments.....	-	-	-	-	-	-	-
Prepaid items.....	-	-	-	-	-	-	-
Non-capital eliminations.....	-	-	-	-	-	-	-
Total current assets.....	13,574,346	3,702,258	-	7,643,545	191,100	546,949	25,658,198
Non-current assets:							
Capital assets:							
Land and other non-depreciable assets.....	3,681,335	-	-	-	-	-	3,681,335
Other capital assets, net of depreciation.....	57,456,848	-	-	-	-	-	57,456,848
Total capital assets.....	61,138,183	-	-	-	-	-	61,138,183
Total non-current assets.....	61,138,183	-	-	-	-	-	61,138,183
Total assets.....	74,712,529	3,702,258	-	7,643,545	191,100	546,949	86,796,381
Deferred outflows of resources.....	1,187,413	-	-	-	-	-	1,187,413
Total assets and deferred outflows of resources.....	\$ 75,899,942	\$ 3,702,258	\$ -	\$ 7,643,545	\$ 191,100	\$ 546,949	\$ 87,983,794
Liabilities							
Current liabilities:							
Accounts payable and accrued liabilities.....	\$ 1,017,428	\$ -	\$ -	\$ 585,374	\$ 191,100	\$ -	\$ 1,793,902
Accrued interest payable.....	92,665	-	-	-	-	-	92,665
Due to other governments.....	-	-	-	-	-	-	-
Payable from restricted assets.....	738,766	-	-	-	-	-	738,766
Unearned revenues.....	-	-	-	-	-	546,199	546,199
Compensated absences.....	73,570	-	-	-	-	-	73,570
Long-term debt - current.....	356,415	-	-	-	-	-	356,415
Bonds payable - current.....	-	-	-	964,000	-	-	964,000
Total current liabilities.....	2,278,844	-	-	1,549,374	191,100	546,199	4,565,517
Noncurrent liabilities:							
Compensated absences.....	15,170	-	-	-	-	-	15,170
Net pension liability.....	233,615	-	-	-	-	-	233,615
Other postemployment benefits.....	1,757,921	-	-	-	-	-	1,757,921
Long-term debt - noncurrent.....	7,670,516	-	-	-	-	-	7,670,516
Bonds payable - current.....	-	-	-	7,937,942	-	-	7,937,942
Total noncurrent liabilities.....	9,677,222	-	-	7,937,942	-	-	17,615,164
Total liabilities.....	11,956,066	-	-	9,487,316	191,100	546,199	22,180,681
Deferred inflows of resources.....	438,226	-	-	-	-	-	438,226
Net Position							
Net investment in capital assets.....	53,706,014	-	-	-	-	-	53,706,014
Restricted for future system development.....	-	3,702,258	-	-	-	-	3,702,258
Unrestricted.....	9,799,636	-	-	(1,843,771)	-	750	7,956,615
Total net position.....	63,505,650	3,702,258	-	(1,843,771)	-	750	65,364,887
Total liabilities, deferred outflows of resources, and net position.....	\$ 75,899,942	\$ 3,702,258	\$ -	\$ 7,643,545	\$ 191,100	\$ 546,949	\$ 87,983,794

City of Mebane, North Carolina
 Combining Schedule of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds - By Subfund
 June 30, 2022

Statement C-3

	<u>Operating Fund</u>	<u>System</u>	<u>Capital</u>	<u>WRRF</u>	<u>WRRF 0.5</u>	<u>American</u>	<u>Eliminations</u>	<u>Total</u>
		<u>Development</u>	<u>Project Fund -</u>	<u>Renovation</u>	<u>MGD</u>	<u>Rescue Plan</u>		
		<u>Capital</u>	<u>Utility</u>	<u>Capital Project</u>	<u>Expansion</u>	<u>Grant Project</u>		
		<u>Reserve Fund</u>		<u>Fund</u>	<u>Project Fund</u>			
Operating Revenues								
Charges for services.....	\$ 7,616,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,616,776
Water and sewer taps.....	26,279	-	-	-	-	-	-	26,279
Connection fees.....	215,790	1,434,780	-	-	-	-	-	1,650,570
Miscellaneous.....	415,476	-	-	-	-	-	-	415,476
Total operating revenues.....	8,274,321	1,434,780	-	-	-	-	-	9,709,101
Operating Expenses								
Administration, meters and billing.....	959,494	-	-	-	-	-	-	959,494
Utility maintenance.....	2,798,410	-	-	-	-	-	-	2,798,410
Engineering.....	306,902	-	-	-	-	-	-	306,902
Water resource recovery facility.....	1,621,109	-	-	-	-	-	-	1,621,109
Non-departmental.....	64,185	-	-	-	-	-	-	64,185
Depreciation.....	1,710,866	-	-	-	-	-	-	1,710,866
Total operating expenses.....	7,460,966	-	-	-	-	-	-	7,460,966
Operating income (loss).....	813,355	1,434,780	-	-	-	-	-	2,248,135
Nonoperating revenues (expenses)								
Interest and investment revenue.....	4,549	1,293	-	7,486	-	750	-	14,078
Other.....	44,539	-	-	-	-	-	-	44,539
Interest expense.....	(196,006)	-	-	-	-	-	-	(196,006)
ARPA Grant Proceeds.....	-	-	-	-	-	2,045,130	-	2,045,130
Total nonoperating revenues (expenses).....	(146,918)	1,293	-	7,486	-	2,045,880	-	1,907,741
Income (loss) before								
contributions and transfers.....	666,437	1,436,073	-	7,486	-	2,045,880	-	4,155,876
Capital contributions.....	3,422,692	-	-	-	-	-	-	3,422,692
Expense transfer from projects.....	2,312,718	-	-	(1,295,972)	(1,016,746)	-	-	-
Capital asset transfers from								
other funds.....	423,868	-	-	-	-	-	-	423,868
Transfers in.....	3,025,062	-	-	-	1,016,746	-	-	4,041,808
Transfers out.....	(1,016,746)	(199,177)	(197,755)	(583,000)	-	(2,045,130)	-	(4,041,808)
Change in net position.....	8,834,031	1,236,896	(197,755)	(1,871,486)	-	750	-	8,002,436
Total net position - beginning.....	54,671,619	2,465,362	197,755	27,715	-	-	-	57,362,451
Total net position - ending.....	\$ 63,505,650	\$ 3,702,258	\$ -	\$ (1,843,771)	\$ -	\$ 750	\$ -	\$ 65,364,887

City of Mebane, North Carolina
Schedule of Revenues and Expenditures - Budget to Actual
Water and Sewer Fund
For the Fiscal Year Ended June 30, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021)

Statement C-4

	2022		<u>Variance</u>	2021 Actual
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>	
Revenues				
Charges for services:				
Water sales.....	\$	\$ 3,839,044	\$	\$ 3,355,092
Sewer charges.....		3,783,019		3,436,667
Water and sewer taps.....		26,279		37,002
Total.....	<u>7,425,200</u>	<u>7,648,342</u>	<u>223,142</u>	<u>6,828,761</u>
Other operating revenues:				
Other operating revenues.....		631,269		748,941
Total.....	<u>757,545</u>	<u>631,269</u>	<u>(126,276)</u>	<u>748,941</u>
Other nonoperating revenues:				
Other.....		44,539		(97,543)
Interest and investment earnings.....		4,548		23,478
Total.....	<u>(61,000)</u>	<u>49,087</u>	<u>110,087</u>	<u>(74,065)</u>
Total revenues.....	<u>8,121,745</u>	<u>8,328,698</u>	<u>206,953</u>	<u>7,503,637</u>
Expenditures				
Administration, meters and billing:				
Salaries and employee benefits.....		748,052		707,312
Supplies.....		27,749		24,946
Other operating expenditures.....		178,553		157,221
Total.....	<u>1,168,739</u>	<u>954,354</u>	<u>214,385</u>	<u>889,479</u>
Utility maintenance:				
Salaries and employee benefits.....		1,013,294		951,134
Chemicals.....		133,824		90,678
Supplies.....		125,272		114,169
Maintenance.....		139,117		166,120
Purchases of water		980,001		839,426
Highway 119 project expenses.....		-		-
Other operating expenditures.....		350,574		318,816
Total.....	<u>3,449,311</u>	<u>2,742,082</u>	<u>707,229</u>	<u>2,480,343</u>
Engineering:				
City Engineer contracted services.....		124,447		84,000
Other operating expenditures.....		182,455		176,000
Total.....	<u>325,000</u>	<u>306,902</u>	<u>18,098</u>	<u>260,000</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, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021)

Statement C-4

	2022		<u>Variance</u>	<u>2021 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>	
Expenditures (continued)				
Water resource recovery facility:				
Salaries and employee benefits.....		\$ 672,838		\$ 697,614
Chemicals.....		88,949		99,026
Supplies.....		37,770		35,026
Maintenance.....		517,437		481,343
Other operating expenditures.....		272,907		236,084
Total.....	<u>2,038,040</u>	<u>1,589,901</u>	<u>448,139</u>	<u>1,549,093</u>
Non-departmental:				
Other operating expenditures.....		64,185		-
Total.....	<u>236,930</u>	<u>64,185</u>	<u>172,745</u>	<u>-</u>
Debt Service:				
Principal Retirement.....	4,112,843	3,492,619	620,224	758,542
Interest and other charges.....	244,321	139,476	104,845	91,182
Total.....	<u>4,357,164</u>	<u>3,632,095</u>	<u>725,069</u>	<u>849,724</u>
Capital outlay:				
Miscellaneous water.....	3,878,106	1,492,215	2,385,891	423,017
Miscellaneous sewer.....	187,058	210,312	(23,254)	162,421
Total.....	<u>4,065,164</u>	<u>1,702,527</u>	<u>2,362,637</u>	<u>585,438</u>
Total expenditures.....	<u>15,640,348</u>	<u>10,992,046</u>	<u>4,648,302</u>	<u>6,614,077</u>
Excess (deficiency) of revenues over expenditures.....	<u>(7,518,603)</u>	<u>(2,663,348)</u>	<u>4,855,255</u>	<u>889,560</u>
Other Financing Sources (Uses)				
Transfers in.....	699,177	3,025,062	2,325,885	-
Transfers out.....	(3,525,000)	(1,016,746)	2,508,254	(450,000)
Proceeds from long-term debt.....	4,794,058	4,794,058	-	-
Total other financing sources (uses).....	<u>1,968,235</u>	<u>6,802,374</u>	<u>4,834,139</u>	<u>(450,000)</u>
Fund balance appropriated.....	<u>5,550,368</u>	<u>-</u>	<u>(5,550,368)</u>	<u>-</u>
Revenues and other sources over expenditures and other uses.....	<u>\$ -</u>	<u>\$ 4,139,026</u>	<u>\$ 4,139,026</u>	<u>\$ 439,560</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, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021)

Statement C-4

	<u>2022</u>		<u>Variance</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	<u>2021 Actual</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:				
Revenues and other sources over expenditures and other uses.....		\$ 4,139,026		\$ 439,560
Reconciling items:				
Principal retirement.....		3,492,619		758,542
Capital outlays.....		1,702,527		585,438
Proceeds from long-term debt.....		(4,794,058)		-
Increase (decrease) in receivable allowance.....		(26,631)		15,632
Increase (decrease) in unbilled receivables.....		21,343		31,696
(Increase) decrease in accrued interest payable.....		(56,530)		3,928
(Increase) decrease in vacation pay.....		(9,749)		(2,915)
Increase (decrease) in deferred outflows of resources - pensions.....		141,958		(12,721)
(Increase) decrease in net pension liability.....		308,600		(137,128)
(Increase) decrease in deferred inflows of resources - pensions.....		(361,003)		-
Increase (decrease) in deferred outflows of resources - OPEB.....		73,498		291,847
(Increase) decrease in deferred inflows of resources - OPEB.....		17,333		17,174
(Increase) decrease in OPEB liability.....		(263,314)		(433,037)
Depreciation.....		(1,710,866)		(1,626,168)
Amortization of deferred loss on refunding.....		-		-
Capital contributions.....		3,422,692		2,890,267
Interest income from Water and Sewer Capital Project Funds.....		9,529		4,595
Capital asset transfers from other funds.....		423,868		-
Restricted income from System Development Capital Reserve Fund.....		1,434,780		1,527,703
Income from American Rescue Plan Grant Project Special Revenue Fund.....		2,045,130		-
Net Transfers to (from) Capital Project funds.....		(2,008,316)		(37,846)
Total reconciling items.....		<u>3,863,410</u>		<u>3,877,007</u>
Change in net position.....		<u>\$ 8,002,436</u>		<u>\$ 4,316,567</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, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021) **Statement C-5**

	<u>2022</u>		<u>Variance</u>	<u>2021 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	
Revenues				
Charges for services:				
System Development Fees- Water.....	\$	\$ 425,919	\$	\$ 392,211
System Development Fees- Sewer.....		1,008,861		1,135,492
Total.....	<u>1,107,000</u>	<u>1,434,780</u>	<u>327,780</u>	<u>1,527,703</u>
Other nonoperating revenues:				
Interest and investment earnings.....		1,293		4,595
Total.....	<u>2,500</u>	<u>1,293</u>	<u>(1,207)</u>	<u>4,595</u>
Total revenues.....	<u>1,109,500</u>	<u>1,436,073</u>	<u>326,573</u>	<u>1,532,298</u>
Excess (deficiency) of revenues				
over expenditures.....	<u>1,109,500</u>	<u>1,436,073</u>	<u>326,573</u>	<u>1,532,298</u>
Other Financing Sources (Uses)				
Utility Capital Reserve.....	(609,500)	-	609,500	-
Transfers to other funds:				
Utility Capital Project Fund.....	(699,177)	(199,177)	500,000	(37,846)
Appropriated fund balance.....	199,177	-	(199,177)	-
Total other financing sources (uses).....	<u>(1,109,500)</u>	<u>(199,177)</u>	<u>910,323</u>	<u>(37,846)</u>
Revenues and other sources over				
expenditures and other uses.....	<u>\$ -</u>	<u>\$ 1,236,896</u>	<u>\$ 1,236,896</u>	<u>\$ 1,494,452</u>

City of Mebane, North Carolina
Schedule of Revenues and Expenditures - Budget to Actual
Capital Project Fund - Utility
For the Fiscal Year Ended June 30, 2022
(With Comparative Totals for the Fiscal Year Ended June 30, 2021) **Statement C-6**

	<u>2022</u>		<u>Variance</u>	<u>2021 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	
Expenditures				
Oversizing sewer lines.....	\$	\$ -	\$	\$ -
Meter changeout project.....		-		487,846
Arbor Creek outfall.....		-		-
WRRF floodwall.....		-		-
Total expenditures.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>487,846</u>
Excess (deficiency) of revenues over expenditures.....				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(487,846)</u>
Other Financing Sources (Uses)				
Operating transfers in (out):				
From Water and Sewer Fund for utility capital improvements.....	-		-	450,000
From Utility Capital Reserve Fund for utility capital improvements.....	-	-	-	37,846
To Water and Sewer Fund for project closeout.....	-	(197,755)	(197,755)	-
Appropriated fund balance.....	-	-	-	-
Total other financing sources (uses).....	<u>-</u>	<u>(197,755)</u>	<u>(197,755)</u>	<u>487,846</u>
Revenues and other sources over (under) expenditures and other uses.....				
	<u>\$ -</u>	<u>\$ (197,755)</u>	<u>\$ (197,755)</u>	<u>\$ -</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, 2022

Statement C-7

	<u>Actual</u>				<u>Variance Positive (Negative)</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Revenues					
Investment earnings.....	\$ -	\$ -	\$ 7,486	\$ 7,486	\$ 7,486
Total revenues.....	<u>-</u>	<u>-</u>	<u>7,486</u>	<u>7,486</u>	<u>7,486</u>
Expenditures					
Professional services.....	101,284	-	92,284	92,284	9,000
Design and engineering.....	555,285	555,285	-	555,285	-
Construction administration.....	541,390	-	141,324	141,324	400,066
Construction.....	6,927,000	-	538,614	538,614	6,388,386
Equipment.....	523,750	-	523,750	523,750	-
Contingency.....	253,233	-	-	-	253,233
Total expenditures.....	<u>8,901,942</u>	<u>555,285</u>	<u>1,295,972</u>	<u>1,851,257</u>	<u>7,050,685</u>
Revenue over (under) expenditures.....	<u>(8,901,942)</u>	<u>(555,285)</u>	<u>(1,288,486)</u>	<u>(1,843,771)</u>	<u>7,058,171</u>
Other Financing Sources (Uses)					
Operating transfers in:					
From Water and Sewer Fund for utility capital improvements.....	-	583,000	-	583,000	583,000
Operating transfers out:					
To Water and Sewer Fund for utility capital improvements.....	-	-	(583,000)	(583,000)	(583,000)
Installment purchase obligations issued.....	8,901,942	-	8,901,942	8,901,942	-
Total other financing sources (uses).....	<u>8,901,942</u>	<u>583,000</u>	<u>8,318,942</u>	<u>8,901,942</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses.....					
	<u>\$ -</u>	<u>\$ 27,715</u>	<u>\$ 7,030,456</u>	<u>\$ 7,058,171</u>	<u>\$ 7,058,171</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, 2022

Statement C-8

	<u>Actual</u>				<u>Variance Positive (Negative)</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
Expenditures					
Design and engineering.....	\$ 3,525,000	\$ -	\$ 1,016,746	\$ 1,016,746	\$ 2,508,254
Contingency.....	-	-	-	-	-
Total expenditures.....	<u>3,525,000</u>	<u>-</u>	<u>1,016,746</u>	<u>1,016,746</u>	<u>2,508,254</u>
Revenue over (under) expenditures.....	<u>(3,525,000)</u>	<u>-</u>	<u>(1,016,746)</u>	<u>(1,016,746)</u>	<u>2,508,254</u>
Other Financing Sources (Uses)					
Operating transfers in:					
From Water and Sewer Fund for					
utility capital improvements.....	3,525,000	-	1,016,746	1,016,746	(2,508,254)
Total other financing sources (uses).....	<u>3,525,000</u>	<u>-</u>	<u>1,016,746</u>	<u>1,016,746</u>	<u>(2,508,254)</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)
 American Rescue Plan Grant Project
 From Inception and For the Year Ended June 30, 2022

Statement C-9

	<u>Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance</u>
			<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u> <u>(Negative)</u>
Revenues					
ARPA Grant Proceeds.....	\$ 5,182,478	\$ -	\$ 2,045,130	\$ 2,045,130	\$ (3,137,348)
Investment earnings.....	-	-	750	750	750
Total revenues.....	<u>5,182,478</u>	<u>-</u>	<u>2,045,880</u>	<u>2,045,880</u>	<u>(3,136,598)</u>
Other Financing Sources (Uses)					
Operating transfers out:					
To Water and Sewer Fund for					
salaries and benefits reimbursements.....	(5,182,478)	-	(2,045,130)	(2,045,130)	3,137,348
Total other financing sources (uses).....	<u>(5,182,478)</u>	<u>-</u>	<u>(2,045,130)</u>	<u>(2,045,130)</u>	<u>3,137,348</u>
Revenues and other sources over (under)					
expenditures and other uses.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 750</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, 2022

Schedule D-1

<u>Fiscal Year</u>	<u>Uncollected Balance 6/30/2021</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance 6/30/2022</u>
2021-2022.....	\$ -	\$ 12,478,822	\$ 12,448,629	\$ 30,193
2020-2021.....	40,593	-	23,199	17,394
2019-2020.....	13,354	-	4,984	8,370
2018-2019.....	12,848	-	1,626	11,222
2017-2018.....	2,983	-	296	2,687
2016-2017.....	2,280	-	1,169	1,111
2015-2016.....	4,621	-	106	4,515
2014-2015.....	4,284	-	94	4,190
2013-2014.....	4,504	-	35	4,469
2012-2013.....	5,092	-	(16)	5,108
2011-2012.....	4,155	-	4,155	-
	<u>\$ 94,714</u>	<u>\$ 12,478,822</u>	<u>\$ 12,484,277</u>	<u>89,259</u>
Less: Allowance for uncollectible accounts (General Fund).....				<u>11,695</u>
Ad valorem taxes receivable - net.....				<u><u>\$ 77,564</u></u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund.....				\$ 12,631,940
Add (subtract):				
Penalties and interest, net of discounts.....				(57,746)
Amount written off for tax year 2011-2012.....				4,155
Refunds and other adjustments.....				(94,072)
Total collections and credits.....				<u><u>\$ 12,484,277</u></u>

City of Mebane, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Fiscal Year Ended June 30, 2022

Schedule D-2

	<u>City - Wide</u>			<u>Total Levy</u>	
	<u>Total Property</u> <u>Valuation</u>	<u>Rate</u>	<u>Amount of</u> <u>Levy</u>	<u>Property</u> <u>Excluding</u> <u>Registered</u> <u>Motor</u> <u>Vehicles</u>	<u>Registered</u> <u>Motor</u> <u>Vehicles</u>
Tax levy:					
Real property	\$ 1,931,258,902	0.47	\$ 9,076,917	\$ 9,076,917	\$ -
Personal property	706,724,061	0.47	3,321,603	2,426,025	895,578
Public service companies.....	<u>17,085,572</u>	0.47	<u>80,302</u>	<u>80,302</u>	<u>-</u>
Subtotals.....	<u>2,655,068,535</u>		<u>12,478,822</u>	<u>11,583,244</u>	<u>895,578</u>
Less: Homestead exemptions.....	<u>(352,483)</u>	0.47	<u>(1,657)</u>	<u>(1,657)</u>	<u>-</u>
Totals.....	<u>\$ 2,654,716,052</u>		12,477,165	11,581,587	895,578
Advertising, interest cost and late filing fees.....			<u>13,294</u>	<u>13,294</u>	<u>-</u>
Gross levy.....			<u>12,490,459</u>	<u>11,594,881</u>	<u>895,578</u>
Release and adjustments.....			<u>-</u>	<u>-</u>	<u>-</u>
Net levy.....			<u>12,490,459</u>	<u>11,594,881</u>	<u>895,578</u>
Uncollected taxes at June 30, 2021.....			<u>30,193</u>	<u>22,170</u>	<u>8,023</u>
Current year taxes collected.....			<u>\$ 12,460,266</u>	<u>\$ 11,572,711</u>	<u>\$ 887,555</u>
Current levy collection percentage.....			<u>99.76%</u>	<u>99.81%</u>	<u>99.10%</u>

City of Mebane, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Fiscal Year Ended June 30, 2022

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.....	\$ 1,931,258,902	\$ -
Personal Property.....	704,000,231	2,723,830
Public service companies (Note 2).....	17,085,572	-
Total Assessed Valuation.....	<u>2,652,344,705</u>	<u>2,723,830</u>
Tax Rate per \$100.....	<u>0.47</u>	<u>0.47</u>
	<u>12,466,020</u>	<u>12,802</u>
Levy.....		<u>\$ 12,478,822</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, 2022**

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.....	\$ 85,655,962	\$ 402,583	3.23%
Liggett Group - One Hundred				
Maple, LLC.....	Tobacco Manufacturing.....	53,505,837	\$ 251,477	2.02%
Industrial Connections &				
Solutions LLC.....	Electronics Manufacturing.....	52,653,817	\$ 247,473	1.98%
Wal-Mart.....	Retail.....	49,253,101	\$ 231,490	1.86%
Lotus Bakeries US LLC.....	Natural Snack Product Manufacturing.....	43,502,662	\$ 204,463	1.64%
Nypro, Inc. (a Jabil Company).....	Plastics Manufacturing.....	42,923,810	\$ 201,742	1.62%
Tanger Properties LMTD Partner...	Retail.....	42,389,129	\$ 199,229	1.60%
Keystone at Mebane Oaks, LLC.....	Apartment Complex.....	41,411,560	\$ 194,634	1.56%
Morinaga America Foods, Inc.....	Japanese confectionery.....	30,794,748	\$ 144,735	1.16%
MRE MNC LLC.....	Real Estate Holding Company.....	28,015,300	\$ 131,672	1.06%
		<u>\$ 470,105,926</u>	<u>\$ 2,209,498</u>	<u>17.71%</u>

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Statistical Section

This part of the City of Mebane's annual comprehensive 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.

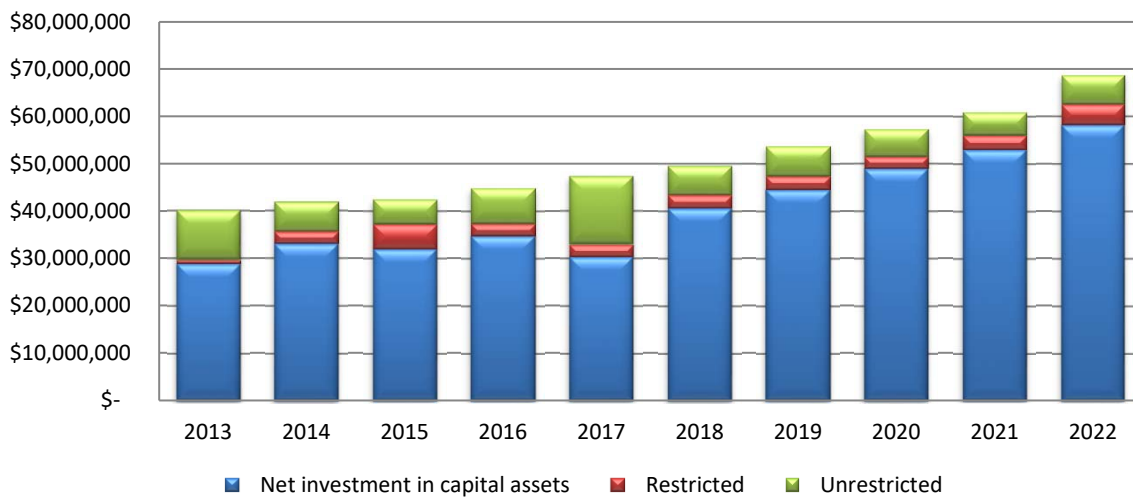
Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial report for the relevant year.

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,				
	2013	2014	2015	2016	2017
Governmental activities					
Net investment in capital assets.....	\$ 28,863,807	\$ 33,039,857	\$ 32,011,821	\$ 34,801,671	\$ 30,319,096
Restricted.....	755,213	2,594,241	5,225,747	2,589,616	2,615,433
Unrestricted.....	<u>10,432,825</u>	<u>6,195,064</u>	<u>5,185,319</u>	<u>7,502,406</u>	<u>14,338,635</u>
Total governmental activities net position.....	<u>\$ 40,051,845</u>	<u>\$ 41,829,162</u>	<u>\$ 42,422,887</u>	<u>\$ 44,893,693</u>	<u>\$ 47,273,164</u>
Business-type activities					
Net investment in capital assets.....	\$ 29,700,671	\$ 31,622,606	\$ 33,155,614	\$ 34,178,396	\$ 34,527,281
Restricted.....	-	-	-	-	-
Unrestricted.....	<u>8,348,062</u>	<u>6,415,219</u>	<u>5,635,431</u>	<u>7,589,047</u>	<u>8,948,578</u>
Total business-type activities net position.....	<u>\$ 38,048,733</u>	<u>\$ 38,037,825</u>	<u>\$ 38,791,045</u>	<u>\$ 41,767,443</u>	<u>\$ 43,475,859</u>
Primary government					
Net investment in capital assets.....	\$ 58,564,478	\$ 64,662,463	\$ 65,167,435	\$ 68,980,067	\$ 64,846,377
Restricted.....	755,213	2,594,241	5,225,747	2,589,616	2,615,433
Unrestricted.....	<u>18,780,887</u>	<u>12,610,283</u>	<u>10,820,750</u>	<u>15,091,453</u>	<u>23,287,213</u>
Total primary government activities net position.....	<u>\$ 78,100,578</u>	<u>\$ 79,866,987</u>	<u>\$ 81,213,932</u>	<u>\$ 86,661,136</u>	<u>\$ 90,749,023</u>

Governmental Activities - Net Assets by Component



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

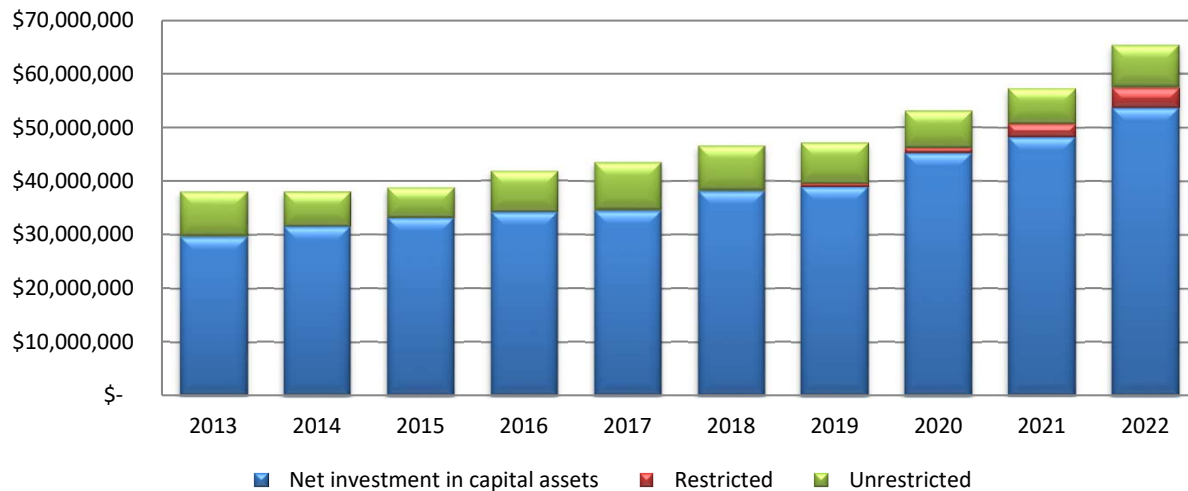
Table 1
Page 2 of 2

	Fiscal Year Ending June 30,				
	2018	2019	2020	2021	2022
Governmental activities					
Net investment in capital assets.....	\$ 40,610,954	\$ 44,539,110	\$ 48,932,506	\$ 53,020,166	\$ 58,077,074
Restricted.....	2,757,579	2,844,468	2,535,935	3,005,430	4,324,267
Unrestricted.....	6,147,464	6,328,882	5,788,509	4,859,788	6,266,211
Total governmental activities net position.....	<u>\$ 49,515,997</u>	<u>\$ 53,712,460</u>	<u>\$ 57,256,950</u>	<u>\$ 60,885,384</u>	<u>\$ 68,667,552</u>
Business-type activities					
Net investment in capital assets.....	\$ 38,122,626	\$ 38,984,945	\$ 45,237,242	\$ 48,261,754	\$ 53,706,014
Restricted.....	-	586,608	970,910	2,465,362	3,702,258
Unrestricted.....	8,413,024	7,619,918	6,837,732	6,635,335	7,956,615
Total business-type activities net position.....	<u>\$ 46,535,650</u>	<u>\$ 47,191,471</u>	<u>\$ 53,045,884</u>	<u>\$ 57,362,451</u>	<u>\$ 65,364,887</u>
Primary government					
Net investment in capital assets.....	\$ 78,733,580	\$ 83,524,055	\$ 94,169,748	\$ 101,281,920	\$ 111,783,088
Restricted.....	2,757,579	3,431,076	3,506,845	5,470,792	8,026,525
Unrestricted.....	14,560,488	13,948,800	12,626,241	11,495,123	14,222,826
Total primary government activities net position.....	<u>\$ 96,051,647</u>	<u>\$ 100,903,931</u>	<u>\$ 110,302,834</u>	<u>\$ 118,247,835</u>	<u>\$ 134,032,439</u>

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).

Business-type Activities - Net Assets by Component



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				
	2013	2014	2015	2016	2017
Expenses					
Governmental activities:					
General government.....	\$ 2,143,420	\$ 2,133,862	\$ 2,130,084	\$ 2,058,889	\$ 2,023,497
Public safety.....	4,571,950	4,400,496	4,929,504	5,521,196	6,132,593
Public works.....	2,879,581	3,887,001	3,848,791	4,169,363	3,907,270
Cultural and recreation.....	1,224,727	1,179,235	1,163,723	1,288,321	1,195,553
Economic and physical development.....	207,551	1,137,040	584,532	1,415,831	461,389
Interest on long-term debt.....	132,923	151,011	178,086	156,676	174,166
Total governmental activities expenses.....	11,160,152	12,888,645	12,834,720	14,610,276	13,894,468
Business-type activities:					
Water and sewer.....	3,901,404	4,493,195	4,288,957	4,926,465	6,139,854
Total Business-type activities.....	3,901,404	4,493,195	4,288,957	4,926,465	6,139,854
Total primary government expenses.....	15,061,556	17,381,840	17,123,677	19,536,741	20,034,322
Program revenues					
Governmental activities:					
Charges for services:					
General government.....	58,381	60,900	45,470	213,347	58,291
Public safety.....	130,897	12,986	13,964	13,905	21,135
Public works.....	316,398	355,012	338,920	420,613	401,609
Cultural and recreation.....	74,518	75,170	77,245	85,535	86,690
Economic and physical development.....	-	222,071	287,110	374,248	427,814
Operating grants and contributions.....	397,732	667,594	498,060	448,823	574,891
Capital grants and contributions.....	2,013,681	912,272	2,157,849	972,045	639,266
Total governmental activities program revenue.....	2,991,607	2,306,005	3,418,618	2,528,516	2,209,696
Business-type activities:					
Charges for services.....	4,732,814	5,041,627	5,316,218	7,399,492	6,491,915
Capital grants and contributions.....	1,051,250	203,400	196,230	1,376,780	465,220
Total business-type activities program revenue.....	5,784,064	5,245,027	5,512,448	8,776,272	6,957,135
Total primary government program revenue.....	8,775,671	7,551,032	8,931,066	11,304,788	9,166,831
Net (Expense)/Revenue					
Governmental activities.....	(8,168,545)	(10,582,640)	(9,416,102)	(12,081,760)	(11,684,772)
Business-type activities.....	1,882,660	751,832	1,223,491	3,849,807	817,281
Total primary government net expense.....	(6,285,885)	(9,830,808)	(8,192,611)	(8,231,953)	(10,867,491)
General revenues and other changes in net position					
Governmental activities:					
Taxes.....					
Property taxes, levied for general purpose.....	7,640,328	8,054,225	8,572,861	8,859,077	9,751,487
Other taxes.....	3,297,348	3,519,938	4,105,041	4,188,891	4,299,798
Grants and contributions not restricted					
to specific programs.....	4,000	7,000	4,500	12,509	3,050
Unrestricted investment earnings.....	11,943	2,096	4,083	6,399	25,200
Miscellaneous.....	40,670	(7,678)	60,600	41,404	69,609
Special item: Conveyance of land for economic development.....	-	-	(2,691,591)	-	-
Transfers.....	517,500	784,376	393,092	965,000	-
Total governmental activities.....	11,511,789	12,359,957	10,448,586	14,073,280	14,149,144
Business-type activities:					
Unrestricted investment earnings.....	9,706	5,801	259	2,244	6,344
Miscellaneous.....	9,865	15,835	15,559	22,773	784,791
Transfers.....	(517,500)	(784,376)	(393,092)	(965,000)	-
Total business-type activities.....	(497,929)	(762,740)	(377,274)	(939,983)	791,135
Total primary government.....	11,013,860	11,597,217	10,071,312	13,133,297	14,940,279
Change in Net Position					
Governmental activities.....	3,343,244	1,777,317	1,032,484	1,991,520	2,464,372
Business-type activities.....	1,384,731	(10,908)	846,217	2,909,824	1,608,416
Change in primary government net position.....	\$ 4,727,975	\$ 1,766,409	\$ 1,878,701	\$ 4,901,344	\$ 4,072,788

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				
	2018	2019	2020	2021	2022
Expenses					
Governmental activities:					
General government.....	\$ 2,227,259	\$ 2,262,074	\$ 2,508,794	\$ 2,945,979	\$ 2,838,280
Public safety.....	6,567,770	7,070,899	8,045,419	9,046,866	8,660,213
Public works.....	3,885,804	3,803,467	4,939,677	5,273,617	4,824,551
Cultural and recreation.....	1,301,845	1,900,889	1,677,079	1,931,238	2,064,269
Economic and physical development.....	1,879,946	1,269,525	2,005,292	2,225,126	2,260,845
Interest on long-term debt.....	300,632	281,751	257,803	200,005	178,756
Total governmental activities expenses.....	16,163,256	16,588,605	19,434,064	21,622,831	20,826,914
Business-type activities:					
Water and sewer.....	6,039,261	6,762,948	7,298,336	7,656,961	7,656,972
Total Business-type activities.....	6,039,261	6,762,948	7,298,336	7,656,961	7,656,972
Total primary government expenses.....	22,202,517	23,351,553	26,732,400	29,279,792	28,483,886
Program revenues					
Governmental activities:					
Charges for services:					
General government.....	60,580	1,100	11,850	5,400	4,605
Public safety.....	19,941	21,350	17,532	19,750	22,229
Public works.....	422,237	501,353	617,855	701,980	680,282
Cultural and recreation.....	87,018	92,443	74,138	80,918	141,125
Economic and physical development.....	391,359	863,738	742,977	1,233,852	1,317,134
Operating grants and contributions.....	934,764	742,312	957,002	821,868	1,071,973
Capital grants and contributions.....	3,380,460	2,617,102	3,927,560	4,465,736	4,284,192
Total governmental activities program revenue.....	5,296,359	4,839,398	6,348,914	7,329,504	7,521,540
Business-type activities:					
Charges for services.....	6,676,309	6,995,810	7,644,617	9,146,098	9,703,779
Operating grants and contributions.....	-	-	-	-	2,045,130
Capital grants and contributions.....	2,508,340	226,820	5,400,880	2,890,267	3,422,692
Total business-type activities program revenue.....	9,184,649	7,222,630	13,045,497	12,036,365	15,171,601
Total primary government program revenue.....	14,481,008	12,062,028	19,394,411	19,365,869	22,693,141
Net (Expense)/Revenue					
Governmental activities.....	(10,866,897)	(11,749,207)	(13,085,150)	(14,293,327)	(13,305,374)
Business-type activities.....	3,145,388	459,682	5,747,161	4,379,404	7,514,629
Total primary government net expense.....	(7,721,509)	(11,289,525)	(7,337,989)	(9,913,923)	(5,790,745)
General revenues and other changes in net position					
Governmental activities:					
Taxes.....					
Property taxes, levied for general purpose.....	10,279,056	10,895,740	11,378,933	11,807,602	13,129,528
Other taxes.....	4,563,646	4,885,951	5,067,665	5,764,756	7,341,386
Grants and contributions not restricted					
to specific programs.....	3,050	4,050	31,047	191,474	410,380
Unrestricted investment earnings.....	129,302	180,725	153,113	56,026	12,614
Miscellaneous.....	164,578	36,506	427,623	101,903	617,502
<i>Special item: Conveyance of land for economic development.....</i>	-	-	-	-	-
Transfers.....	(2,003)	(57,302)	(1,394)	-	(423,868)
Total governmental activities.....	15,137,629	15,945,670	17,056,987	17,921,761	21,087,542
Business-type activities:					
Unrestricted investment earnings.....	28,295	63,336	89,202	28,073	14,078
Miscellaneous.....	193,241	75,501	16,655	(90,910)	49,861
Transfers.....	2,003	57,302	1,395	-	423,868
Total business-type activities.....	223,539	196,139	107,252	(62,837)	487,807
Total primary government.....	15,361,168	16,141,809	17,164,239	17,858,924	21,575,349
Change in Net Position					
Governmental activities.....	4,270,732	4,196,463	3,971,837	3,628,434	7,782,168
Business-type activities.....	3,368,927	655,821	5,854,413	4,316,567	8,002,436
Change in primary government net position.....	\$ 7,639,659	\$ 4,852,284	\$ 9,826,250	\$ 7,945,001	\$ 15,784,604

Notes:

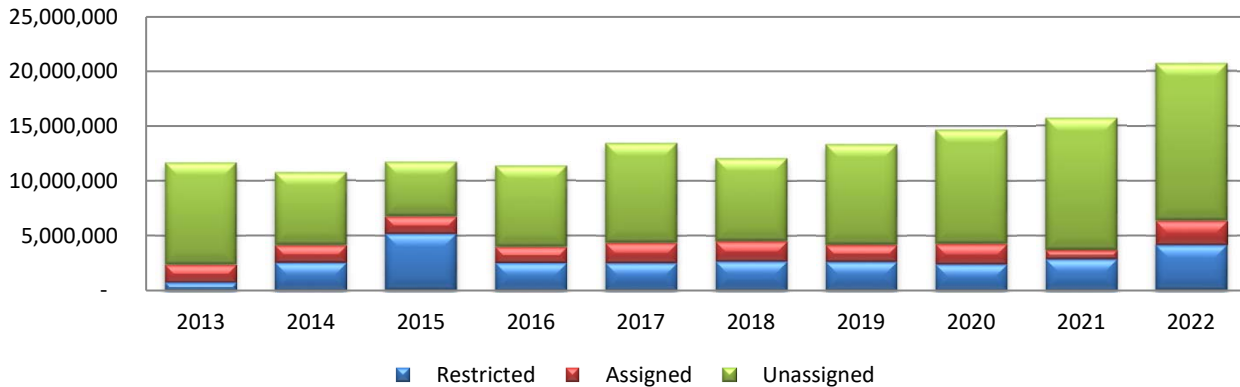
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City of Mebane, North Carolina
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 3
Page 1 of 2

	Fiscal Year Ending June 30				
	2013	2014	2015	2016	2017
General Fund					
Nonspendable.....	\$ -	\$ 20,511	\$ 27,361	\$ 116,295	\$ 51,005
Restricted.....	755,213	2,566,389	5,183,933	2,533,840	2,545,731
Committed.....	-	-	-	-	-
Assigned.....	1,586,386	1,543,138	1,549,082	1,419,254	1,803,854
Unassigned.....	9,309,149	6,612,572	4,991,002	7,377,790	9,083,988
Total general fund.....	\$ 11,650,748	\$ 10,742,610	\$ 11,751,378	\$ 11,447,179	\$ 13,484,578
All Other Governmental Funds					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	-	27,852	41,814	55,776	69,702
Committed.....	-	-	-	-	-
Assigned.....	316,850	1,925,422	1,181,066	640,198	5,986,376
Unassigned.....	-	-	-	-	-
Total all other governmental funds.....	\$ 316,850	\$ 1,953,274	\$ 1,222,880	\$ 695,974	\$ 6,056,078
Total Governmental Funds					
Nonspendable.....	\$ -	\$ 20,511	\$ 27,361	\$ 116,295	\$ 51,005
Restricted.....	755,213	2,594,241	5,225,747	2,589,616	2,615,433
Committed.....	-	-	-	-	-
Assigned.....	1,903,236	3,468,560	2,730,148	2,059,452	7,790,230
Unassigned.....	9,309,149	6,612,572	4,991,002	7,377,790	9,083,988
Total governmental funds.....	\$ 11,967,598	\$ 12,695,884	\$ 12,974,258	\$ 12,143,153	\$ 19,540,656

Fund Balances - General Fund

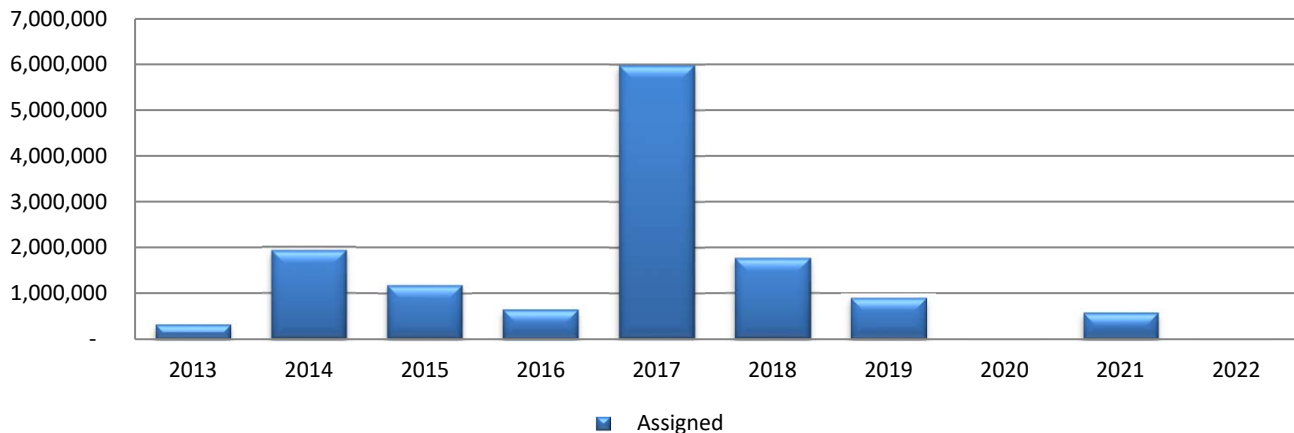


City of Mebane, North Carolina
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Table 3
Page 2 of 2

	Fiscal Year Ending June 30				
	2018	2019	2020	2021	2022
General Fund					
Nonspendable.....	\$ 131,945	\$ 46,552	\$ 168,052	\$ 31,716	\$ 32,056
Restricted.....	2,673,951	2,658,975	2,422,768	2,877,971	4,182,828
Committed.....	-	-	-	-	-
Assigned.....	1,828,000	1,500,000	1,823,718	804,772	2,165,385
Unassigned.....	7,563,514	9,186,167	10,427,779	12,005,360	14,347,743
Total general fund.....	\$ 12,197,410	\$ 13,391,694	\$ 14,842,317	\$ 15,719,819	\$ 20,728,012
All Other Governmental Funds					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	83,628	98,182	113,160	127,459	141,439
Committed.....	-	-	-	-	-
Assigned.....	1,757,022	884,814	-	566,851	-
Unassigned.....	-	-	-	-	-
Total all other governmental funds.....	\$ 1,840,650	\$ 982,996	\$ 113,160	\$ 694,310	\$ 141,439
Total Governmental Funds					
Nonspendable.....	\$ 131,945	\$ 46,552	\$ 168,052	\$ 31,716	\$ 32,056
Restricted.....	2,757,579	2,757,157	2,535,928	3,005,430	4,324,267
Committed.....	-	-	-	-	-
Assigned.....	3,585,022	2,384,814	1,823,718	1,371,623	2,165,385
Unassigned.....	7,563,514	9,186,167	10,427,779	12,005,360	14,347,743
Total governmental funds.....	\$ 14,038,060	\$ 14,374,690	\$ 14,955,477	\$ 16,414,129	\$ 20,869,451

Fund Balances - All Other Governmental Funds



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				
	2013	2014	2015	2016	2017
Revenues					
Ad valorem taxes.....	\$ 7,322,698	\$ 7,705,045	\$ 8,207,631	\$ 8,436,102	\$ 9,349,863
Other taxes and licenses.....	189,355	199,935	190,058	795	960
Unrestricted intergovernmental.....	3,136,030	3,323,889	5,033,302	4,191,306	4,427,170
Restricted intergovernmental.....	695,117	1,497,810	893,277	880,010	904,619
Permits and fees.....	136,214	244,104	320,358	606,212	482,809
Sales and services.....	382,049	416,084	392,832	433,014	444,814
Investment earnings.....	11,943	17,190	1,746	6,363	25,200
Miscellaneous.....	112,033	94,753	260,119	155,294	270,538
Total revenues.....	11,985,439	13,498,810	15,299,323	14,709,096	15,905,973
Expenditures					
General government.....	1,950,508	2,087,742	2,094,055	2,151,509	1,997,039
Public safety.....	4,157,723	5,091,637	4,901,955	5,414,023	6,171,044
Public works.....	2,818,822	3,708,213	3,708,075	3,733,538	3,268,769
Cultural and recreation.....	1,110,864	1,195,637	1,318,029	1,466,564	1,056,609
Economic and physical development.....	505,146	3,832,902	703,466	1,466,432	703,062
Debt service:					
Principal.....	426,667	426,667	833,854	835,083	836,338
Interest and other charges.....	135,000	119,484	182,646	161,067	139,372
Capital outlay.....	116,669	1,437,893	2,138,037	1,276,985	634,567
Total expenditures.....	11,221,399	17,900,175	15,880,117	16,505,201	14,806,800
Excess (deficiency) of revenues over (under) expenditures.....	764,040	(4,401,365)	(580,794)	(1,796,105)	1,099,173
Other Financing Sources (Uses)					
Transfers to other funds.....	(245,000)	(245,000)	(1,450,000)	(856,734)	(60,000)
Transfers from other funds.....	762,500	1,029,376	1,843,092	1,821,734	60,000
Issuance of debt.....	-	4,345,275	-	-	6,298,330
Total other financing sources (uses).....	517,500	5,129,651	393,092	965,000	6,298,330
Net change in fund balances.....	1,281,540	728,286	(187,702)	(831,105)	7,397,503
Fund balances, beginning.....	10,686,058	11,967,598	12,695,884	12,974,258	12,143,153
Prior period adjustment.....	-	-	466,076	-	-
Fund balances, beginning as restated.....	10,686,058	11,967,598	13,161,960	12,974,258	12,143,153
Fund balances, ending.....	\$ 11,967,598	\$ 12,695,884	\$ 12,974,258	\$ 12,143,153	\$ 19,540,656
Debt service as a percentage of noncapital expenditures.....	5.5%	4.6%	8.2%	7.0%	7.4%

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				
	2018	2019	2020	2021	2022
Revenues					
Ad valorem taxes.....	\$ 9,851,605	\$ 10,413,402	\$ 10,897,067	\$ 11,339,347	\$ 12,631,940
Other taxes and licenses.....	1,005	1,030	955	955	805
Unrestricted intergovernmental.....	4,866,039	5,095,144	5,433,058	6,101,360	7,683,475
Restricted intergovernmental.....	1,265,968	1,589,184	1,262,717	1,154,666	1,231,498
Permits and fees.....	411,580	915,604	811,186	1,338,035	1,388,813
Sales and services.....	462,033	494,687	576,421	616,526	701,267
Investment earnings.....	129,302	180,725	153,113	56,027	12,615
Miscellaneous.....	322,138	167,614	524,824	262,594	966,972
Total revenues.....	17,309,670	18,857,390	19,659,341	20,869,510	24,617,385
Expenditures					
General government.....	2,244,898	2,179,611	2,265,058	2,540,663	2,629,542
Public safety.....	6,526,581	6,544,785	6,888,994	6,818,514	7,372,689
Public works.....	3,400,679	3,113,625	3,048,385	3,888,863	3,519,090
Cultural and recreation.....	1,828,941	1,445,320	1,343,057	1,293,315	1,538,498
Economic and physical development.....	1,878,174	1,255,070	1,927,454	2,163,879	2,275,921
Debt service:					
Principal.....	1,316,286	1,347,620	1,272,748	1,239,573	1,415,799
Interest and other charges.....	306,592	285,412	264,189	211,159	178,525
Capital outlay.....	5,739,986	3,652,717	2,068,669	1,685,392	2,597,000
Total expenditures.....	23,242,137	19,824,160	19,078,554	19,841,358	21,527,064
Excess (deficiency) of revenues over (under) expenditures.....	(5,932,467)	(966,770)	580,787	1,028,152	3,090,321
Other Financing Sources (Uses)					
Transfers to other funds.....	(1,726,812)	(1,500,000)	(1,183,857)	(1,144,592)	(696,274)
Transfers from other funds.....	1,724,810	2,067,932	1,183,857	1,144,592	696,274
Issuance of debt.....	431,873	735,468	-	430,500	1,365,000
Total other financing sources (uses).....	429,871	1,303,400	-	430,500	1,365,000
Net change in fund balances.....	(5,502,596)	336,630	580,787	1,458,652	4,455,321
Fund balances, beginning.....	19,540,656	14,038,060	14,374,690	14,955,477	16,414,130
Prior period adjustment.....	-	-	-	-	-
Fund balances, beginning as restated.....	19,540,656	14,038,060	14,374,690	14,955,477	16,414,130
Fund balances, ending.....	\$ 14,038,060	\$ 14,374,690	\$ 14,955,477	\$ 16,414,129	\$ 20,869,451
Debt service as a percentage of noncapital expenditures.....	10.3%	10.2%	8.8%	8.0%	8.4%

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>
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%
2022	1,931,258,902	706,724,061	17,085,572	(352,483)	2,654,716,052	0.47	2,872,643,553	92.4%

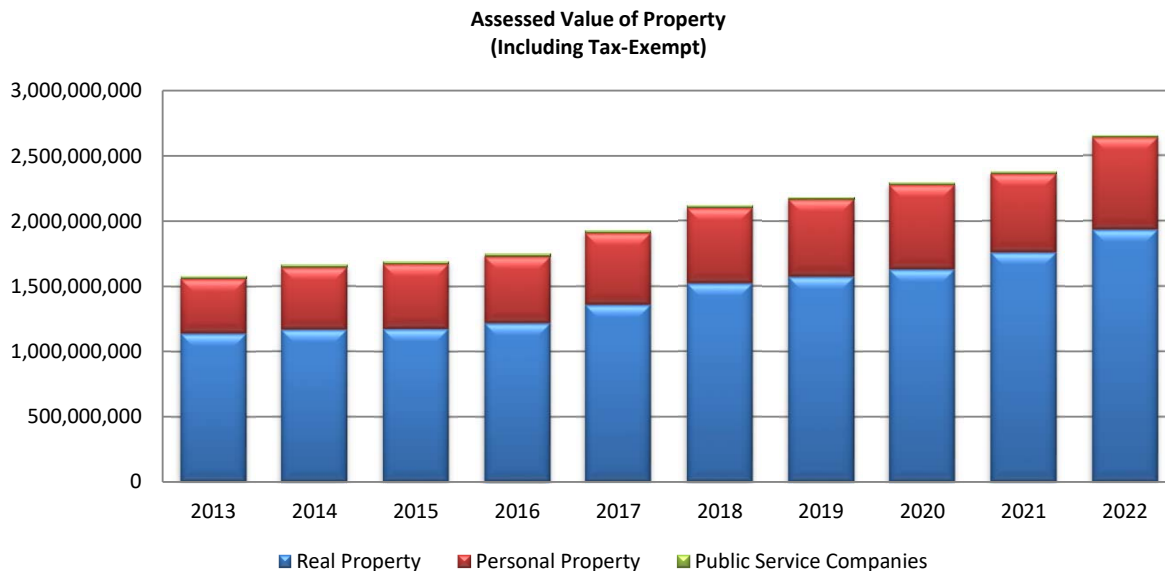
Sources:

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>
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
2022.....	0.47	0.660	0.819	1.130	1.289

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	2022			2013		
	<u>Taxable Assessed Value</u> (1)	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
GKN Automotive Components.....	\$ 85,655,962	1	3.23%	\$ 101,632,878	1	6.47%
Liggett Group - One Hundred Maple.....	53,505,837	2	2.02%	68,000,708	2	4.33%
Industrial Connections & Solutions LLC.....	52,653,817	3	1.98%	(2)		
Walmart Stores Inc.....	49,253,101	4	1.86%	16,372,001	8	1.04%
Lotus Bakeries US, LLC.....	43,502,662	5	1.64%	(2)		
Nypro, Inc. (a Jabil Company).....	42,923,810	6	1.62%	13,930,219	9	0.89%
Tanger Properties LMTD Partner.....	42,389,129	7	1.60%	34,813,065	4	2.22%
Keystone at Mebane Oaks LLC.....	41,411,560	8	1.56%	(2)		
Morinaga American Foods Inc.....	30,794,748	9	1.16%	(2)		
MRE MNC LLC.....	28,015,300	10	1.06%	(2)		
Sandvik Inc.....	(2)			49,305,583	3	3.14%
Armacell LLC/Armstrong	(2)			21,569,012	6	1.37%
Carden Place Investors LLC	(2)			16,868,033	7	1.07%
Spring Forest, LLC.....	(2)			13,251,550	10	0.84%
Mebane Packaging / Meadwestvaco.....	(2)			21,569,012	5	1.37%
Total.....	\$470,105,926		17.71%	\$357,312,061		22.77%

Source:

Alamance County Tax Department.

Notes:

(1) Assessed valuation represents taxes assessed and due in the fiscal year ended June 30, 2022.

(2) Not within top ten ranking.

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

Table 8

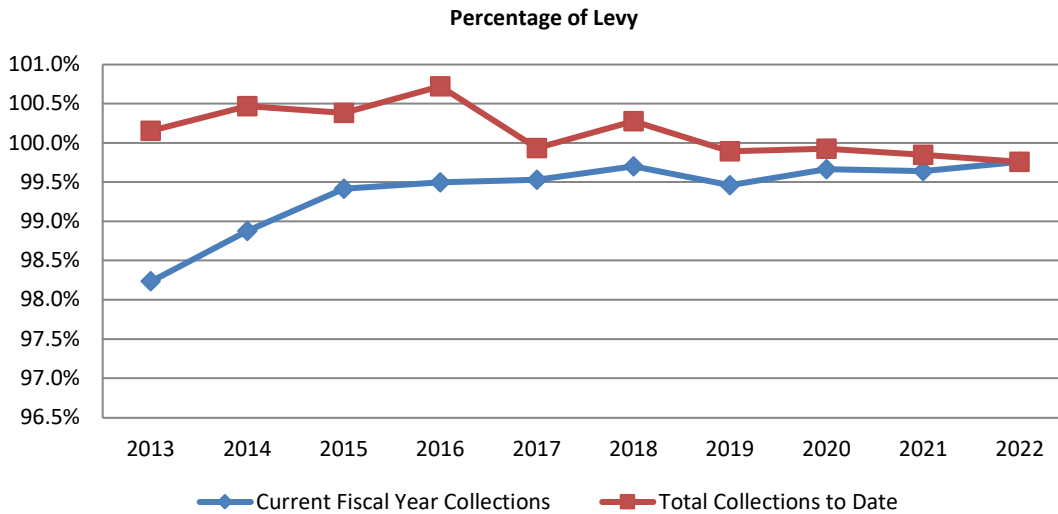
Fiscal Year	Fiscal Year of the Levy			Total Collections to Date		
	<u>Taxes Levied</u>	<u>Amount</u> <u>Collected</u>	<u>Percentage</u> <u>of Levy</u>	<u>Collections in</u>	<u>Amount</u>	<u>Percentage</u> <u>of Levy</u>
	<u>for the Fiscal</u> <u>Year</u> ⁽¹⁾			<u>Subsequent</u> <u>Years</u>		
2013.....	7,354,497	7,224,810	98.2%	141,080	7,365,890	100.2%
2014.....	7,764,524	7,677,173	98.9%	123,702	7,800,875	100.5%
2015.....	8,223,909	8,175,886	99.4%	79,410	8,255,296	100.4%
2016.....	8,528,175	8,485,223	99.5%	104,458	8,589,681	100.7%
2017.....	9,288,710	9,244,828	99.5%	37,563	9,282,391	99.9%
2018.....	9,815,332	9,785,748	99.7%	56,481	9,842,229	100.3%
2019.....	10,383,208	10,326,956	99.5%	45,031	10,371,987	99.9%
2020.....	10,854,564	10,817,844	99.7%	28,350	10,846,194	99.9%
2021.....	11,273,675	11,233,082	99.6%	23,199	11,256,281	99.8%
2022.....	12,490,459	12,460,266	99.8%	-	12,460,266	99.8%

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

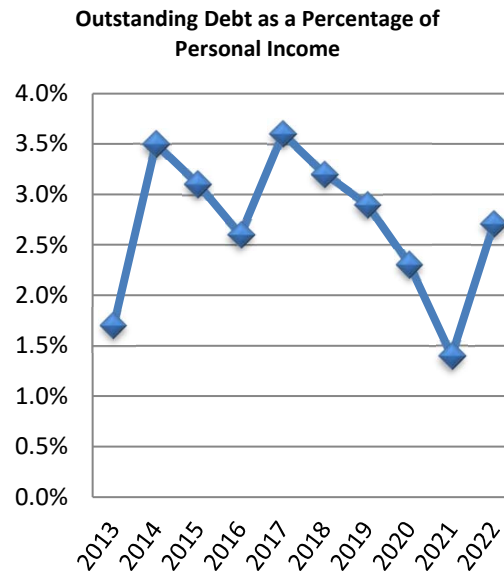
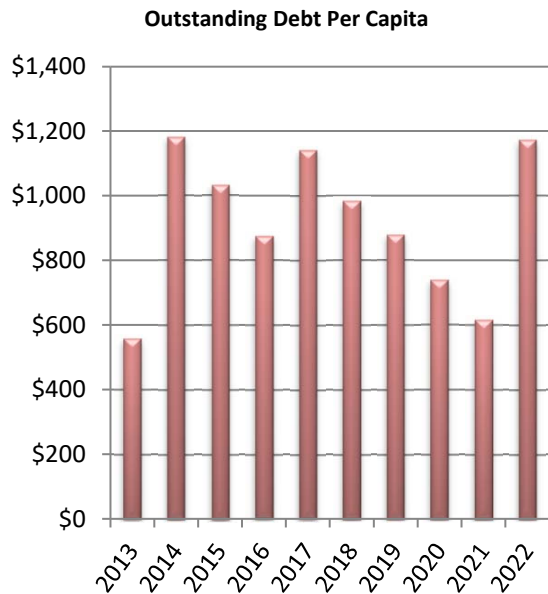
Table 9

Fiscal Year	Governmental Activities		Business-type Activities			Total	Percentage of Personal Income ⁽¹⁾	
	Installment Financing ⁽²⁾	General Obligation Bonds	Revenue Bonds	Installment Financing ⁽²⁾	Per Capita ⁽¹⁾			
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	
2022.....	7,512,035	-	13,573,000	144,563	21,229,598	2.7%	1,172	

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

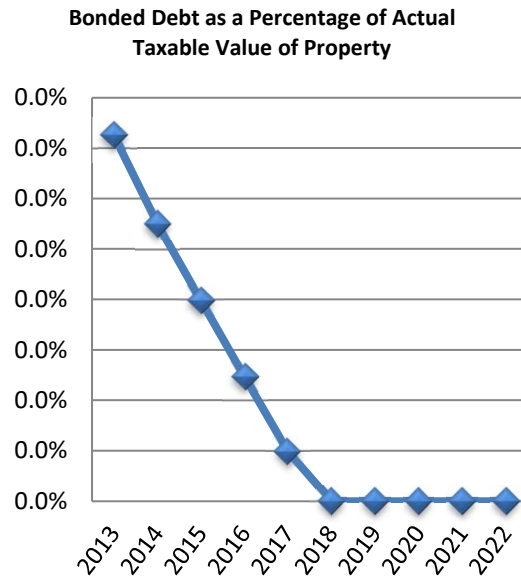
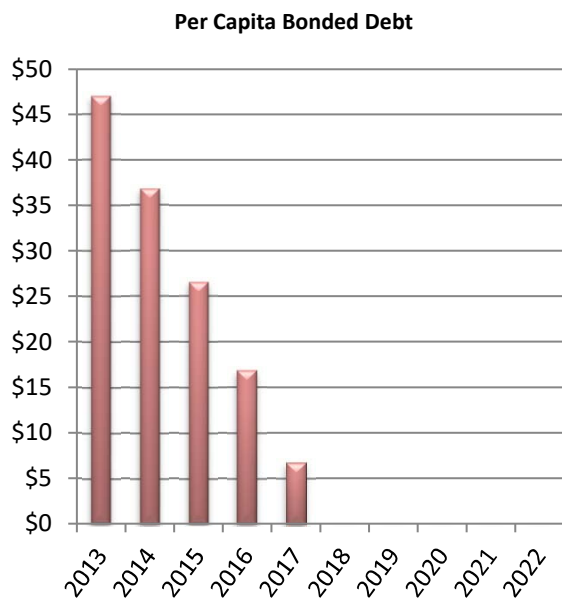
<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Percentage of Actual</u>	
		<u>Taxable Value of Property</u> ⁽¹⁾	<u>Per Capita Bonded Debt</u> ⁽²⁾
2013.....	570,000	0.04%	47
2014.....	455,000	0.03%	37
2015.....	335,000	0.02%	27
2016.....	215,000	0.01%	17
2017.....	95,000	0.00%	7
2018.....	-	0.00%	-
2019.....	-	0.00%	-
2020.....	-	0.00%	-
2021.....	-	0.00%	-
2022.....	-	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, 2022

Table 11

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable</u> ⁽¹⁾	<u>Estimated</u> <u>Share of Direct</u> <u>and</u> <u>Overlapping</u> <u>Debt</u>
Alamance County general obligation debt.....	\$ 203,600,622	15.00%	\$ 30,535,405
Orange County general obligation debt.....	128,250,000	2.98%	<u>3,818,269</u>
Subtotal, overlapping debt.....			34,353,674
City of Mebane debt.....			<u>7,512,035</u>
Total direct and overlapping debt.....			<u>\$ 41,865,709</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, 2022 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>Legal Debt Margin as a</u>	
		<u>Applicable to</u>	<u>Legal Debt</u>	<u>Percent of Debt</u>	<u>Limit</u>
2013.....	125,629,798	12,757,391	112,872,407	89.8%	
2014.....	132,325,876	13,808,094	118,517,782	89.6%	
2015.....	134,694,582	17,117,480	117,577,102	87.3%	
2016.....	139,327,191	17,644,973	121,682,218	87.3%	
2017.....	153,527,862	25,367,821	128,160,041	83.5%	
2018.....	168,853,842	31,431,998	137,421,844	81.4%	
2019.....	174,550,083	20,412,713	154,137,370	88.3%	
2020.....	183,617,936	22,755,008	160,862,928	87.6%	
2021.....	190,098,152	18,470,042	171,628,110	90.3%	
2022.....	212,377,284	7,512,035	204,865,249	96.5%	

Notes:

Legal Debt Margin Calculation for Fiscal Year 2021:

Assessed valuation.....	\$ 2,654,716,052	
Statutory limit percentage.....	8.0%	
Debt limit - 8.0% of assessed value.....		\$ 212,377,284
Gross debt:		
Total bonded debt.....	-	
Authorized and unissued bonds.....	-	
Lease financing agreements.....	7,512,035	
Total gross debt.....	7,512,035	
Less: statutory deductions.....	-	
Total amount of debt applicable to debt limit (net debt).....		7,512,035
Legal Debt Margin.....		\$ 204,865,249

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>
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%
2022.....	18,116	* 202,900	* 61,213	35.3	4.5%

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

<u>Employer</u>	<u>2022⁽¹⁾</u>			<u>2013⁽²⁾</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of</u>
			<u>Total</u>			<u>Total</u>
			<u>Employment</u>			<u>Employment</u>
ABB (General Electric).....	817	1	4.51%	315	4	5.0%
Walmart Distribution.....	600	2	3.31%	*		(3)
GKN.....	426	3	2.35%	500	1	8.0%
AKG of America.....	404	4	2.23%	350	3	5.6%
Liggett Group LLC.....	280	5	1.55%	299	6	4.8%
Sports Endeavors.....	275	6	1.52%	311	5	4.9%
Armaceil.....	255	7	1.41%	250	7	4.0%
Morinaga.....	237	8	1.31%	*		(3)
Jabil (Nypro).....	225	9	1.24%	250	8	4.0%
Sandvik.....	168	10	0.93%	*		(3)
Lotus.....	160	*	0.88%	*		(3)
Cambro.....	130	*	0.72%	*		(3)
Carrier (Walter Kidde).....	102	*	0.56%	114	10	1.8%
Ferraro Foods.....	100	*	0.55%	*		(3)
Kingsdown.....	92	*	0.51%	150	9	2.4%
UPI (Universal PersevaChem Inc).....	75	*	0.41%	*		(3)
West Rock (Meadwestvaco).....	-	*	0.00%	400	2	6.4%
Prescient - Closed.....		*	0.00%	*		(3)
Total.....	4,346		23.99%	2,939		46.9%

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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.....	2.0	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	3.0	3.0	4.0	4.0	5.0	5.0	5.0	6.0
Human Resources.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
Tax Collector.....	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	2.0
Public Buildings.....	2.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0
Public Safety:										
Police Department.....	31.0	31.0	32.0	35.0	35.5	40.0	40.0	40.0	41.0	49.5
Fire Department.....	16.0	16.0	25.0	25.0	25.0	25.0	28.0	29.0	29.0	31.0
Economic and Physical Development:										
Planning.....	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0
Inspections.....	3.0	4.0	4.0	4.0	5.0	4.0	4.0	5.0	6.0	6.0
Public Works:										
Streets.....	9.0	-	-	-	-	-	-	-	-	-
Sanitation.....	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Public Works.....	5.0	12.0	12.0	12.0	13.0	12.0	14.0	14.0	12.0	14.0
Culture and Recreation:										
Recreation.....	5.0	5.0	5.0	5.0	5.0	7.0	7.0	7.0	8.0	10.0
Arts and Community Center.....	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0
Water and Sewer:										
Billing and Metering.....	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
Water distribution and maintenance.....	2.0	2.0	2.0	3.0	3.0	3.0	5.0	5.0	7.0	11.0
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.....	5.0	5.0	5.0	5.0	5.0	5.0	6.0	5.0	6.0	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	4.0
Total.....	109.5	110.5	122.5	128.5	131.0	136.5	145.5	147.5	152.5	172.0

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

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Government										
Finance Department										
Vendor checks issued.....	3,003	2,952	3,029	3,095	3,104	3,299	3,668	3,613	3,621	3,984
Human Resources										
Workers' compensation lost time (days).....	52	122	-	-	-	-	23	-	-	-
Employee turnover rate.....	7%	3%	5%	9%	5%	9%	4%	6%	12%	13%
Public Safety										
Fire Protection										
Incident calls.....	732	823	773	840	909	918	921	919	939	1,175
Structure fires.....	303	211	15	19	26	34	21	25	36	49
Inspections.....	177	190	186	394	363	250	545	233	188	725
Child passenger seat inspections.....	242	191	154	204	193	237	190	217	107	219
Police Protection										
Physical arrests.....	653	568	501	377	438	482	506	436	274	299
Citations issued.....	1,489	1,226	1,028	926	1,585	1,522	1,846	1,720	970	1,186
Response to calls/officer initiated activity.....	15,363	14,942	14,685	16,968	16,363	17,220	19,764	21,718	20,932	22,657
Traffic accidents.....	583	528	491	620	790	628	809	642	767	813
Public Works										
Street resurfacing (miles).....	0.54	2.67	1.48	1.48	1.51	1.32	2.20	1.56	4.15	3.35
Refuse collected (tons annually).....	3,267	3,390	3,585	3,880	4,073	4,278	4,594	4,950	5,459	5,454
Homes receiving service.....	4,522	3,965	4,756	4,527	4,717	5,354	4,965	5,243	5,538	5,867
Recyclables collected (tons annually).....	1,063	1,112	1,100	841	862	864	831	1,265	792	1,024
Economic & Physical Development										
Inspections										
Residential inspections conducted.....	3,460	5,914	5,212	6,477	7,348	4,765	7,032	7,357	11,159	10,274
Commercial inspections conducted.....	332	785	1,462	8,499	9,710	5,449	5,291	2,761	2,214	1,565
Total inspections conducted.....	<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>	<u>11,839</u>
Certificates of occupancy issued.....	125	131	154	166	216	102	206	207	285	322
Building permits issued.....	277	228	155	191	143	171	196	259	348	268
Cultural & Recreation										
Recreation										
Athletics participants.....	3,140	2,693	2,653	2,744	2,679	2,679	2,923	1,623	1,846	2,933
Water Distribution										
Accounts.....	4,454	4,566	4,744	4,934	5,227	5,471	5,717	5,972	6,008	6,678
Average daily consumption (mgd).....	1.290	1.350	1.400	1.510	1.880	1.760	1.710	1.707	1.911	1.931
Wastewater Treatment										
Accounts.....	4,125	4,263	4,424	4,587	4,898	5,034	5,170	5,395	5,564	6,031
Average daily treatment (mgd).....	1.100	1.340	1.202	1.359	1.373	1.290	1.690	1.570	1.770	1.588

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Fire Protection										
Stations.....	2	2	3	3	3	3	3	3	3	3
Fire trucks.....	12	13	13	13	13	13	13	13	13	13
Police Protection										
Stations.....	1	1	1	1	1	1	1	1	1	1
Patrol units.....	32	32	30	29	31	39	36	36	36	37
Public Works										
Miles of streets.....	52.2	52.4	54.0	54.3	54.7	56.6	58.0	60.1	62.4	65.6
Maintenance vehicles.....	56	56	58	58	51	45	29	31	32	32
Miles of sidewalks (linear feet).....	43.0	43.0	50.1	50.8	54.2	55.3	57.5	59.8	63.6	69.0
Refuse collection trucks.....	5	6	6	6	6	6	6	6	6	7
Cultural & Recreation										
Number of parks	6	6	6	6	6	7	8	9	9	10
Park acreage.....	275	275	275	275	308	308	328	328	362	365
Trails (miles).....	3	3	3	3	3	3	5	5	5	5
Playgrounds.....	5	5	5	5	5	3	4	5	5	6
Baseball/softball diamonds.....	6	6	6	6	6	6	6	6	6	6
Soccer fields.....	10	10	10	10	10	10	7	7	7	7
Water and Sewer										
Miles of gravity sewer lines.....	88.7	89.1	94.3	97.8	98.6	100.1	113.4	118.8	122.1	123.6
Miles of water lines.....	103.1	104.6	111.3	111.3	114.9	117.2	117.8	122.2	125.8	130.0
Miles of sewer force mains.....	18.7	18.5	18.3	21.9	18.3	18.5	24.2	27.8	27.8	27.8
Miles of storm sewer.....	57.0	57.6	58.5	61.1	61.8	64.9	65.0	67.6	71.5	81.3

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**



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**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 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, 2022, 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 29, 2022.

Report on 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.

Report on 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 29, 2022



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**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; WITH OMB
UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION
ACT**

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Mebane, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Mebane's major federal programs for the year ended June 30, 2022. The City of Mebane's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Mebane complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City of Mebane and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Mebane's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Mebane federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Mebane's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Mebane's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Mebane's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of City of Mebane's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Mebane's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

STOUT STUART MCGOWEN & KINGS LLP

Burlington, North Carolina

November 29, 2022



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REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; WITH OMB UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT

Independent Auditor’s Report

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

Report on Compliance for Each Major State Program

We have audited the City of Mebane, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Mebane’s major State programs for the year ended June 30, 2022. The City of Mebane’s major State programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Mebane complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit Compliance section of our report.

We are required to be independent of City of Mebane and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of the City of Mebane's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to City of Mebane State programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Mebane's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Mebane's compliance with the requirements of each major State program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding City of Mebane's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of City of Mebane's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of City of Mebane's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be

material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

STOUT STUART MCGOWEN & KINGS LLP

Burlington, North Carolina
November 29, 2022

CITY OF MEBANE, NORTH CAROLINA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2022

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant Deficiency(s) identified that are not
 considered to be material weaknesses _____ Yes X None Reported

Noncompliance material to financial statements noted _____ Yes X No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ Yes X No

Significant Deficiency(s) identified that are not
 considered to be material weaknesses _____ Yes X None Reported

Type of auditor's report issued on compliance for
 major federal programs: Unmodified

Any audit findings disclosed that are required to be
 reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs:

Federal Assistance Listing No. Names of Federal Program or Cluster

21.027 Coronavirus State and Local Fiscal
 Recovery Fund

Dollar threshold used to distinguish between Type A and
 Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

CITY OF MEBANE, NORTH CAROLINA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Fiscal Year Ended June 30, 2022

Section I. Summary of Auditor's Results

State Awards

Internal control over major State programs:

Material weakness(es) identified? Yes X No

Significant Deficiency(s) identified that are not
 considered to be material weaknesses Yes X None Reported

Type of auditor's report issued on compliance for
 major State programs: Unmodified

Any audit findings disclosed that are required to be
 reported in accordance with State Single Audit
 Implementation Act Yes X No

Identification of major State program:

State Program Name

Powell Bill
 Building Reuse Grant

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

CITY OF MEBANE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Fiscal Year Ended June 30, 2022

None

City of Mebane, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2022

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Passed Through to Subrecipient
Federal Awards:					
Cash Programs:					
<u>U.S. Dept. of Justice</u>					
Direct Program:					
Federal Equitable Sharing Funds	16.922	na	\$ 100,507	\$ -	\$ -
<u>U.S. Dept. of Treasury</u>					
Passed-through the Office of State Budget and Management:					
NC Pandemic Recovery Office					
Coronavirus State and Local Fiscal Recovery Fund	21.027		<u>2,045,130</u>	-	-
Total assistance - federal programs			<u>2,145,637</u>	-	-
Cash Assistance:					
<u>N.C. Department of Transportation:</u>					
Powell Bill	na	2000001817	-	497,992	-
<u>N.C. Department of Commerce</u>					
Building Reuse Grant	na		-	480,000	-
One NC Fund	na		<u>-</u>	<u>65,250</u>	<u>-</u>
Total assistance - state programs			<u>-</u>	<u>1,043,242</u>	<u>-</u>
Total assistance			<u>\$ 2,145,637</u>	<u>\$ 1,043,242</u>	<u>\$ -</u>

Notes to the Schedule of Expenditures of Federal and State Awards:

1. The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the City of Mebane under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Mebane, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Mebane.
2. Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
3. City of Mebane has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.