



# Annual Comprehensive Financial Report

City of Mebane, North Carolina

For the Year Ended June 30, 2023



# Annual Comprehensive Financial Report

City of Mebane, North Carolina

For the Year Ended June 30, 2023

Prepared by  
Daphna Schwartz  
Finance Director



**City of Mebane, North Carolina**  
**Annual Comprehensive Financial Report – Table of Contents**  
**June 30, 2023**

---

	<b>Exhibit No.</b>	<b>Page No.</b>
<b>Introductory Section</b>		
Letter of Transmittal .....	-	i-iv
Organizational Chart .....	-	v
List of Principal Officials .....	-	vi
Certificate of Achievement for Excellence in Financial Reporting .....	-	vii
<b>Financial Section</b>		
<b>Independent Auditors' Report</b> .....	-	1-4
<b>Management's Discussion and Analysis</b> .....	-	5-11
<b>Basic Financial Statements:</b>		
<b>Government Wide Financial Statements:</b>		
Statement of Net Position .....	1	13
Statement of Activities .....	2	14
<b>Fund Financial Statements:</b>		
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
<b>Notes to the Financial Statements</b> .....	-	24-57
<b>Required Supplemental Financial Data:</b>		
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, 2023**

---

	<b>Statement No.</b>	<b>Page No.</b>
<b>Individual Fund Statements and Schedules:</b>		
<b>Major Governmental Funds:</b>		
General Fund:		
Comparative Balance Sheets .....	A-1	67
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual .....	A-2	68-72
<b>Non-Major Governmental Funds:</b>		
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 – Cates Farm Park Project.....	B-4	76
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Capital Project Fund – Lake Michael Dam Spillway.....	B-5	77
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Capital Project Fund – Transload Facility .....	B-6	78
<b>Proprietary Funds:</b>		
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 – WRRF Renovation.....	C-6	86
Schedule of Revenues and Expenditures – Budget and Actual – From Inception - Capital Project Fund – WRRF 0.5 MGD Expansion .....	C-7	87
Schedule of Revenues and Expenditures – Budget and Actual – From Inception - Capital Project Fund – American Rescue Plan.....	C-8	88
Schedule of Revenues and Expenditures – Budget and Actual – From Inception - Grant Project Fund – Elevated Water Tank.....	C-9	89
Schedule of Revenues and Expenditures – Budget and Actual – From Inception - Grant Project Fund – GKN Pump Station.....	C-10	90
<b>Additional Financial Data:</b>		
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, 2023**

---

	<b>Table No.</b>	<b>Page No.</b>
<b>Statistical Section</b>		
<b>Government-wide information:</b>		
Net Position by Component .....	1	96-97
Changes in Net Position .....	2	98-99
<b>Fund information:</b>		
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
<b>Compliance Section</b>		
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 30, 2023

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, 2023. 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, 2023, 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, 2023. 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 Brightspeed) 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 19,338. 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 sectors could result in these categories of development creating stand-alone projects versus recent mixed-use approaches.

Industrial development also continues in Mebane, mainly due to its prime location on the Interstate 85/40 corridor that links two of the fastest-growing metro areas on the East Coast. At one end is the Research Triangle Park region of Raleigh, Durham, and Chapel Hill; at the other end is 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 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 winter of 2024.

### **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, 2022. 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 ten 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.

Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of Mebane for its Popular Annual Financial Report for the fiscal year ended June 30, 2022. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports.

In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. We believe our current report continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.



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,

A handwritten signature in black ink, appearing to read "C. Rollins", with a stylized flourish at the end.

Chris Rollins

City Manager

A handwritten signature in black ink, appearing to read "Daphna Schwartz", with a large, sweeping flourish at the end.

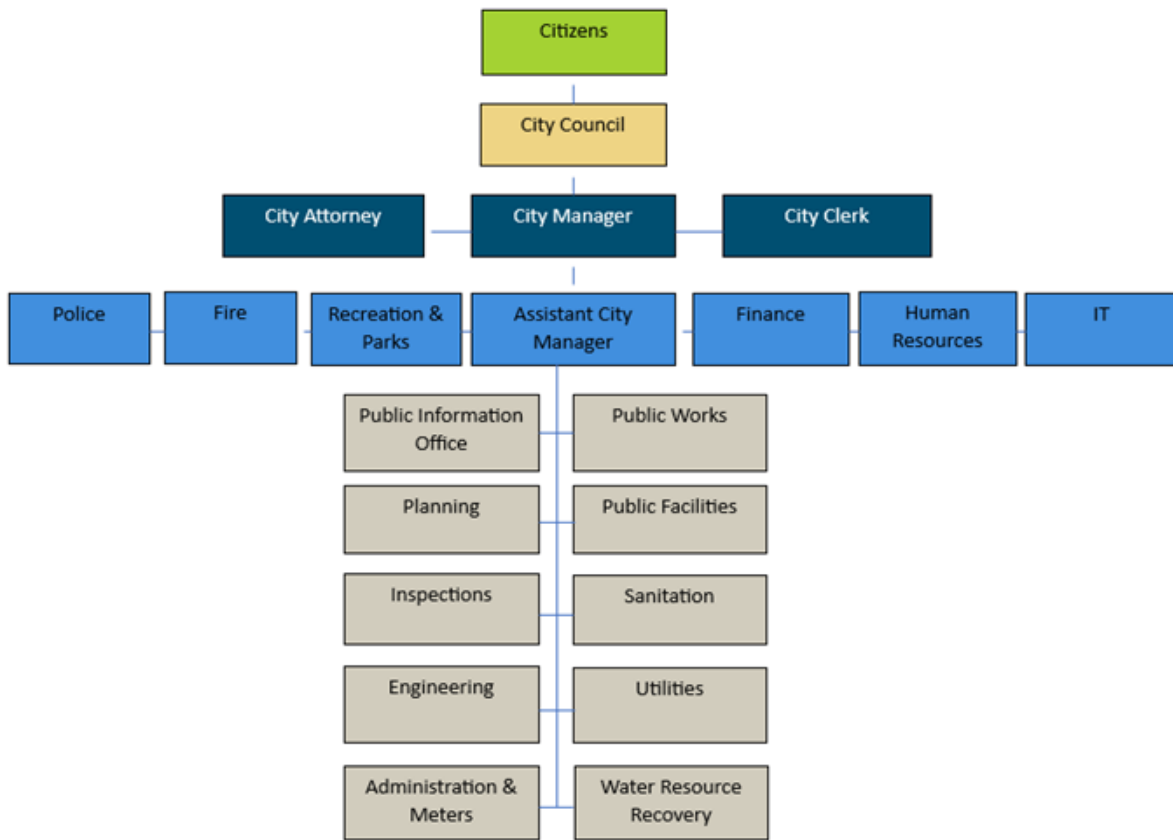
Daphna Schwartz

Finance Director



City of Mebane, North Carolina  
Organizational Chart  
June 30, 2023

---



**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
Kelly Hunter	Public Information Officer



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, 2022

*Christopher P. Morrell*

Executive Director/CEO





**STOUT  
STUART  
McGOWEN  
& KING LLP**

*Certified  
Public  
Accountants*

*Advisors to  
Management*

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

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

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

*336.226.7343  
fax 336.229.4204  
www.ssmkllp.com  
e-mail: ssmk@ssmkllp.com*

**Independent Auditor's Report**

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

**Report on the 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, 2023, 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, 2023, 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.



### ***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 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 30, 2023 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 30, 2023

**City of Mebane, North Carolina**  
**Management Discussion and Analysis**  
**June 30, 2023**

---

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, 2023. 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.

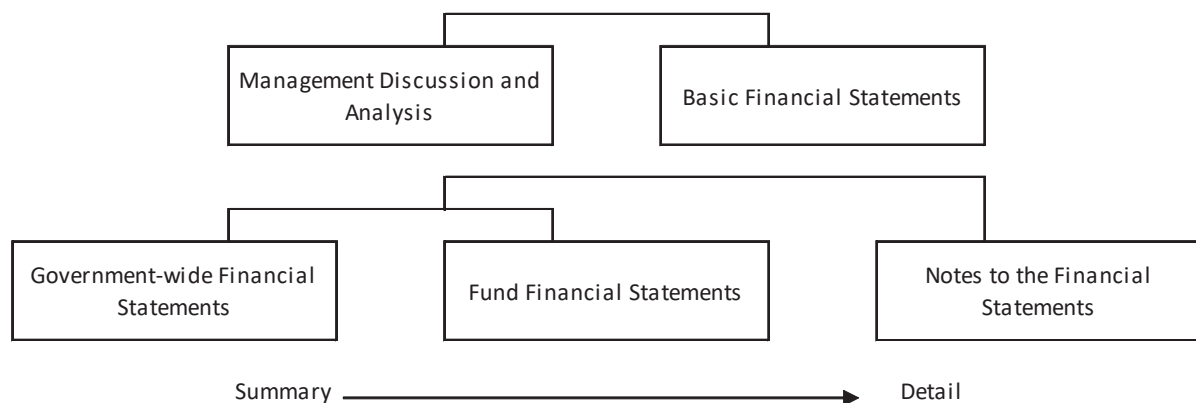
**Financial Highlights**

- 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 \$149,847,750 (net position).
- The government's total net position increased by \$15,815,311, due to increases in the government type net position of \$7,663,639 and increases in the business type activities net position of \$8,151,672.
- As of the close of the current fiscal year, the City of Mebane's governmental funds reported combined ending fund balances of \$24,829,745, an increase of \$3,960,294 in comparison to \$4,455,321 in the prior year. Approximately 25.6 percent of this total amount, or \$6,348,124, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$11,989,170 or 50.6 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, 2023**

---

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, 2023**

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		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Current and other assets.....	\$ 22,680,271	\$ 21,553,090	\$ 17,108,874	\$ 12,097,809	\$ 11,173,521	\$ 8,495,903	\$ 34,778,080	\$ 32,726,611	\$ 25,604,777
Non-current assets.....	5,713,414	2,761,091	2,077,097	9,425,907	14,484,677	3,136,703	15,139,321	17,245,768	5,213,800
Capital assets.....	69,241,769	64,738,517	60,583,002	72,576,174	61,138,183	54,987,245	141,817,943	125,876,700	115,570,247
<b>Total assets .....</b>	<b>97,635,454</b>	<b>89,052,698</b>	<b>79,768,973</b>	<b>94,099,890</b>	<b>86,796,381</b>	<b>66,619,851</b>	<b>191,735,344</b>	<b>175,849,079</b>	<b>146,388,824</b>
<b>Deferred outflows of resources.....</b>	<b>9,128,573</b>	<b>8,237,052</b>	<b>6,984,654</b>	<b>1,347,157</b>	<b>1,187,413</b>	<b>971,957</b>	<b>10,475,730</b>	<b>9,424,465</b>	<b>7,956,611</b>
Long-term liabilities outstanding.....	23,977,497	22,886,748	22,991,907	18,073,630	19,009,149	8,841,303	42,051,127	41,895,897	31,833,210
Other liabilities.....	2,779,114	2,772,624	2,200,642	3,399,791	3,171,532	1,293,498	6,178,905	5,944,156	3,494,140
<b>Total liabilities .....</b>	<b>26,756,611</b>	<b>25,659,372</b>	<b>25,192,549</b>	<b>21,473,421</b>	<b>22,180,681</b>	<b>10,134,801</b>	<b>48,230,032</b>	<b>47,840,053</b>	<b>35,327,350</b>
<b>Deferred inflows of resources.....</b>	<b>3,676,225</b>	<b>2,962,826</b>	<b>675,694</b>	<b>457,067</b>	<b>438,226</b>	<b>94,556</b>	<b>4,133,292</b>	<b>3,401,052</b>	<b>770,250</b>
<b>Net position:</b>									
Net investment in capital assets.....	63,317,482	58,077,074	53,020,166	58,855,897	53,706,014	48,261,754	122,173,379	111,783,088	101,281,920
Restricted.....	6,348,124	4,324,267	3,533,331	5,539,735	3,702,258	2,465,362	11,887,859	8,026,525	5,998,693
Unrestricted.....	6,665,585	6,266,211	4,331,887	9,120,927	7,956,615	6,635,335	15,786,512	14,222,826	10,967,222
<b>Total net position.....</b>	<b>\$ 76,331,191</b>	<b>\$ 68,667,552</b>	<b>\$ 60,885,384</b>	<b>\$ 73,516,559</b>	<b>\$ 65,364,887</b>	<b>\$ 57,362,451</b>	<b>\$ 149,847,750</b>	<b>\$ 134,032,439</b>	<b>\$ 118,247,835</b>

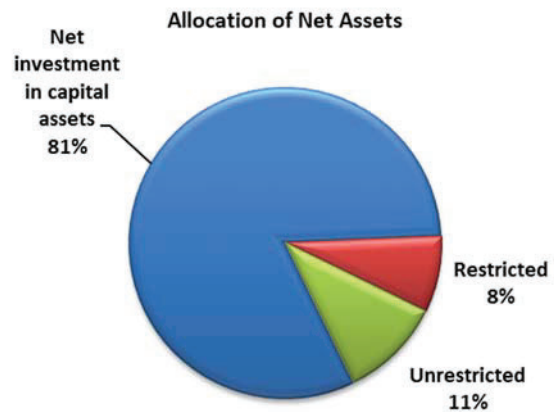
As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of the City of Mebane exceeded liabilities and deferred inflows by \$149,847,750 as of June 30, 2023. The City’s net position increased by \$15,815,311 for the fiscal year ended June 30, 2023. However, the largest portion (81.5%) 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 \$11,887,859 (7.93%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$15,786,512 is unrestricted.



**City of Mebane, North Carolina**  
**Management Discussion and Analysis**  
**June 30, 2023**

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 99.50%, which compares favorably with the statewide average of 99.13%.
- Other taxes increased \$585,245 which included an increase in sales taxes of \$507,538.
- Water and sewer charges for services increased by \$1,045,878 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		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
<b>Revenues:</b>									
<b>Program revenues:</b>									
Charges for services.....	\$ 2,689,077	\$ 2,165,375	\$ 2,041,900	\$ 10,749,657	\$ 9,703,779	\$ 9,146,098	\$ 13,438,734	\$ 11,869,154	\$ 11,187,998
Operating grants and contributions	1,322,247	1,071,973	821,868	2,016,944	2,045,130	-	3,339,191	3,117,103	821,868
Capital grants and contributions.....	6,500,750	4,284,192	4,465,736	4,032,800	3,422,692	2,890,267	10,533,550	7,706,884	7,356,003
<b>General revenues:</b>									
Property taxes.....	14,228,025	13,129,528	11,807,602	-	-	-	14,228,025	13,129,528	11,807,602
Other taxes.....	7,926,631	7,341,386	5,764,756	-	-	-	7,926,631	7,341,386	5,764,756
Grants and contributions not restricted to specific programs.....	23,110	410,380	191,474	-	-	-	23,110	410,380	191,474
Other.....	431,652	630,116	157,929	302,525	63,939	(62,837)	734,177	694,055	95,092
<b>Total revenues.....</b>	<b>33,121,492</b>	<b>29,032,950</b>	<b>25,251,265</b>	<b>17,101,926</b>	<b>15,235,540</b>	<b>11,973,528</b>	<b>50,223,418</b>	<b>44,268,490</b>	<b>37,224,793</b>
<b>Expenses:</b>									
General government.....	3,569,169	2,838,280	2,945,979	-	-	-	3,569,169	2,838,280	2,945,979
Public safety.....	10,300,977	8,660,213	9,046,866	-	-	-	10,300,977	8,660,213	9,046,866
Public works.....	5,824,083	4,824,551	5,273,617	-	-	-	5,824,083	4,824,551	5,273,617
Economic development.....	3,031,889	2,260,845	2,225,126	-	-	-	3,031,889	2,260,845	2,225,126
Culture and recreation.....	2,543,789	2,064,269	1,931,238	-	-	-	2,543,789	2,064,269	1,931,238
Interest on long-term dept.....	174,264	178,756	200,005	-	-	-	174,264	178,756	200,005
Water and sewer.....	-	-	-	8,963,936	7,656,972	7,656,961	8,963,936	7,656,972	7,656,961
<b>Total expenses.....</b>	<b>25,444,171</b>	<b>20,826,914</b>	<b>21,622,831</b>	<b>8,963,936</b>	<b>7,656,972</b>	<b>7,656,961</b>	<b>34,408,107</b>	<b>28,483,886</b>	<b>29,279,792</b>
<b>Increase in net position before transfers and special item.....</b>									
Transfers.....	7,677,321	8,206,036	3,628,434	8,137,990	7,578,568	4,316,567	15,815,311	15,784,604	7,945,001
Special item.....	(13,682)	(423,868)	-	13,682	423,868	-	-	-	-
<b>Increase in net position.....</b>	<b>7,663,639</b>	<b>7,782,168</b>	<b>3,628,434</b>	<b>8,151,672</b>	<b>8,002,436</b>	<b>4,316,567</b>	<b>15,815,311</b>	<b>15,784,604</b>	<b>7,945,001</b>
Net position, July 1.....	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
Net position, restated.....	-	60,885,384	57,256,950	-	57,362,451	53,045,884	-	118,247,835	110,302,834
<b>Net position, June 30.....</b>	<b>\$76,331,191</b>	<b>\$68,667,552</b>	<b>\$60,885,384</b>	<b>\$73,516,559</b>	<b>\$65,364,887</b>	<b>\$57,362,451</b>	<b>\$149,847,750</b>	<b>\$134,032,439</b>	<b>\$118,247,835</b>

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 \$7,677,321 thereby accounting for 48.54% 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 \$1,098,497 over the prior year.
- Other tax revenues increased by \$585,245 over the prior year, mostly in sales tax.
- Charges for services increased by \$523,702 and operating grants increased \$250,274 while capital grants and contributions increased \$2,216,558 over the prior year.

# City of Mebane, North Carolina

## Management Discussion and Analysis

### June 30, 2023

**Business-type activities:** Business-type activities prior to transfers increased the City of Mebane's net position by \$8,137,990, accounting for 51.46% 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:

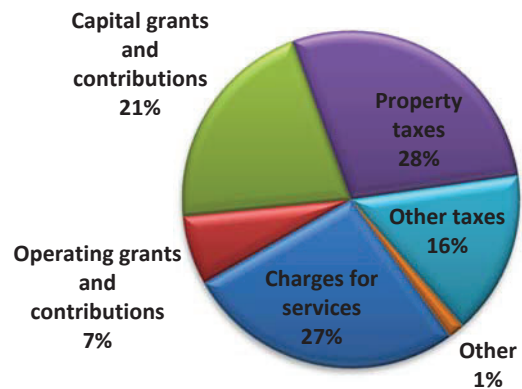
- Charges for services increased \$1,045,878 due to an increase in demand for these services, due to the growth in Mebane.
- Operating grants and contributions decreased \$28,186 while capital grants and contributions increased \$610,108 over the prior year.

#### Financial Analysis of the City's Funds

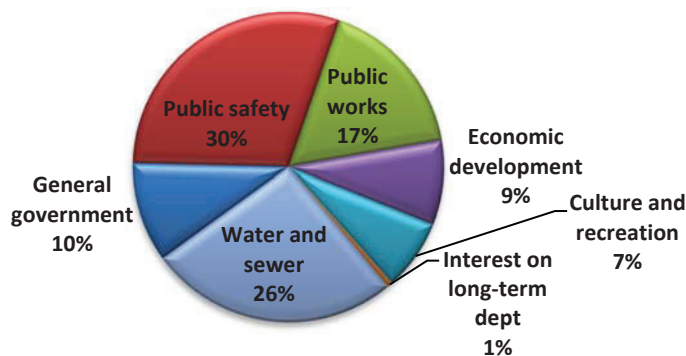
As noted earlier, the City of Mebane uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

**Revenues by Source - All Activities**



**Expenses by Function - All Activities**



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 \$14,786,633, while total fund balance reached \$20,978,011. The City currently has an available fund balance of 62.40% of general fund expenditures, while total fund balance represents 88.53% of the same amount.

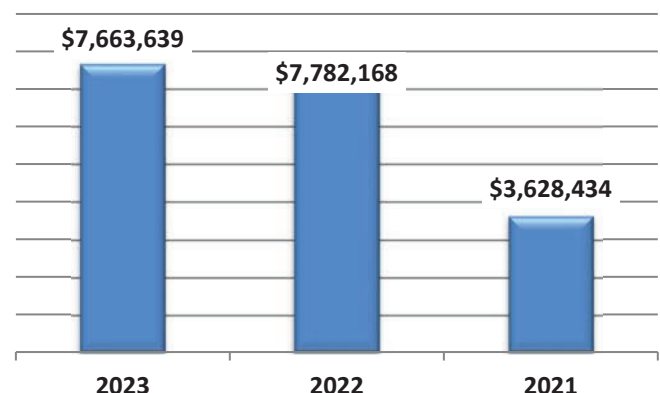
At June 30, 2023, the governmental funds of the City of Mebane reported a combined fund balance of \$24,829,745, a 18.98% increase over last year. This increase in fund balance is due to an increase in the general fund of

\$249,999 combined with an increase in the non-major funds of \$3,710,295.

**General Fund Budgetary Highlights:** During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such 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

**Increase in Net Position - Governmental Funds**





**City of Mebane, North Carolina**  
**Management Discussion and Analysis**  
**June 30, 2023**

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 Water and Sewer fund at the end of the fiscal year amounted to \$9,120,927. The total increase in net position was \$8,151,672.

**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, 2023, totals \$141,817,943 (net of accumulated depreciation). These assets include buildings, roads, land, artwork and collections, machinery and equipment, park facilities, vehicles, and right to use assets for IT subscriptions.

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

- Capital contributions and donations in the general fund in the amount of \$3,920,850 and in the water and sewer fund in the amount of \$4,032,800.
- Construction in progress in the governmental funds consisted of construction related expenses in the Lake Michael Dam Spillway of \$324,561 and the Cates Farm Park of \$486,034.
- While not significant, the implementation of GASB 96 added \$36,097 of right to use assets for IT subscriptions.
- Construction in progress for Utility funds includes related expenses of \$7,007,422 for the WRRF Upgrade, \$2,448,836 for the WRRF 0.5 MGD Expansion, \$219,484 for the Elevated Water Tank, and \$45,852 for the GKN Pump Station.

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

	Governmental Activities			Business-Type Activities			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Land.....	\$ 7,677,836	\$ 7,669,906	\$ 7,509,059	\$ 1,054,201	\$ 766,326	\$ 566,834	\$ 8,732,037	\$ 8,436,232	\$ 8,075,893
Artwork and collections.....	68,360	68,360	68,360	-	-	-	68,360	68,360	68,360
Buildings and systems.....	12,614,051	12,533,851	12,515,279	21,273,231	21,830,149	22,100,411	33,887,282	34,364,000	34,615,690
Water and sewer systems.....	-	-	-	38,255,754	34,620,673	30,748,944	38,255,754	34,620,673	30,748,944
Improvements other than buildings	9,358,510	9,510,210	9,994,677	-	-	-	9,358,510	9,510,210	9,994,677
Machinery and equipment.....	1,705,292	1,556,136	1,515,008	1,007,296	982,313	984,340	2,712,588	2,538,449	2,499,348
Computer equipment.....	197,791	216,302	213,453	15,627	-	-	213,418	216,302	213,453
Infrastructure.....	33,237,981	30,048,595	26,250,167	-	-	-	33,237,981	30,048,595	26,250,167
Vehicles and motorized equipment	2,949,785	2,678,709	2,225,671	170,917	23,713	31,431	3,120,702	2,702,422	2,257,102
Right to use assets:									
IT Subscriptions.....	36,097	-	-	-	-	-	36,097	-	-
Construction in progress.....	1,396,066	456,448	291,328	10,799,148	2,915,009	555,285	12,195,214	3,371,457	846,613
	<u>\$69,241,769</u>	<u>\$64,738,517</u>	<u>\$60,583,002</u>	<u>\$72,576,174</u>	<u>\$61,138,183</u>	<u>\$54,987,245</u>	<u>\$141,817,943</u>	<u>\$125,876,700</u>	<u>\$115,570,247</u>

Additional information on the City's capital assets can be found on page 34 of this report.

**Long-term Debt:** As of June 30, 2023, the City of Mebane had no bonded debt outstanding.

**City of Mebane's Outstanding Debt (Figure 5)**

	Governmental Activities			Business-Type Activities			Total		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
General obligation bonds. \$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue bonds.....	-	-	-	12,609,000	13,573,000	-	12,609,000	13,573,000	-
Direct Placement Debt.....	6,834,187	7,512,035	7,562,836	115,550	144,563	3,186,778	6,949,737	7,656,598	10,749,614
Other long-term payables.	-	-	-	2,933,907	3,211,310	3,538,713	2,933,907	3,211,310	3,538,713
IT Subscription liabilities.	32,902	-	-	-	-	-	32,902	-	-
Compensated absences.....	567,064	510,453	445,229	94,507	88,740	78,990	661,571	599,193	524,219
OPEB.....	9,102,363	11,120,836	9,501,292	1,443,671	1,757,921	1,494,607	10,546,034	12,878,757	10,995,899
Pension related debt.....	7,440,981	3,743,424	5,482,550	876,995	233,615	542,215	8,317,976	3,977,039	6,024,765
Total.....	<u>\$23,977,497</u>	<u>\$22,886,748</u>	<u>\$22,991,907</u>	<u>\$18,073,630</u>	<u>\$19,009,149</u>	<u>\$8,841,303</u>	<u>\$42,051,127</u>	<u>\$41,895,897</u>	<u>\$31,833,210</u>

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

The City of Mebane's total debt increased by \$155,230 (.37%) during the past fiscal year, primarily due to increases in pension obligations of \$4,340,937, offset by decreases in OPEB liabilities of \$2,332,723, netted with scheduled principal payments of \$2,586,867 on notes, bonds, and other long-term payables.

**City of Mebane, North Carolina**  
**Management Discussion and Analysis**  
**June 30, 2023**

---

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 FY23, and Standard & Poor’s Ratings Services last review affirmed the rating, with a stable outlook for the City of Mebane. They stated that the rating reflects their opinion of the City’s favorable location, growing and diverse property base, very strong finances and low direct debt. The City believes this speaks very highly of the stability and sound management practices of the City of Mebane.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for City of Mebane is \$226,718,089.

Additional information regarding the City of Mebane’s long-term debt can be found on page 51 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 sectors continue 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 rapidly, with the Office of State Management and Budget at the North Carolina Department of Revenue showing a 29.15% increase in the total population from 2018 to 2023.

**Budget Highlights for the Fiscal Year Ending June 30, 2024**

**Governmental Activities:** The tax year 2023 was a revaluation year for Alamance County. The City Council decreased the property tax rate from \$0.47 per \$100 property valuation to \$0.37 per \$100. The revenue-neutral tax rate was \$0.3421. The City Council directed staff to set aside the revenue from \$0.02 per \$100 valuation for future capital projects such as building a new fire station, police station, and recreation project. Property tax revenue is expected to increase 20% over the prior year's budget. Based on current trends and forecasts, sales tax revenues were budgeted to increase, with an overall increase of 27% over the FY2023 budgeted amount. Major projects include an inclusive playground at Cates Farm Park and the Lake Michael Dam spillway renovation. The budget included a 6% cost-of-living increase and merit pay for employees.

**Business-type Activities:** The budget for FY24 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 18.27%. 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](mailto:dschwartz@cityofmebane.com)

# 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.

---



Intentionally  
Blank Page

**City of Mebane, North Carolina**  
**Statement of Net Position**  
**June 30, 2023**

**Exhibit 1**

	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents.....	\$ 19,438,535	\$ 10,922,599	\$ 30,361,134
Taxes receivables, (net).....	76,092	-	76,092
Accrued interest receivable on taxes.....	14,242	-	14,242
Accounts receivable (net).....	145,242	1,175,210	1,320,452
Leases receivable.....	-	-	-
Due from other governments.....	3,006,160	-	3,006,160
Prepaid items.....	-	-	-
Restricted cash.....	5,222,881	9,425,907	14,648,788
Notes receivable - Mebane Mill Lofts, LLC.....	490,533	-	490,533
Capital assets (Note 2):			
Land, non-depreciable improvements, and construction in progress .....	9,142,262	11,853,349	20,995,611
Other capital assets, net of depreciation.....	60,063,410	60,722,825	120,786,235
Right to use assets, net of amortization.....	36,097	-	36,097
Total capital assets.....	69,241,769	72,576,174	141,817,943
<b>Total assets.....</b>	<b>97,635,454</b>	<b>94,099,890</b>	<b>191,735,344</b>
<b>Deferred outflows of resources.....</b>	<b>9,128,573</b>	<b>1,347,157</b>	<b>10,475,730</b>
<b>Liabilities</b>			
Amounts due within one year:			
Accounts payable and accrued expenses.....	1,429,490	1,383,353	2,812,843
Accrued interest payable.....	47,249	86,108	133,357
Payable from restricted assets.....	1,302,375	809,746	2,112,121
Unearned revenues.....	-	1,120,584	1,120,584
Current portion of long-term liabilities.....	1,742,056	1,360,528	3,102,584
Amounts due in more than one year:			
Net pension liability - LGERS.....	5,706,551	876,995	6,583,546
Net pension liability - LEOSSA.....	1,176,432	-	1,176,432
Net pension liability - FireSSA.....	557,998	-	557,998
Due in more than one year.....	14,794,460	15,836,107	30,630,567
<b>Total liabilities.....</b>	<b>26,756,611</b>	<b>21,473,421</b>	<b>48,230,032</b>
<b>Deferred inflows of resources.....</b>	<b>3,676,225</b>	<b>457,067</b>	<b>4,133,292</b>
<b>Net Position</b>			
Net investment in capital assets.....	63,317,482	58,855,897	122,173,379
Restricted for:			
Stabilization by State Statute.....	6,191,378	-	6,191,378
Economic development.....	156,746	-	156,746
Future system development.....	-	5,539,735	5,539,735
Unrestricted .....	6,665,585	9,120,927	15,786,512
<b>Total net position.....</b>	<b>\$ 76,331,191</b>	<b>\$ 73,516,559</b>	<b>\$ 149,847,750</b>

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, 2023**

**Exhibit 2**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Primary Government			Primary Government		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
<b>Primary government</b>						
<b>Governmental activities</b>						
General government.....	\$ 3,569,169	\$ 4,505	\$ -	\$ -	\$ (3,564,664)	\$ -
Public safety.....	10,300,977	51,672	483,176	-	(9,766,129)	-
Public works.....	5,824,083	741,725	536,176	6,500,750	1,954,568	-
Recreation.....	2,543,789	148,528	21,321	-	(2,373,940)	-
Economic & physical development.....	3,031,889	1,742,647	281,574	-	(1,007,668)	-
Interest on long-term debt.....	174,264	-	-	-	(174,264)	-
<b>Total governmental activities.....</b>	<b>25,444,171</b>	<b>2,689,077</b>	<b>1,322,247</b>	<b>6,500,750</b>	<b>(14,932,097)</b>	<b>-</b>
<b>Business-type activities:</b>						
Water and sewer.....	8,963,936	10,749,657	2,016,944	4,032,800	-	7,835,465
<b>Total business-type activities.....</b>	<b>8,963,936</b>	<b>10,749,657</b>	<b>2,016,944</b>	<b>4,032,800</b>	<b>-</b>	<b>7,835,465</b>
<b>Total primary government.....</b>	<b>\$ 34,408,107</b>	<b>\$ 13,438,734</b>	<b>\$ 3,339,191</b>	<b>\$ 10,533,550</b>	<b>(14,932,097)</b>	<b>(7,096,632)</b>
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purposes.....					14,228,025	-
Sales taxes.....					6,420,709	-
Franchise tax.....					1,271,769	-
Privilege license tax.....					945	-
Excise Tax.....					233,208	-
Grants & contributions not restricted to specific programs.....					23,110	-
Unrestricted investment earnings.....					241,674	396,777
Miscellaneous.....					189,978	(94,252)
<b>Total general revenues excluding transfers.....</b>					<b>22,609,418</b>	<b>302,525</b>
Transfers.....					(13,682)	13,682
<b>Total general revenues and transfers.....</b>					<b>22,595,736</b>	<b>316,207</b>
<b>Change in net position.....</b>					<b>7,663,639</b>	<b>8,151,672</b>
Net position - beginning .....					68,667,552	65,364,887
<b>Net position - ending.....</b>					<b>\$ 76,331,191</b>	<b>\$ 73,516,559</b>

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

**City of Mebane, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

**Exhibit 3**

	<u>General Fund</u>	<u>Total Non - Major Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents.....	\$ 18,243,278	\$ 1,195,257	\$ 19,438,535
Restricted cash.....	2,466,135	2,756,746	5,222,881
Taxes receivable, net.....	107,148	-	107,148
Receivable from other governments.....	2,975,104	-	2,975,104
Other receivables.....	145,244	-	145,244
Leases receivable.....	-	-	-
Prepaid items.....	-	-	-
<b>Total assets.....</b>	<u>\$ 23,936,909</u>	<u>\$ 3,952,003</u>	<u>\$ 27,888,912</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable.....	1,329,221	100,269	1,429,490
Payable from restricted assets.....	1,302,375	-	1,302,375
<b>Total liabilities.....</b>	<u>2,631,596</u>	<u>100,269</u>	<u>2,731,865</u>
<b>Deferred inflows of resources.....</b>	327,302	-	327,302
<b>Fund balances:</b>			
Nonspendable			
Leases.....	-	-	-
Prepaid assets.....	-	-	-
Restricted			
Stabilization by State Statute.....	6,191,378	-	6,191,378
Economic development.....	-	156,746	156,746
Assigned			
Subsequent year's expenditures.....	2,797,463	3,694,988	6,492,451
Unassigned.....	11,989,170	-	11,989,170
<b>Total fund balances.....</b>	<u>20,978,011</u>	<u>3,851,734</u>	<u>24,829,745</u>
<b>Total liabilities, deferred inflows of resources and fund balances.....</b>	<u>\$ 23,936,909</u>	<u>\$ 3,952,003</u>	<u>\$ 27,888,912</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, 2023**

**Exhibit 3**

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

Total fund balance, governmental funds.....		\$ 24,829,745
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost.....	92,018,810	
Accumulated depreciation.....	<u>(22,813,138)</u>	69,205,672
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Right to use assets at historical cost.....	48,129	
Accumulated amortization.....	<u>(12,032)</u>	36,097
Deferred outflows of resources related to pensions are not reported in the funds.....		6,255,983
Deferred outflows of resources related to OPEB are not reported in the funds.....		2,872,586
Other long-term assets are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.		
Accrued interest receivable on taxes.....	14,242	
Notes receivable.....	<u>490,533</u>	504,775
Earned revenues considered deferred inflows of resources in fund statements.....		107,148
Deferred inflows of resources related to pensions are not reported in the funds.....		(582,256)
Deferred inflows of resources related to OPEB are not reported in the funds.....		(2,873,815)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Notes payable.....	(6,834,187)	
Subscription liability payable.....	(32,902)	
Compensated absences.....	(567,065)	
Net pension liability - LGERS.....	(5,706,551)	
Total pension liability - LEOSSA.....	(1,176,432)	
Total pension liability - FireSSA.....	(557,998)	
OPEB liability.....	<u>(9,102,363)</u>	<u>(23,977,498)</u>
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.....		(47,249)
<b>Net Position of Governmental Activities.....</b>		<b><u>\$ 76,331,188</u></b>

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, 2023**

**Exhibit 4**

	<u>General Fund</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property taxes.....	\$ 13,691,894	\$ -	\$ 13,691,894
Other taxes and licenses.....	945	-	945
Unrestricted intergovernmental.....	8,234,539	-	8,234,539
Restricted intergovernmental.....	1,508,594	2,600,000	4,108,594
Permits and fees.....	1,878,503	-	1,878,503
Sales and services.....	752,683	-	752,683
Investment earnings.....	222,281	19,392	241,673
Miscellaneous.....	264,941	11,235	276,176
<b>Total revenues.....</b>	<u>26,554,380</u>	<u>2,630,627</u>	<u>29,185,007</u>
<b>Expenditures</b>			
Current:			
General government.....	3,408,844	-	3,408,844
Public safety.....	9,473,055	-	9,473,055
Public works.....	5,504,445	-	5,504,445
Recreation.....	2,269,584	-	2,269,584
Economic and physical development.....	3,046,352	-	3,046,352
Debt Service:			
Principal.....	1,608,965	-	1,608,965
Interest and other charges.....	170,431	-	170,431
Capital outlay.....	-	707,172	707,172
<b>Total Expenditures.....</b>	<u>25,481,676</u>	<u>707,172</u>	<u>26,188,848</u>
<b>Excess (deficiency) of revenues over expenditures.....</b>	<u>1,072,704</u>	<u>1,923,455</u>	<u>2,996,159</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in.....	-	1,786,840	1,786,840
Transfers out.....	(1,786,840)	-	(1,786,840)
Installment purchase obligations issued.....	916,006	-	916,006
IT subscription agreement.....	48,129	-	48,129
<b>Total other financing sources and uses.....</b>	<u>(822,705)</u>	<u>1,786,840</u>	<u>964,135</u>
Net change in fund balances.....	249,999	3,710,295	3,960,294
Fund balances - beginning .....	20,728,012	141,439	20,869,451
<b>Fund balances - ending.....</b>	<u>\$ 20,978,011</u>	<u>\$ 3,851,734</u>	<u>\$ 24,829,745</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, 2023**

**Exhibit 4**

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

Net change in fund balances - total governmental funds		\$	3,960,294
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.....	\$	3,267,353	
Capital asset transfers to and from other funds.....		(13,682)	
Depreciation expense for governmental assets.....		(2,707,367)	546,304
Right to used leased asset capital outlay			
expenditures which were capitalized.....		48,129	
Amortization expense for intangible assets.....		(12,032)	36,097
Cost of capital asset disposed of during the year, not recognized on modified accrual basis.....			-
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.....			(156,565)
Benefit payments paid and administrative costs for LEOSSA are deferred outflows of resources on the Statement of Activities.....			(47,390)
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities.....			(98,355)
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.....		3,920,850	
Mebane Mills Lofts notes receivable principal receipts.....		(11,235)	
Change in unavailable revenue for tax revenues.....		28,051	3,937,666
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.....		(964,135)	
Principal payments on long-term debt.....		1,608,965	
Increase in accrued interest payable.....		(3,832)	640,998
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.....		(56,612)	
Pension expense.....		(406,428)	
OPEB plan expense.....		(692,370)	(1,155,410)
<b>Total changes in net position of governmental activities .....</b>			<b>\$ 7,663,639</b>

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, 2023

Exhibit 5

			<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues</b>				
Property taxes.....	\$ 13,144,770	\$ 13,144,770	\$ 13,691,894	\$ 547,124
Other taxes and licenses.....	1,000	1,000	945	(55)
Unrestricted intergovernmental.....	7,334,061	7,334,061	8,234,539	900,478
Restricted intergovernmental.....	1,104,800	1,394,623	1,508,594	113,971
Permits and fees.....	1,259,760	1,259,760	1,878,503	618,743
Sales and services.....	682,114	682,114	752,683	70,569
Investment earnings.....	20,000	20,000	222,281	202,281
Miscellaneous.....	98,430	2,698,430	264,941	(2,433,489)
<b>Total revenues.....</b>	<u>23,644,935</u>	<u>26,534,758</u>	<u>26,554,380</u>	<u>19,622</u>
<b>Expenditures</b>				
Current:				
General government.....	3,781,112	4,025,087	3,408,844	616,243
Public safety.....	10,296,622	12,195,417	9,473,055	2,722,362
Public works.....	5,998,805	6,794,999	5,504,445	1,290,554
Recreation.....	2,390,782	2,605,344	2,269,584	335,760
Economic and physical development.....	2,984,647	3,466,132	3,046,352	419,780
Debt Service:				
Principal.....	1,751,335	1,645,621	1,608,965	36,656
Interest and other charges.....	173,023	174,824	170,431	4,393
<b>Total expenditures.....</b>	<u>27,376,326</u>	<u>30,907,424</u>	<u>25,481,676</u>	<u>5,425,748</u>
<b>Excess (deficiency) of revenues over expenditures.....</b>	<u>(3,731,391)</u>	<u>(4,372,666)</u>	<u>1,072,704</u>	<u>5,445,370</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in.....	-	-	-	-
Transfers out.....	(900,000)	(4,470,760)	(1,786,840)	2,683,920
Long-term debt obligations issued.....	2,466,006	2,466,006	916,006	(1,550,000)
IT subscription agreement.....	-	-	48,129	48,129
Fund balance appropriated.....	2,165,385	6,377,420	-	(6,377,420)
<b>Total other financing sources and uses.....</b>	<u>3,731,391</u>	<u>4,372,666</u>	<u>(822,705)</u>	<u>(5,195,371)</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>249,999</u>	<u>\$ 249,999</u>
<b>Fund balances - beginning</b>			<u>20,728,012</u>	
<b>Fund balances - ending</b>			<u>\$ 20,978,011</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, 2023**

**Exhibit 6**

	<u><b>Water and Sewer Fund</b></u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents.....	\$ 10,922,599
Accounts receivable (net) - billed.....	774,427
Accounts receivable (net) - unbilled.....	395,634
Other receivables.....	5,149
Restricted cash.....	9,425,907
Total current assets.....	<u>21,523,716</u>
Non-current assets:	
Net pension asset.....	-
Capital assets:	
Land and other non-depreciable assets.....	11,853,349
Other capital assets, net of depreciation.....	60,722,825
Total capital assets.....	<u>72,576,174</u>
Total non-current assets.....	<u>72,576,174</u>
<b>Total assets.....</b>	<b><u>94,099,890</u></b>
<b>Deferred outflows of resources.....</b>	<b>1,347,157</b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued liabilities.....	1,383,354
Accrued interest payable.....	86,108
Payable from restricted assets.....	809,746
Unearned revenues.....	1,120,584
Compensated absences.....	73,853
Long-term debt - current.....	306,675
Bonds payable - current.....	980,000
Total current liabilities.....	<u>4,760,320</u>
Noncurrent liabilities:	
Compensated absences.....	20,653
Net pension liability.....	876,995
Total OPEB liability.....	1,443,671
Long-term debt - noncurrent.....	2,742,782
Bonds payable - noncurrent.....	11,629,000
Total noncurrent liabilities.....	<u>16,713,101</u>
<b>Total liabilities.....</b>	<b><u>21,473,421</u></b>
<b>Deferred inflows of resources.....</b>	<b>457,067</b>
<b>Net Position</b>	
Net investment in capital assets.....	58,855,897
Restricted for future system development.....	5,539,735
Unrestricted .....	9,120,927
<b>Total net position.....</b>	<b><u>\$ 73,516,559</u></b>

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, 2023**

**Exhibit 7**

	<u>Water and Sewer Fund</u>
<b>Operating Revenues</b>	
Charges for services.....	\$ 8,334,674
Water and sewer taps.....	18,079
Connection fees.....	1,792,107
Miscellaneous.....	<u>606,672</u>
<b>Total operating revenues.....</b>	<b><u>10,751,532</u></b>
<b>Operating Expenses</b>	
Administration, meters and billing.....	1,163,192
Utility maintenance.....	3,605,415
Engineering.....	295,062
Water resource recovery facility.....	1,778,774
Non-departmental.....	28,989
Depreciation.....	<u>1,875,620</u>
<b>Total operating expenses.....</b>	<b><u>8,747,052</u></b>
<b>Operating income (loss).....</b>	<b><u>2,004,480</u></b>
<b>Nonoperating revenues (expenses)</b>	
Interest and investment revenue.....	396,777
Other.....	(99,006)
Interest expense.....	(214,005)
ARPA Grant Proceeds.....	<u>2,016,944</u>
<b>Total nonoperating revenues (expenses).....</b>	<b><u>2,100,710</u></b>
Income (loss) before contributions and transfers.....	4,105,190
Capital contributions.....	4,032,800
Transfers in.....	5,738,728
Transfers out.....	<u>(5,725,046)</u>
Change in net position.....	8,151,672
Total net position - beginning.....	<u>65,364,887</u>
<b>Total net position - ending.....</b>	<b><u>\$ 73,516,559</u></b>

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, 2023**

**Exhibit 8**

	<u><b>Water and Sewer Fund</b></u>
<b>Cash Flows from Operating Activities</b>	
Cash received from customers.....	\$ 10,081,807
Cash paid for goods and services.....	(4,041,691)
Cash paid to or on behalf of employees for services.....	(3,046,296)
Customer deposits received.....	179,625
Customer deposits returned.....	(108,645)
Other operating revenues.....	<u>606,672</u>
<b>Total cash provided (used) by operating activities.....</b>	<u><b>3,671,472</b></u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Other non-operating revenues.....	(99,006)
Transfers from other funds.....	5,725,046
Transfers to other funds.....	(5,725,046)
Grant proceeds-federal ARPA grant.....	<u>2,591,329</u>
<b>Total cash provided (used) by non-capital financing activities.....</b>	<u><b>2,492,323</b></u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition and construction of capital assets.....	(9,267,130)
Proceeds from new debt.....	-
Principal paid on bonds and notes payable.....	(1,270,415)
Interest paid on bonds and notes payable.....	<u>(220,562)</u>
<b>Total cash provided (used) by capital and related financing activities.....</b>	<u><b>(10,758,107)</b></u>
<b>Cash Flows from Investing Activities</b>	
Investment income.....	<u>396,777</u>
<b>Total cash provided (used) by investing activities.....</b>	<u><b>396,777</b></u>
Net increase (decrease) in cash and equivalents.....	(4,197,535)
Balance, beginning.....	<u>24,546,041</u>
<b>Balance, ending.....</b>	<u><b>\$ 20,348,506</b></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, 2023**

**Exhibit 8**

	<u><b>Water and Sewer Fund</b></u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income (loss).....	\$ 2,004,480
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation.....	1,875,620
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable.....	88,784
Increase (decrease) in allowance for doubtful accounts.....	(151,837)
(Increase) decrease in deferred outflows of resources for pensions.....	(159,744)
Increase (decrease) accounts payable.....	(367,455)
Increase (decrease) salaries payable.....	(43,094)
Increase (decrease) accrued vacation.....	5,766
Increase (decrease) in net pension liability.....	643,380
Increase (decrease) in deferred inflows of resources for pensions.....	(344,172)
Increase (decrease) in OPEB liability.....	(314,250)
Increase (decrease) in deferred inflows of resources for OPEB.....	363,014
Increase (decrease) in customer deposits.....	70,980
Total adjustments.....	<u>1,666,992</u>
<b>Net cash provided by operating activities.....</b>	<b><u>\$ 3,671,472</u></b>
<b>Noncash investing, capital, and financing activities:</b>	
Noncash capital contributions of capital assets.....	<u>\$ 4,032,800</u>
Unrealized gain/loss on investments.....	<u>\$ -</u>

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



**1. Summary of Significant Accounting Policies**

The accounting policies of the City of Mebane conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

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

**B. Basis of Presentation**

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

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

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

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

The City reports the following major governmental funds:

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

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, 2023**

---

**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.

**Capital Project Fund – Transload Facility:** This fund is used to account for the construction of a new rail transload facility.

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/amortization 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. Issuance of general long-term debt and acquisitions under leases and IT subscriptions 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, 2023**

---

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, and collateralized repurchase agreements, 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

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

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.....	\$ 308,123
Asset forfeiture funds.....	253,860
Unspent loan proceeds.....	909,900
Corrections unused funds.....	1,305
Stormwater reserves.....	992,947

**CDBG- Mebane Mills Loft Capital Project Fund**

Economic Development.....	156,746
---------------------------	---------

**Transload Capital Project Fund Unspent**

State Grant Proceeds.....	<u>2,600,000</u>
---------------------------	------------------

<b>Total governmental activities.....</b>	<b><u>5,222,881</u></b>
---	-------------------------

**Business-type Activities**

**Water and Sewer Fund**

Customer deposits.....	809,746
Unexpended system development fees.....	5,539,735
Unexpended ARPA Capital Project Fund unexpended proceeds.....	1,138,246
Unspent bond proceeds.....	<u>1,938,180</u>

<b>Total business-type activities.....</b>	<b><u>9,425,907</u></b>
--	-------------------------

<b>Total Restricted Cash.....</b>	<b><u>\$ 14,648,788</u></b>
-----------------------------------	-----------------------------

**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, 2022. 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.

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

**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.

**Leases Receivable**

The City's leases 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 leases. 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:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
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's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the City reports a lease (only applies when the City is the lessee) or agreements where the City reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

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

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

**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 2023 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 unavailable revenues (reported only on the Balance Sheet of the Governmental Funds), leases, and pension and OPEB deferrals.

**Long-Term Obligations**

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

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other 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.



**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

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 Receivable, net** – portion of fund balance that is not an available resource because it is not in spendable form. The reported amount is calculated by reducing the lease receivable by the related deferred inflow of resources.

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

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

**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

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

appropriation; however, the budget ordinance authorizes the budget officer to modify the appropriations by resource or appropriation within funds without limitation. Any transfer between funds must be approved by the governing board in the budget ordinance as amended.

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

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

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

**Defined Benefit Cost-Sharing Plans**

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

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

**F. Estimates**

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

**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,



**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

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, 2023 the City's deposits had a carrying amount of \$32,585,066, and a bank balance of \$29,718,055. Of the bank balance, \$1,010,199 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, 2023 was \$400.

**Investments**

At June 30, 2023, the City's investment balances were as follows:

<b><u>Investments by Type</u></b>	<b><u>Valuation</u></b>	<b><u>Book Value at</u></b>	<b><u>Maturity</u></b>	<b><u>Rating</u></b>
	<b><u>Measurement</u></b> <b><u>Method</u></b>	<b><u>6/30/2023</u></b>		
NC Capital Management Trust				
- Government Portfolio.....	Fair Value Level 1	\$ 12,424,456	N/A	AAAm
<b>Total.....</b>		<b>\$ 12,424,456</b>		

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, 2023, 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, 2023.

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

*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, 2023, 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 \$115,116.

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2023 are net of the following allowances for doubtful accounts:

**Funds**

General Fund:

Taxes Receivable.....	\$	15,356
Accounts Receivable.....		-
Total.....		<u>15,356</u>
Enterprise Fund.....		<u>49,714</u>
Total.....	\$	<u><u>65,070</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. This lease expired prior to June 30, 2023.

In fiscal year 2023, the City recognized \$5,348 of lease revenue and \$52 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 \$3,861 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 received during the lease terms at a discount rate of 2.6%, which is the City's incremental borrowing rate. These leases terminated or expires prior to June 30, 2023.

In fiscal year 2023, the City recognized \$24,074, \$15,949, and \$7,703 of lease revenue and \$16, \$223, and \$19 of interest revenue under the leases.

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Capital Assets**

**Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2023, was as follows:

	<b><u>Beginning</u></b>			<b><u>Ending</u></b>
<b>Governmental activities:</b>	<b><u>Balances</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Balances</u></b>
<b>Capital assets not being depreciated:</b>				
Land.....	\$ 7,669,906	\$ 7,930	\$ -	\$ 7,677,836
Artwork and collections.....	68,360	-	-	68,360
Construction in progress.....	456,448	1,015,513	75,895	1,396,066
Total capital assets not being depreciated...	<u>8,194,714</u>	<u>1,023,443</u>	<u>75,895</u>	<u>9,142,262</u>
<b>Capital assets being depreciated:</b>				
Buildings.....	17,288,045	461,892	-	17,749,937
Other improvements.....	11,420,943	219,155	-	11,640,098
Equipment.....	3,652,714	446,552	15,379	4,083,887
Computer equipment.....	665,225	29,876	-	695,101
Vehicles and motorized equipment.....	9,761,612	891,175	565,581	10,087,206
Infrastructure.....	<u>34,422,050</u>	<u>4,198,270</u>	<u>-</u>	<u>38,620,320</u>
Total capital assets being depreciated.....	<u>77,210,589</u>	<u>6,246,920</u>	<u>580,960</u>	<u>82,876,549</u>
<b>Less accumulated depreciation for:</b>				
Buildings.....	4,754,194	381,692	-	5,135,886
Other improvements.....	1,910,733	370,855	-	2,281,588
Equipment.....	2,096,578	297,396	15,379	2,378,595
Computer equipment.....	448,923	48,387	-	497,310
Vehicles and motorized equipment.....	7,082,903	190,914	136,396	7,137,421
Infrastructure.....	<u>4,373,455</u>	<u>1,008,884</u>	<u>-</u>	<u>5,382,339</u>
Total accumulated depreciation.....	<u>20,666,786</u>	<u>\$2,298,128</u>	<u>\$ 151,775</u>	<u>22,813,139</u>
Total capital assets being depreciated, net...	<u>56,543,803</u>			<u>60,063,410</u>
<b>Capital assets being amortized:</b>				
IT subscriptions.....	-	48,129	-	48,129
Total capital assets being amortized.....	-	<u>48,129</u>	-	<u>48,129</u>
<b>Less accumulated amortization for:</b>				
IT subscriptions.....	-	12,032	-	12,032
Total accumulated amortization.....	-	<u>\$ 12,032</u>	<u>\$ -</u>	<u>12,032</u>
Total capital assets being amortized, net.....	-			<u>36,097</u>
<b>Governmental activity capital assets, net.....</b>	<b><u>\$ 64,738,517</u></b>			<b><u>\$ 69,241,769</u></b>

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

General government.....	\$ 126,195
Public safety.....	677,052
Public works.....	1,378,455
Recreation.....	500,282
Economic & physical development.....	<u>25,384</u>
Total .....	<u>\$2,707,368</u>

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

**Business-type Activities**

The capital assets of the Enterprise Fund for the year ended June 30, 2023, was as follows:

	<b><u>Beginning</u></b> <b><u>Balances</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Ending</u></b> <b><u>Balances</u></b>
<b>Water and Sewer Fund:</b>				
<b>Capital assets not being depreciated:</b>				
Land.....	\$ 766,326	\$ 287,875	\$ -	\$ 1,054,201
Construction in progress.....	2,915,009	7,884,139	-	10,799,148
Total capital assets not being depreciated.....	<u>3,681,335</u>	<u>8,172,014</u>	<u>-</u>	<u>11,853,349</u>
<b>Capital assets being depreciated:</b>				
Water sources.....	13,937,610	-	-	13,937,610
Lift stations, pumping stations and tanks.....	8,866,489	11,965	-	8,878,454
Water and sewer lines.....	46,749,514	4,686,180	-	51,435,694
Land improvements.....	77,094	12,281	-	89,375
Water Resource Recovery Facility.....	9,796,576	89,620	-	9,886,196
Machinery and equipment.....	2,002,688	151,106	21,770	2,132,024
Computer equipment.....	-	16,028	-	16,028
Vehicles.....	443,830	583,656	31,452	996,034
Total capital assets being depreciated.....	<u>81,873,801</u>	<u>5,550,836</u>	<u>53,222</u>	<u>87,371,415</u>
<b>Less accumulated depreciation for:</b>				
Water sources.....	4,567,973	285,941	-	4,853,914
Lift stations, pumping stations and tanks.....	2,208,219	164,228	-	2,372,447
Water and sewer lines.....	12,128,841	1,051,099	-	13,179,940
Land improvements.....	10,859	3,474	-	14,333
Water Resource Recovery Facility.....	4,060,569	217,141	-	4,277,710
Machinery and equipment.....	1,020,375	126,123	21,770	1,124,728
Computer equipment.....	-	401	-	401
Vehicles.....	420,117	436,452	31,452	825,117
Total accumulated depreciation.....	<u>24,416,953</u>	<u>\$ 2,284,859</u>	<u>\$ 53,222</u>	<u>26,648,590</u>
Total capital assets being depreciated, net.....	<u>57,456,848</u>			<u>60,722,825</u>
<b>Business-type activity capital assets, net.....</b>	<b><u>\$ 61,138,183</u></b>			<b><u>\$ 72,576,174</u></b>

**Right to Use Leased Assets**

The City has no right to use leased assets for the year ended June 30, 2023.

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

**Construction Commitments**

The government has active construction projects as of June 30, 2023. At year end, the government's commitments with contractors are as follows:

<b><u>Project</u></b>	<b><u>Spent to Date</u></b>	<b><u>Remaining Contract</u></b>
WRRF Upgrade Construction Services.....	\$ 333,274	\$ 203,116
WRRF Design/Engineering Services.....	2,358,786	951,214
City of Mebane WRRF Upgrade.....	5,486,467	898,494
PW Facility Fence Loop Paving.....	-	10,000
WRRF Construction Administration.....	-	5,000
Lake Michael Spillway Design.....	324,561	583,679
AWCK - Lake Michael Connector Engineering and Des.....	28,831	7,169
GKN Re-Route Final Design.....	43,193	6,307
U-6013 Utility Relocations Engineering.....	16,047	33,453
Elevated Storage Tank Engineering Services.....	198,519	325,481
Dead End Turn-Around Study Project.....	16,546	13,454
N. Second St. and Crawford St. Sidewalk Design.....	18,240	1,761
Future Water Planning Modeling.....	28,618	2,206
Cates Farm Park Improvements.....	328,498	564,252
Fifth St. Pocket Park & Eighth St. Sidewalk .....	7,495	2,505
S. Third St. Ext. Sidewalk Project- Ph. 1.....	2,943	46,858
AWCK - CEI - Cates Farm Park Phase #1.....	22,814	7,186
Cates Farm Park Playground Phase #1.....	110,823	205,677
Long Range Water System Planning Support.....	22,058	7,943
Fiddler Stage for Community Park.....	42,018	65,982
Clay Street Infrastructure Improvements.....	593,180	168,745
Criteria Design Station 4.....	69,036	30,964
W Carr St Sidewalk Project - Striping .....	-	3,770
West Carr St Sidewalk Improvements.....	-	27,700
Council Chamber/Conf Room/ Hallway Restoration.....	-	29,996
Total.....	<u>\$ 10,051,947</u>	<u>\$ 4,202,912</u>

**B. Liabilities**

**Pension Plan and Postemployment Obligations**

**Local Governmental Employees' Retirement System**

**Plan Description.** The City of Mebane is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The State's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 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, 2023, was 13.10% of compensation for law enforcement officers and 12.10% 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 \$2,313,791 for the year ended June 30, 2023.

**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, 2023, the City reported a liability of \$6,583,546 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2022, the City's proportion was 0.117%, which was a decrease of 0.001% from its proportion measured as of June 30, 2021.

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

For the year ended June 30, 2023, the City recognized pension expense of \$2,582,941. At June 30, 2023, 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.....	\$ 283,679	\$ 27,813
Changes of assumptions.....	656,890	-
Net difference between projected and actual earnings on pension plan investments.....	2,175,931	-
Changes in proportion and differences between City contributions and proportionate share of contributions..	1,212,752	61
City contribution subsequent to the measurement date.....	2,313,363	-
Total.....	<u>\$ 6,642,615</u>	<u>\$ 27,874</u>

\$2,313,363 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, 2024. 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:**

2024.....	\$ 1,558,486
2025.....	1,261,126
2026.....	445,111
2027.....	1,036,655
2028.....	-
Thereafter.....	-

**Actuarial Assumptions.** The total pension liability in the December 31, 2022 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, 2021 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, 2023**

---

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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income.....	23.9%
Public Equity .....	35.8%
Cash and receivables.....	14.3%
Other.....	26.0%
Total .....	<u>100.0%</u>

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 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 (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
City's proportionate share of the net pension liability (asset).....	\$ 11,882,454	\$ 6,583,546	\$ 2,216,939

**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, 2023**

---

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, 2021, 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>37</u>
Total .....	<u>37</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	4.31 percent

The discount rate used is the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2021.

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, 2023, the City reported a total pension liability of \$1,176,432. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the City recognized pension expense of \$156,565.

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

	<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.....	\$ 119,865	\$ 165,257
Changes of assumptions.....	285,068	258,890
Benefit payments and administrative expenses made subsequent to the measurement date.....	-	-
Total.....	<u>\$ 404,933</u>	<u>\$ 424,147</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, 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:**

2024.....	32,514
2025.....	18,797
2026.....	19,956
2027.....	7,533
2028.....	(27,377)
Thereafter.....	(70,637)

\$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 4.31 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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	<u>1% Decrease</u> <u>(3.31%)</u>	<u>Discount Rate</u> <u>(4.31%)</u>	<u>1% Increase</u> <u>(5.31%)</u>
Total pension liability.....	\$ 1,290,627	\$ 1,176,432	\$ 1,073,519

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

	<u>2023</u>
Beginning balance.....	\$ 1,503,388
Service cost at end of year.....	91,743
Interest of total pension liability.....	33,693
Changes of benefit terms.....	-
Differences between expected and actual experience in the measurement of the total pension liability.....	(192,084)
Changes of assumptions or other inputs.....	(248,450)
Benefit payments.....	(11,858)
Other changes.....	-
Ending balance of the total pension liability.....	<u>\$ 1,176,432</u>

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

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, 2021 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, 2021 the Separation Allowance's membership consisted of:

Retirees receiving benefits .....	-
Terminated plan members entitled to but not receiving benefits .....	-
Active plan members .....	<u>28</u>
Total .....	<u>28</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, 2021 valuation. The total pension liability in the December 31, 2021 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	4.31 percent

The discount rate used is the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2021.

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

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

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, 2023, the City reported a total pension liability of \$557,998. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the City recognized pension expense of \$47,390.

	<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.....	\$ 1,048	\$ 21,192
Changes of assumptions.....	83,056	125,874
Benefit payments and administrative expenses made subsequent to the measurement date.....	-	-
Total.....	<u>\$ 84,104</u>	<u>\$ 147,066</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, 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:**

2024.....	(4,003)
2025.....	(4,003)
2026.....	(6,276)
2027.....	(31,094)
2028.....	(17,586)
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 4.31 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 (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	<u>1% Decrease</u> <u>(3.31%)</u>	<u>Discount Rate</u> <u>(4.31%)</u>	<u>1% Increase</u> <u>(5.31%)</u>
Total pension liability.....	\$ 619,181	\$ 557,998	\$ 503,221

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

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

	<b><u>2023</u></b>
Beginning balance.....	\$ 666,001
Service cost at end of year.....	36,408
Interest of total pension liability.....	14,985
Changes of benefit terms.....	-
Differences between expected and actual experience in the measurement of the total pension liability.....	(25,779)
Changes of assumptions or other inputs.....	(133,617)
Benefit payments.....	-
Other changes.....	-
Ending balance of the total pension liability.....	<u><u>\$ 557,998</u></u>

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

The actuarial assumptions used in the December 31, 2021 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, 2023**

---

***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><b>LGERS</b></u>	<u><b>LEOSSA</b></u>	<u><b>Fire SSA</b></u>	<u><b>Total</b></u>
Pension Expense.....	\$ 2,582,941	\$ 156,565	\$ 47,390	\$ 2,786,896
Pension Liability.....	6,583,546	1,176,432	557,998	8,317,976
Proportionate share of the net pension liability.....	0.11700%	n/a	n/a	
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience.....	575,078	119,865	1,048	695,991
Changes of assumptions.....	1,135,666	285,068	83,056	1,503,790
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
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience.....	-	165,257	21,192	186,449
Changes of assumptions.....	-	258,890	125,874	384,764
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, 2023 were \$608,549, which consisted of \$373,701 from the City and \$234,848, 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

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan. Contributions for the year ended June 30, 2023 were \$178,144, which consisted of \$125,734 from the City and \$52,410, 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](http://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, 2023, the State contributed \$19,352,000 to the plan. The City of Mebane's proportionate share of the State's contribution is \$26,945.

**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, 2023, 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 \$27,377. The net pension liability was measured as of June 30, 2022. The total pension liability used to

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2023 and at June 30, 2022 was 0%.

For the year ended June 30, 2023, the City recognized pension expense of \$4,791 and revenue of \$4,791 for support provided by the State. At June 30, 2023, 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, 2021 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, 2021, the date of the latest actuarial valuation:

	<b><u>General</u></b>	<b><u>Law Enforcement</u></b>
	<b><u>Employees</u></b>	<b><u>Officers</u></b>
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, 2023**

---

**Total OPEB Liability**

The City's total OPEB liability of \$10,546,034 was measured as of June 30, 2022 with a determination date of June 30, 2021, the actuarial valuation date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2021 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	3.54 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, 2022.....	\$	12,878,757
Changes for the year		
Service cost.....		732,681
Interest.....		292,415
Changes in benefit terms.....		-
Differences between expected and actual experience.....		(16,611)
Changes in assumptions or other inputs.....		(3,192,965)
Benefit payments.....		(148,243)
Net changes.....		(2,332,723)
Total OPEB Liability, Balance at June 30, 2023.....	\$	<u>10,546,034</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

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, 2021 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>(2.54%)</u>	<u>(3.54%)</u>	<u>(4.54%)</u>
Total OPEB liability.....	\$ 12,739,713	\$ 10,546,034	\$ 8,844,743

*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

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability.....	\$ 8,539,519	\$ 10,546,034	\$ 13,228,063

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$1,048,669. At June 30, 2023, 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.....	\$ 973,665	\$ 18,138
Changes of assumptions.....	2,256,746	3,295,913
Benefit payments and administrative costs made subsequent to the measurement date.....	113,667	-
Total.....	<u>\$ 3,344,078</u>	<u>\$ 3,314,051</u>

\$113,667 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, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

**Year ended June 30:**

2024.....	\$ 23,573
2025.....	23,573
2026.....	23,573
2027.....	59,757
2028.....	114,738
Thereafter.....	(328,855)

**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, 2023**

**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.....	\$ 283,679
Pensions- change of assumptions.....	656,890
Pensions- difference between projected and actual investment earnings.....	2,175,931
Pensions- change in proportion and difference between employer contributions and proportionate share of contributions.....	1,212,752
Contributions to pension plan in current fiscal year.....	2,313,363
LEOSSA- differences between expected and actual experience.....	119,865
LEOSSA- change of assumptions.....	285,068
FFSSA- differences between expected and actual experience.....	1,048
FFSSA- change of assumptions.....	83,056
OPEB- differences between expected and actual experience.....	973,665
OPEB- change of assumptions.....	2,256,746
Benefit payments for OPEB made subsequent to measurement date.....	113,667
LEOSSA- benefit payments made and administrative expenses.....	-
Total.....	<u><u>\$ 10,475,730</u></u>

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

	<b><u>Statement of Net Position</u></b>	<b><u>General Fund Balance Sheet</u></b>
Pensions- difference between projected and actual investment earnings.....	\$ 27,813	\$ -
Pensions- change in proportion and difference between employer contributions and proportionate share of contributions.....	61	-
LEOSSA- differences between expected and actual experience.....	165,257	-
LEOSSA- change of assumptions.....	258,890	-
FFSSA- differences between expected and actual experience.....	21,192	-
FFSSA- change of assumptions.....	125,874	-
OPEB- differences between expected and actual experience.....	18,138	-
OPEB- change of assumptions.....	3,295,913	-
Leases receivable (General Fund).....	-	-
Prepaid taxes and licenses (General Fund).....	220,154	220,154
Taxes receivable, less penalties (General Fund).....	-	107,148
Total.....	<u><u>\$ 4,133,292</u></u>	<u><u>\$ 327,302</u></u>

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

**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 from the prior year and settled claims have not exceeded insurance coverage in any of the last three fiscal years.

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

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 is individually bonded for \$1,000,000 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, 2023, 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.

**Short-Term Obligations**

The City did not have any short-term debt outstanding at the beginning of the year. There was no short-term debt issued during the year and none is outstanding at the end of the year.

**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, 2023 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%.....	\$ 4,339,304
\$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% .....	8,269,696
Total Revenue Bonds .....	<u>\$ 12,609,000</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

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

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	\$ 10,751,532
Operating expenses less depreciation	<u>(6,871,433)</u>
Operating income	3,880,099
Nonoperating revenues (expenses)	<u>2,100,710</u>
Income available for debt service	5,980,809
15% of Unrestricted Net Position	<u>1,368,139</u>
Total Balance for 120% Parity	<u>\$ 7,348,948</u>
Debt service principal and interest (Revenue Bond only)	1,183,839
Debt service coverage ratio on first-lien debt	621%
Debt service all debt	1,490,977
Debt service coverage ratio on all debt together	493%

***Installment Purchases:***

Serviced by the General Fund:

Direct placement contract payable to Truist Bank 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 ..... 1,040,000

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 ..... 187,332

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 ..... 3,498,000

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 ..... 46,900

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 ..... 53,294

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

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

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..... 215,250

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 ..... 963,190

Direct placement contract payable to Truist Bank, for equipment and rolling stock. Principal payments of \$85,785 to \$96,444 plus interest are due semi-annually starting on February 1, 2023. The note bears interest at the rate of 3.040%. All equipment and rolling stock acquired with these local funds are the security for the debt while the debt is outstanding ..... 830,221

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 ..... 28,834

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 ..... 86,716

Total installment purchases..... 6,949,737

Total long-term debt..... 19,558,737

Less: Current portion of long-term debt..... (2,250,792)

Non-current portion of long-term debt .....\$ 17,307,945

At June 30, 2023, the City of Mebane had no authorized but unissued bonds and had a legal debt margin of \$226,718,089.

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

The following table summarizes the annual requirements to amortize all long-term liabilities outstanding at June 30, 2023 (excluding compensated absences, pension liabilities, OPEB liabilities, and any claims or judgments).

	Revenue Bonds		Other Long-term Indebtedness		Total Debt Due	
<b>Serviced by General Fund:</b>						
Fiscal Year	Principle	Interest	Principle	Interest	Principle	Interest
2024.....	\$ -	\$ -	\$ 1,241,520	\$ 151,326	\$ 1,241,520	\$ 151,326
2025.....	-	-	1,149,596	125,139	1,149,596	125,139
2026.....	-	-	1,115,011	100,695	1,115,011	100,695
2027.....	-	-	940,148	77,226	940,148	77,226
2028.....	-	-	659,910	56,088	659,910	56,088
2029-2033.....	-	-	1,728,002	90,623	1,728,002	90,623
2034-2038.....	-	-	-	-	-	-
2039-maturity.....	-	-	-	-	-	-
Total.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,834,187</u>	<u>\$ 601,097</u>	<u>\$ 6,834,187</u>	<u>\$ 601,097</u>
<b>Serviced by Water &amp; Sewer Fund:</b>						
Fiscal Year	Principle	Interest	Principle	Interest	Principle	Interest
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	17,332	-	1,045,332	155,849
2028.....	1,044,000	139,183	4,806	-	1,048,806	139,183
2029-2033.....	4,377,000	457,004	4,806	-	4,381,806	457,004
2034-2038.....	3,175,000	114,285	-	-	3,175,000	114,285
2039-maturity.....	-	-	-	-	-	-
Total.....	<u>\$12,609,000</u>	<u>\$1,431,140</u>	<u>\$ 115,550</u>	<u>\$ 1,171</u>	<u>\$ 12,724,550</u>	<u>\$1,432,311</u>

**Subscriptions:**

For the year ended June 30, 2023 the City implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Subscriptions). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

Subscriptions in affect at the end of the prior fiscal year had their assets and liabilities initially measured at the present value of the subscription payments expected over the remaining term of the Subscription after July 1, 2022. One such agreement was in place at June 30, 2022. The Subscription is for an Applicant Tracking and Performance Management System that aids the City in onboarding new employees and provides educational opportunities for employees to enhance their professional development. The initial term of the agreement was three years. The remaining term at June 30, 2023 is eighteen months. The Subscription does not have a stated interest rate. Accordingly, the City's estimated incremental borrowing rate of 2.60% was used to discount the subscription payments. As a result, the amount of \$48,129 was added as a right-to-use subscription asset and a subscription liability as of July 1, 2022. This restatement had no effect on equity. The liability balance at June 30, 2023 was \$32,902.

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2023, were as follows:

**Serviced by General Fund:**

<b><u>Fiscal Year</u></b>	<b><u>Principle</u></b>	<b><u>Interest</u></b>	<b><u>Total</u></b>
2024.....	\$ 32,902	\$ 209	\$ 33,111
Total.....	<u>\$ 32,902</u>	<u>\$ 209</u>	<u>\$ 33,111</u>

**Changes in Long-Term Liabilities**

	<b><u>Balance July 1,</u></b>			<b><u>Balance June</u></b>	<b><u>Current</u></b>
	<b><u>2022</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>30, 2023</u></b>	<b><u>Portion of</u></b>
					<b><u>Balance</u></b>
<b><u>Governmental activities:</u></b>					
Direct Placement					
Installment purchase.....	\$ 7,512,035	\$ 916,006	\$ 1,593,854	\$ 6,834,187	\$ 1,241,520
IT Subscription liabilities.....	-	32,902	-	32,902	32,902
Compensated absences.....	510,453	467,634	411,023	567,064	467,634
Total OPEB liability.....	11,120,836	-	2,018,473	9,102,363	-
Net pension liability (LGERS).....	1,574,035	4,132,516	-	5,706,551	-
Net pension liability (LEOSSA).....	1,503,388	-	326,956	1,176,432	-
Total pension liability (Firefighters SSA)...	666,001	-	108,003	557,998	-
Governmental activity					
long-term liabilities.....	<u>\$22,886,748</u>	<u>\$ 5,549,058</u>	<u>\$ 4,458,309</u>	<u>\$ 23,977,497</u>	<u>\$ 1,742,056</u>
<b><u>Business-type activities:</u></b>					
Direct Placement					
Installment purchase.....	\$ 144,563	\$ -	\$ 29,013	\$ 115,550	\$ 29,272
Revenue bonds.....	13,573,000	-	964,000	12,609,000	980,000
Graham/Mebane Watershed					
Agreement.....	1,528,846	-	127,403	1,401,443	127,403
Graham/Mebane Capacity					
Agreement.....	1,682,464	-	150,000	1,532,464	150,000
Net pension liability (LGERS).....	233,615	643,380	-	876,995	-
Compensated absences.....	88,740	73,853	68,086	94,507	73,853
Total OPEB liability.....	<u>1,757,921</u>	<u>-</u>	<u>314,250</u>	<u>1,443,671</u>	<u>-</u>
Business-type activity					
long-term liabilities.....	<u>\$19,009,149</u>	<u>\$ 717,233</u>	<u>\$ 1,652,752</u>	<u>\$ 18,073,630</u>	<u>\$ 1,360,528</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, 2023.

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, 2023**

---

A summary of interfund transfers for the fiscal year ended June 30, 2023 is as follows:

Cash Transfers:

Transfer from General Fund to:

Cates Farm Park Capital Project Fund.....	\$ 1,945,665
Lake Michael Dam Spillway Capital Project Fund.....	237,180
Transload Facility Capital Project Fund.....	300,843

Transfer from Cates Farm Park Fund Capital Project Fund to:

General Fund.....	696,848
-------------------	---------

Transfer from Utility Fund to:

WRRF Renovation Capital Project Fund.....	50,000
WRRF 0.5 MGD Expansion Capital Project Fund.....	1,654,943
Elevated Water Tank Capital Project Fund.....	150,000
GKN Pump Station Capital Project Fund.....	1,853,159

Transfer from American Rescue Plan Grant Project Fund to:

Utility Fund.....	2,016,944
-------------------	-----------

Total Cash Transfers .....	<u>\$ 8,905,582</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, 2023, the City made the following one-time transfers:

- 1) A transfer of \$1,945,665 from the General Fund to the Cates Farm Park Capital Project Fund for capital improvements.
- 2) A transfer of \$237,180 from the General Fund to the Lake Michael Dam Spillway Capital Project Fund for capital improvements.
- 3) A transfer of \$300,843 from the General Fund to the Transload Facility Capital Project Fund for capital improvements.
- 4) A transfer of \$696,848 from the Cates Farm Park Capital Project Fund to the General Fund for repayment of funds.
- 5) A transfer of \$50,000 from the Utility Fund to the WRRF Renovation Capital Project Fund for capital improvements.
- 6) A transfer of \$1,654,943 from the Utility Fund to the WRRF 0.5 MGD Expansion Capital Project Fund for capital improvements.
- 7) A transfer of \$150,000 from the Utility Fund to the Elevated Water Tank Capital Project Fund for capital improvements.
- 8) A transfer of \$1,853,159 from the Utility Fund to the GKN Pump Station Capital Project Fund for capital improvements.
- 9) A transfer of \$2,016,944 for the American Rescue Plan Grant Project Fund to the Utility fund to cover payroll expenses.

**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 \$4,791, 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, 2023. Under State

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2023**

---

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.....	\$ 69,241,769	\$ 72,576,174
less: long-term debt.....	6,834,187	15,658,457
add: unexpended debt proceeds.....	909,900	1,938,180
Net investment in capital assets.....	<u>\$ 63,317,482</u>	<u>\$ 58,855,897</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.....	\$ 20,978,011
Less: Stabilization by State Statute.....	(6,191,378)
Appropriated Fund Balance in 2024 budget.....	(2,797,463)
Working Capital.....	(11,989,170)
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, 2023 were \$3,071,030 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 \$3,737 in general membership fees and \$6,635 in stormwater fees to the Council during the fiscal years ended June 30, 2023.

**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, 2023. 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, 2023**

---

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, 2023 was \$1,401,443.

**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, 2023 was \$1,532,464.

**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 30, 2023, 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.

# 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 Ten Fiscal Years \***  
**June 30, 2023**

**Local Government Employees' Retirement System**

	<u>2023</u>	<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) (%).....	0.11670%	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) (\$).....	\$ 1,849,476	\$ 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.....	\$ 8,177,170	\$ 8,101,894	\$ 7,506,863	\$ 7,137,816	\$ 6,539,336	\$ 6,062,960	\$ 5,990,336	\$ 5,169,065	\$ 5,064,935	\$ 4,888,462
Mebane's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.....	22.62%	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 **.....	84.51%	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 Ten Fiscal Years \***  
**June 30, 2023**

**Local Government Employees' Retirement System**

	<u>2023</u>	<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.....	\$ 1,250,382	\$ 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>1,250,382</u>	<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>	<u>\$ -</u>
Mebane's covered payroll.....	\$ 9,580,523	\$ 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.....	13.05%	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 Nine Fiscal Years \***  
**June 30, 2023**

**Firefighters' and Rescue Squad Workers' Pension**

	<u>2023</u>	<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%	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>26,945</u>	<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>\$ 26,945</u>	<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.....	\$ 1,982,811	\$ 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.....	1.36%	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.....	102.40%	95.80%	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 Seven Fiscal Years\***  
**June 30, 2023**

---

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance.....	\$ 1,503,388	\$ 1,372,013	\$ 802,190	\$ 621,186	\$ 574,870	\$ 427,541	\$ 400,968
Service cost.....	91,743	92,414	56,536	49,682	45,895	37,803	35,736
Interest on the total pension liability.....	33,693	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.....	(192,084)	59,602	46,055	77,061	23,723	53,293	-
Changes of assumptions or other inputs.....	(248,450)	(47,121)	441,081	31,650	(34,476)	46,746	(14,371)
Benefit payments.....	(11,858)	-	-	-	(6,883)	(6,883)	(8,947)
Other changes.....	-	-	-	-	-	-	-
Ending balance of the total pension liability.....	<u>\$ 1,176,432</u>	<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, 2023**

	<u>2023</u>	<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>
Total pension liability.....	\$ 1,176,432	\$ 1,503,388	\$ 1,372,013	\$ 802,190	\$ 621,186	\$ 574,870	\$ 427,541	\$ 400,968	\$ 258,154	\$ 238,533
Covered payroll.....	2,184,576	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
Total pension liability as a percentage of covered payroll...	53.85%	71.99%	69.58%	42.45%	38.29%	36.99%	29.61%	27.77%	21.02%	21.74%

**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 Three Fiscal Years\*\***  
**June 30, 2023**

---

	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2021</b></u>
Beginning balance.....	\$ 666,001	\$ 637,293	\$ 427,347
Service cost.....	36,408	39,560	27,629
Interest on the total pension liability.....	14,985	12,300	13,932
Changes of benefit terms.....	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability.....	(25,779)	1,618	-
Changes of assumptions or other inputs.....	(133,617)	(24,770)	168,385
Benefit payments.....	-	-	-
Other changes.....	-	-	-
Ending balance of the total pension liability.....	<u>\$ 557,998</u>	<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 Three Fiscal Years\*\***  
**June 30, 2023**

---

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total pension liability.....	\$ 557,998	\$ 666,001	\$ 637,293
Covered payroll.....	1,609,805	1,647,382	1,368,060
Total pension liability as a percentage of covered payroll.....	34.66%	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 Six Fiscal Years\***  
**June 30, 2023**

<u>Total OPEB Liability</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost.....	\$ 732,681	\$ 699,762	\$ 459,321	\$ 380,966	\$ 402,678	\$ 452,991
Interest .....	292,415	256,952	289,711	238,114	213,111	183,870
Changes of benefit terms.....	-	-	-	-	-	-
Differences between expected and actual experience.....	(16,611)	297,009	5,490	1,302,981	8,326	(9,652)
Changes of assumptions.....	(3,192,965)	767,656	2,476,778	(115,846)	(384,358)	(663,734)
Benefit payments.....	<u>(148,243)</u>	<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.....	(2,332,723)	1,882,858	3,125,089	1,694,103	141,971	(110,740)
Total OPEB liability - beginning.....	<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>	<u>6,145,476</u>
Total OPEB liability - ending.....	<u>\$ 10,546,034</u>	<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.....	8,033,806	7,289,922	6,848,284	6,848,284	6,100,000	6,100,000
Total OPEB liability as a percentage of covered payroll.....	131.27%	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>
2023	3.54%
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, 2023 and 2022**

**Statement A-1**

	<u><b>June 30, 2023</b></u>	<u><b>June 30, 2022</b></u>
<b>Assets</b>		
Cash and equivalents.....	\$ 19,407,038	\$ 18,906,921
Restricted cash.....	1,302,375	2,117,885
Taxes receivable.....	107,148	77,563
Accounts receivable.....	145,242	115,682
Leases receivable.....	-	28,887
Prepaid items.....	-	31,716
Advance to other funds.....	-	-
Due from other governments.....	2,975,104	2,363,029
<b>Total assets.....</b>	<u><b>\$ 23,936,907</b></u>	<u><b>\$ 23,641,683</b></u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts payable .....	\$ 1,329,219	\$ 1,596,138
Due to other governments.....	-	-
Payable from restricted assets.....	1,302,375	1,119,671
<b>Total liabilities.....</b>	<u><b>2,631,594</b></u>	<u><b>2,715,809</b></u>
<b>Deferred inflows of resources.....</b>	<b>327,302</b>	<b>197,862</b>
<b>Fund balances:</b>		
<b>Nonspendable:</b>		
Leases.....	-	340
Prepaid assets.....	-	31,716
<b>Restricted for:</b>		
Stabilization by State Statute.....	6,191,378	4,182,828
<b>Assigned:</b>		
Subsequent year's expenditures.....	2,797,463	2,165,385
Unassigned.....	11,989,171	14,347,743
<b>Total fund balances.....</b>	<u><b>20,978,012</b></u>	<u><b>20,728,012</b></u>
<b>Total liabilities, deferred inflows of resources and fund balances.....</b>	<u><b>\$ 23,936,908</b></u>	<u><b>\$ 23,641,683</b></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, 2023**

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

**Statement A-2**

	<b>2023</b>		<b>Variance</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>2022 Actual</b>
<b>Revenues</b>				
<b>Property taxes:</b>				
Current and prior years.....	\$	\$ 13,595,276	\$	\$ 12,574,194
Penalties and interest, net of discounts.....		96,618		57,746
Total.....	<u>13,144,770</u>	<u>13,691,894</u>	<u>547,124</u>	<u>12,631,940</u>
<b>Other taxes and licenses:</b>				
Privilege licenses.....	<u>1,000</u>	<u>945</u>	<u>(55)</u>	<u>805</u>
<b>Unrestricted intergovernmental:</b>				
Local option sales tax.....		6,295,278		5,781,791
Telecommunications sales tax.....		53,775		54,274
Utility franchise tax.....		1,271,769		1,179,423
Video franchise fee.....		71,656		77,107
Beer and wine tax.....		82,108		70,859
ABC profit distribution.....		136,496		163,667
Tax sharing.....		281,574		315,498
Other.....		41,883		40,856
Total.....	<u>7,334,061</u>	<u>8,234,539</u>	<u>900,478</u>	<u>7,683,475</u>
<b>Restricted intergovernmental:</b>				
Powell Bill allocation.....		502,733		497,992
Controlled substance tax.....		1,417		1,726
ABC Revenue for law enforcement.....		34,040		43,323
Solid waste disposal tax.....		14,604		13,461
On-behalf of payments - fire.....		51,657		50,815
Federal equitable sharing.....		396,063		122,208
Fire district tax funds.....		508,080		501,973
Total.....	<u>1,394,623</u>	<u>1,508,594</u>	<u>113,971</u>	<u>1,231,498</u>
<b>Permits and fees:</b>				
Building permits.....		940,726		712,334
Inspection fees.....		415,663		336,176
Planning fees.....		190,369		178,488
Street and utility inspection fees.....		285,456		147,650
Other.....		46,289		14,165
Total.....	<u>1,259,760</u>	<u>1,878,503</u>	<u>618,743</u>	<u>1,388,813</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, 2023**

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

**Statement A-2**

	<b>2023</b>		<b>Variance</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>2022 Actual</b>
<b>Revenues (continued)</b>				
<b>Sales and services:</b>				
Recreation department fees.....	\$	\$ 153,977	\$	\$ 141,125
Sanitation fees.....		546,456		524,592
Cemetery plot sales.....		52,250		35,550
Total.....	<u>682,114</u>	<u>752,683</u>	<u>70,569</u>	<u>701,267</u>
<b>Investment earnings.....</b>	<u>20,000</u>	<u>222,281</u>	<u>202,281</u>	<u>9,809</u>
<b>Miscellaneous:</b>				
Material sales.....		5,727		1,378
Rent.....		53,414		65,854
Other grants and awards.....		5,000		566,050
Other.....		200,800		322,516
Total.....	<u>2,698,431</u>	<u>264,941</u>	<u>(2,433,490)</u>	<u>955,798</u>
<b>Total revenues.....</b>	<u>26,534,759</u>	<u>26,554,380</u>	<u>19,621</u>	<u>24,603,405</u>
<b>Expenditures</b>				
<b>General government:</b>				
City Council:				
Salaries and employee benefits.....		58,969		58,925
Other operating expenditures.....		27,849		8,928
Total.....	<u>88,237</u>	<u>86,818</u>	<u>1,419</u>	<u>67,853</u>
Administration:				
Salaries and employee benefits.....		871,236		708,008
Other operating expenditures.....		199,097		208,391
Capital outlay.....		51,270		15,500
Total.....	<u>1,249,653</u>	<u>1,121,603</u>	<u>128,050</u>	<u>931,899</u>
Finance:				
Salaries and employee benefits.....		411,866		368,628
Other operating expenditures.....		283,831		239,681
Capital outlay.....		-		-
Total.....	<u>738,971</u>	<u>695,697</u>	<u>43,274</u>	<u>608,309</u>
Information Technology:				
Salaries and employee benefits.....		196,239		178,685
Other operating expenditures.....		574,313		298,498
Capital outlay.....		143,301		151,528
Total.....	<u>1,059,288</u>	<u>913,853</u>	<u>145,435</u>	<u>628,711</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, 2023**

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

**Statement A-2**

	<b>2023</b>		<b>Variance</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>2022 Actual</b>
<b>Expenditures (continued)</b>				
<b>General government:</b>				
Non-departmental:				
Salaries and employee benefits.....	\$	\$ 121,734	\$	\$ 127,326
Other operating expenditures.....		469,139		432,472
Total.....	888,938	590,873	298,065	559,798
Total general government.....	4,025,087	3,408,844	616,243	2,796,570
<b>Public safety:</b>				
Police:				
Salaries and employee benefits.....		4,070,547		3,471,541
Maintenance.....		110,559		118,750
Other operating expenditures.....		686,031		687,082
Capital outlay.....		389,063		437,788
Total.....	5,741,451	5,256,200	485,251	4,715,161
Fire:				
Salaries and employee benefits.....		3,222,374		2,653,334
Maintenance.....		205,308		152,125
Other operating expenditures.....		446,313		289,857
Capital outlay.....		342,860		8,807
Total.....	6,453,966	4,216,855	2,237,111	3,104,123
Total public safety.....	12,195,417	9,473,055	2,722,362	7,819,284
<b>Public works:</b>				
Public works:				
Salaries and employee benefits.....		813,100		716,761
Maintenance.....		918,198		746,627
Other operating expenditures.....		362,941		323,806
Capital outlay.....		819,103		650,859
Total.....	3,726,053	2,913,342	812,711	2,438,053
Public facilities:				
Salaries and employee benefits.....		392,224		292,141
Maintenance.....		231,190		207,516
Other operating expenditures.....		59,742		60,824
Capital outlay.....		153,872		34,284
Total.....	901,199	837,028	64,171	594,765

**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, 2023**

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

**Statement A-2**

	<b>2023</b>		<b>Variance</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>2022 Actual</b>
<b>Expenditures (continued)</b>				
Sanitation:				
Salaries and employee benefits.....		\$ 505,342		\$ 425,570
Maintenance.....		172,816		125,889
Tipping fees.....		583,203		477,583
Other operating expenditures.....		176,886		142,373
Capital outlay.....		315,827		311,206
Total.....	<u>2,167,748</u>	<u>1,754,074</u>	<u>413,674</u>	<u>1,482,621</u>
Total public works.....	<u>6,795,000</u>	<u>5,504,444</u>	<u>1,290,556</u>	<u>4,515,439</u>
<b>Recreation:</b>				
Parks and recreation:				
Salaries and employee benefits.....		1,091,685		847,152
Maintenance.....		286,884		201,970
Other operating expenditures.....		566,978		489,376
Capital outlay.....		324,037		549,981
Total.....	<u>2,605,344</u>	<u>2,269,584</u>	<u>335,760</u>	<u>2,088,479</u>
Total recreation.....	<u>2,605,344</u>	<u>2,269,584</u>	<u>335,760</u>	<u>2,088,479</u>
<b>Economic and physical development:</b>				
Planning:				
Salaries and employee benefits.....		244,593		260,218
Maintenance.....		12,568		9,733
Professional services.....		108,044		62,769
Other operating expenditures.....		24,825		88,129
Capital outlay.....		9,665		31,284
Total.....	<u>651,537</u>	<u>399,695</u>	<u>251,842</u>	<u>452,133</u>
Inspections:				
Salaries and employee benefits.....		666,956		546,524
Maintenance.....		2,910		2,718
Professional services.....		2,280		-
Other operating expenditures.....		58,415		33,798
Capital outlay.....		59,310		276,340
Total.....	<u>878,139</u>	<u>789,871</u>	<u>88,268</u>	<u>859,380</u>
Engineering:				
City Engineer contracted services.....		100,000		87,660
Professional services stormwater.....		70,000		70,000
Professional services.....		275,500		293,828
Total.....	<u>445,500</u>	<u>445,500</u>	<u>-</u>	<u>451,488</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, 2023**

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

**Statement A-2**

	<b>2023</b>			
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>2022 Actual</b>
<b>Expenditures (continued)</b>				
Main Street Program:				
Professional services.....	\$	\$ 78,778	\$	\$ 47,875
Other operating expenditures.....		63,320		17,320
Total.....	221,535	142,098	79,437	65,195
Economic development:				
Other operating expenditures.....		1,269,188		755,349
Total.....	1,269,421	1,269,188	233	755,349
Total economic and physical development.....	3,466,132	3,046,352	419,780	2,583,545
<b>Debt Service:</b>				
Principal Retirement.....	1,645,621	1,608,965	36,656	1,415,799
Interest and other charges.....	174,824	170,431	4,393	178,525
Total debt service.....	1,820,445	1,779,396	41,049	1,594,324
<b>Total expenditures.....</b>	<b>30,907,425</b>	<b>25,481,675</b>	<b>5,425,750</b>	<b>21,397,641</b>
<b>Excess (deficiency) of revenues over expenditures.....</b>	<b>(4,372,666)</b>	<b>1,072,705</b>	<b>5,445,371</b>	<b>3,205,764</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in.....	-	-	-	-
Transfers out.....	(4,470,760)	(1,786,840)	2,683,920	437,428
Proceeds from long-term debt obligations issued.....	2,466,006	916,006	(1,550,000)	1,365,000
IT subscriptions agreement.....	-	48,129	48,129	-
<b>Total other financing sources (uses).....</b>	<b>(2,004,754)</b>	<b>(822,705)</b>	<b>1,182,049</b>	<b>1,802,428</b>
Fund balance appropriated.....	6,377,420	-	(6,377,420)	-
Net change in fund balances.....	\$ -	250,000	\$ 250,000	5,008,192
Fund balances - beginning .....		20,728,012		15,719,820
<b>Fund balances - ending.....</b>		<b>\$ 20,978,012</b>		<b>\$ 20,728,012</b>

# 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.
- **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.
- **The Transload Facility Capital Project Fund** – This fund is used to account for the construction of the Transload Facility.



**City of Mebane, North Carolina**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2023**

**Statement B-1**

	<u>Special</u>				
	<u>Revenue Fund</u>	<u>Capital Project</u>	<u>Capital Project</u>	<u>Capital Project</u>	<u>Total</u>
	<u>- CDBG -</u>	<u>Fund - Cates</u>	<u>Fund - Lake</u>	<u>Fund -</u>	<u>Nonmajor</u>
	<u>Mebane Mills</u>	<u>Farm Park</u>	<u>Michael Dam</u>	<u>Transload</u>	<u>Governmental</u>
	<u>Loft</u>	<u>Project</u>	<u>Spillway</u>	<u>Facility</u>	<u>Funds</u>
<b>Assets</b>					
Cash and cash equivalents .....	\$ -	\$ 884,414	\$ -	\$ 310,843	\$ 1,195,257
Restricted cash.....	156,746	-	-	2,600,000	2,756,746
<b>Total assets.....</b>	<u>\$ 156,746</u>	<u>\$ 884,414</u>	<u>\$ -</u>	<u>\$ 2,910,843</u>	<u>\$ 3,952,003</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable.....	\$ -	\$ 98,141	\$ 2,128	\$ -	\$ 100,269
<b>Total liabilities .....</b>	<u>-</u>	<u>98,141</u>	<u>2,128</u>	<u>-</u>	<u>100,269</u>
<b>Fund balances:</b>					
Restricted					
Economic development.....	156,746	-	-	-	156,746
Assigned					
Capital improvements.....	-	786,273	(2,128)	2,910,843	3,694,988
<b>Total fund balances.....</b>	<u>156,746</u>	<u>786,273</u>	<u>(2,128)</u>	<u>2,910,843</u>	<u>3,851,734</u>
<b>Total liabilities and fund balances.....</b>	<u>\$ 156,746</u>	<u>\$ 884,414</u>	<u>\$ -</u>	<u>\$ 2,910,843</u>	<u>\$ 3,952,003</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, 2023**

**Statement B-2**

	<u>Special</u> <u>Revenue</u> <u>Fund - CDBG -</u> <u>Mebane Mills</u> <u>Loft</u>	<u>Capital</u> <u>Project Fund -</u> <u>Cates Farm</u> <u>Park Project</u>	<u>Capital</u> <u>Project Fund -</u> <u>Lake Michael</u> <u>Dam Spillway</u>	<u>Capital</u> <u>Project Fund -</u> <u>Transload</u> <u>Facility</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
<b>Revenues</b>					
Restricted intergovernmental.....	\$ -	\$ -	\$ -	\$ 2,600,000	\$ 2,600,000
Program revenue.....	11,235	-	-	-	11,235
Interest earnings.....	4,072	5,320	-	10,000	19,392
<b>Total revenues.....</b>	<u>15,307</u>	<u>5,320</u>	<u>-</u>	<u>2,610,000</u>	<u>2,630,627</u>
<b>Expenditures</b>					
Capital outlay - other.....	-	467,864	239,308	-	707,172
Capital outlay - equipment.....	-	-	-	-	-
<b>Total expenditures.....</b>	<u>-</u>	<u>467,864</u>	<u>239,308</u>	<u>-</u>	<u>707,172</u>
<b>Excess (deficiency) of revenues</b> <b>over expenditures</b>	<u>15,307</u>	<u>(462,544)</u>	<u>(239,308)</u>	<u>2,610,000</u>	<u>1,923,455</u>
<b>Other Financing Sources (Uses)</b>					
Transfers from other funds.....	-	1,248,817	237,180	300,843	1,786,840
Transfers to other funds.....	-	-	-	-	-
Appropriated fund balance.....	-	-	-	-	-
<b>Total Other Financing Sources (Uses).....</b>	<u>-</u>	<u>1,248,817</u>	<u>237,180</u>	<u>300,843</u>	<u>1,786,840</u>
Net change in fund balances.....	15,307	786,273	(2,128)	2,910,843	3,710,295
Fund balances - beginning.....	141,439	-	-	-	141,439
<b>Fund balances - ending.....</b>	<u>\$ 156,746</u>	<u>\$ 786,273</u>	<u>\$ (2,128)</u>	<u>\$ 2,910,843</u>	<u>\$ 3,851,734</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, 2023**

**Statement B-3**

		<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current</u> <u>Year</u>	<u>Total to Date</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>					
CDBG.....	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
Program revenue- principal receipts.....	-	98,269	11,235	109,504	109,504
Program revenue- interest receipts.....	-	41,063	2,691	43,754	43,754
Investment earnings.....	-	2,107	1,381	3,488	3,488
<b>Total revenues.....</b>	<u>250,000</u>	<u>391,439</u>	<u>15,307</u>	<u>406,746</u>	<u>156,746</u>
<b>Expenditures</b>					
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	-
<b>Total expenditures.....</b>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
<b>Revenue over (under) expenditures.....</b>	<u>-</u>	<u>141,439</u>	<u>15,307</u>	<u>156,746</u>	<u>156,746</u>
Net change in fund balance.....	<u>\$ -</u>	<u>\$ 141,439</u>	<u>15,307</u>	<u>\$ 156,746</u>	<u>\$ 156,746</u>
Fund balance, July 1.....			<u>141,439</u>		
<b>Fund balance, June 30.....</b>			<u><u>\$ 156,746</u></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, 2023

Statement B-4

	<u>Actual</u>				<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u>
					<u>(Negative)</u>
<b>Revenues</b>					
Investment earnings.....	\$ -	\$ -	\$ 5,320	\$ 5,320	\$ 5,320
<b>Total revenues.....</b>	<u>-</u>	<u>-</u>	<u>5,320</u>	<u>5,320</u>	<u>5,320</u>
<b>Expenditures</b>					
Professional services.....	-	-	-	-	-
Design and engineering.....	49,800	44,170	5,630	49,800	-
Construction administration.....	30,100	-	22,914	22,914	7,186
Construction.....	981,373	-	413,320	413,320	568,053
Capital outlay - equipment.....	316,536	84,823	26,000	110,823	205,713
<b>Total expenditures.....</b>	<u>1,377,809</u>	<u>128,993</u>	<u>467,864</u>	<u>596,857</u>	<u>780,952</u>
<b>Revenue over (under) expenditures.....</b>	<u>(1,377,809)</u>	<u>(128,993)</u>	<u>(462,544)</u>	<u>(591,537)</u>	<u>786,272</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in:					
From General Fund for					
capital improvements.....	1,377,809	128,993	1,248,817	1,377,810	1
<b>Total other financing sources (uses).....</b>	<u>1,377,809</u>	<u>128,993</u>	<u>1,248,817</u>	<u>1,377,810</u>	<u>1</u>
<b>Revenues and other sources over (under)</b>					
<b>expenditures and other uses.....</b>	<u>\$ -</u>	<u>\$ -</u>	<u>786,273</u>	<u>\$ 786,273</u>	<u>\$ 786,273</u>
Fund balance, July 1.....			-		
<b>Fund balance, June 30.....</b>			<u>\$ 786,273</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, 2023

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>
<b>Expenditures</b>					
Design and engineering.....	\$ 908,240	\$ 85,253	\$ 239,308	\$ 324,561	\$ 583,679
<b>Total expenditures.....</b>	<u>908,240</u>	<u>85,253</u>	<u>239,308</u>	<u>324,561</u>	<u>583,679</u>
<b>Revenue over (under) expenditures.....</b>	<u>(908,240)</u>	<u>(85,253)</u>	<u>(239,308)</u>	<u>(324,561)</u>	<u>583,679</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in:					
From General Fund for					
capital improvements.....	908,240	85,253	237,180	322,433	(585,807)
<b>Total other financing sources (uses).....</b>	<u>908,240</u>	<u>85,253</u>	<u>237,180</u>	<u>322,433</u>	<u>(585,807)</u>
<b>Revenues and other sources over (under)</b>					
<b>expenditures and other uses.....</b>	<u>\$ -</u>	<u>\$ -</u>	<u>(2,128)</u>	<u>\$ (2,128)</u>	<u>\$ (2,128)</u>
Fund balance, July 1.....			-		
<b>Fund balance, June 30.....</b>			<u>\$ (2,128)</u>		

City of Mebane, North Carolina

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

Capital Project Fund - Transload Facility

From Inception and For the Year Ended June 30, 2023

Statement B-6

		<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>
<b>Revenues</b>					
State Grant Proceeds.....	\$ 2,600,000	\$ -	\$ 2,600,000	\$ 2,600,000	\$ -
Alamance County Portion.....	300,843	-	-	-	(300,843)
Investment earnings.....	-	-	10,000	10,000	10,000
<b>Total revenues.....</b>	<u>2,900,843</u>	<u>-</u>	<u>2,610,000</u>	<u>2,610,000</u>	<u>(290,843)</u>
<b>Expenditures</b>					
Professional services.....	360,126	-	-	-	360,126
Construction.....	2,841,560	-	-	-	2,841,560
<b>Total expenditures.....</b>	<u>3,201,686</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,201,686</u>
<b>Revenue over (under) expenditures.....</b>	<u>(300,843)</u>	<u>-</u>	<u>2,610,000</u>	<u>2,610,000</u>	<u>2,910,843</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in:					
From General Fund for					
capital improvements.....	300,843	-	300,843	300,843	-
<b>Total other financing sources (uses).....</b>	<u>300,843</u>	<u>-</u>	<u>300,843</u>	<u>300,843</u>	<u>-</u>
<b>Revenues and other sources over (under)</b>					
<b>expenditures and other uses.....</b>	<u>\$ -</u>	<u>\$ -</u>	<u>2,910,843</u>	<u>\$ 2,910,843</u>	<u>\$ 2,910,843</u>
Fund balance, July 1.....			-		
<b>Fund balance, June 30.....</b>			<u>\$ 2,910,843</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.
- **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.
- **Elevated Water Tank – Capital Project Fund** – This fund is used to account for the construction of the City's elevated water tank.
- **GKN Pump Station – Capital Project Fund** – This fund is used to account for the construction of the City's GKN Pump Station.



**City of Mebane, North Carolina**  
**Comparative Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023 and 2022**

**Statement C-1**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<b>Assets</b>		
Current assets:		
Cash and equivalents.....	\$ 10,922,599	\$ 10,061,364
Restricted cash.....	9,425,907	14,484,677
Accounts Receivable, net - billed.....	774,427	765,038
Accounts Receivable, net - unbilled.....	395,634	341,998
Other receivables.....	5,149	5,121
Due from other governments.....	-	-
Prepaid items.....	-	-
Total current assets.....	<u>21,523,716</u>	<u>25,658,198</u>
Non-current assets:		
Capital assets:		
Land and other non-depreciable assets.....	11,853,349	3,681,335
Other capital assets, net of depreciation.....	60,722,825	57,456,848
Total capital assets.....	<u>72,576,174</u>	<u>61,138,183</u>
Total non-current assets.....	<u>72,576,174</u>	<u>61,138,183</u>
<b>Total assets.....</b>	<b>94,099,890</b>	<b>86,796,381</b>
<b>Deferred outflows of resources.....</b>	<b>1,347,157</b>	<b>1,187,413</b>
<b>Total assets and deferred outflows of resources.....</b>	<b>\$ 95,447,047</b>	<b>\$ 87,983,794</b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 1,383,354	\$ 1,793,902
Accrued interest payable.....	86,108	92,665
Due to other governments.....	-	-
Payable from restricted assets.....	809,746	738,766
Unearned revenues.....	1,120,584	546,199
Compensated absences.....	73,853	73,570
Long-term debt - current.....	306,675	356,415
Bonds payable - current.....	980,000	964,000
Total current liabilities.....	<u>4,760,320</u>	<u>4,565,517</u>
Noncurrent liabilities:		
Compensated absences.....	20,653	15,170
Net pension liability.....	876,995	233,615
Other postemployment benefits.....	1,443,671	1,757,921
Long-term debt - noncurrent.....	2,742,782	2,999,457
Bonds payable - noncurrent.....	11,629,000	12,609,000
Total noncurrent liabilities.....	<u>16,713,101</u>	<u>17,615,163</u>
<b>Total liabilities.....</b>	<b>21,473,421</b>	<b>22,180,680</b>
<b>Deferred inflows of resources.....</b>	<b>457,067</b>	<b>438,226</b>
<b>Net Position</b>		
Net investment in capital assets.....	58,855,897	53,706,014
Restricted for future system development.....	5,539,735	3,702,258
Unrestricted .....	9,120,927	7,956,615
<b>Total net position.....</b>	<b>73,516,559</b>	<b>65,364,887</b>
<b>Total liabilities, deferred outflows of resources, and net position.....</b>	<b>\$ 95,447,047</b>	<b>\$ 87,983,793</b>



City of Mebane, North Carolina  
Combining Statement of Net Position  
Proprietary Funds - By Subfund  
June 30, 2023

Statement C-2

		<u>System</u>	<u>WRRF</u>	<u>WRRF 0.5</u>		<u>Elevated</u>	<u>GKN Pump</u>	
	<u>Operating</u>	<u>Development</u>	<u>Renovation</u>	<u>MGD</u>	<u>American</u>	<u>Water Tank</u>	<u>Station</u>	
	<u>Fund</u>	<u>Capital</u>	<u>Capital Project</u>	<u>Expansion</u>	<u>Rescue Plan</u>	<u>Capital</u>	<u>Capital</u>	<u>Total</u>
	<u>Reserve Fund</u>	<u>Fund</u>	<u>Project Fund</u>	<u>Project Fund</u>	<u>Grant Project</u>	<u>Project Fund</u>	<u>Project Fund</u>	
<b>Assets</b>								
Current assets:								
Cash and equivalents.....	\$ 8,902,055	\$ -	\$ 50,000	\$ -	\$ -	\$ 80,718	\$ 1,889,826	\$ 10,922,599
Restricted cash.....	809,746	5,539,735	1,938,180	-	1,138,246	-	-	9,425,907
Accounts receivable, net - billed.....	774,427	-	-	-	-	-	-	774,427
Accounts receivable, net - unbilled.....	395,634	-	-	-	-	-	-	395,634
Other receivables.....	5,149	-	-	-	-	-	-	5,149
Due from other governments.....	-	-	-	-	-	-	-	-
Prepaid items.....	-	-	-	-	-	-	-	-
Non-capital eliminations.....	-	-	-	-	-	-	-	-
<b>Total current assets.....</b>	<b>10,887,011</b>	<b>5,539,735</b>	<b>1,988,180</b>	<b>-</b>	<b>1,138,246</b>	<b>80,718</b>	<b>1,889,826</b>	<b>21,523,716</b>
Non-current assets:								
Capital assets:								
Land and other non-depreciable assets.....	11,853,349	-	-	-	-	-	-	11,853,349
Other capital assets, net of depreciation.....	60,722,825	-	-	-	-	-	-	60,722,825
<b>Total capital assets.....</b>	<b>72,576,174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,576,174</b>
<b>Total non-current assets.....</b>	<b>72,576,174</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,576,174</b>
<b>Total assets.....</b>	<b>83,463,185</b>	<b>5,539,735</b>	<b>1,988,180</b>	<b>-</b>	<b>1,138,246</b>	<b>80,718</b>	<b>1,889,826</b>	<b>94,099,890</b>
<b>Deferred outflows of resources.....</b>	<b>1,347,157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,347,157</b>
<b>Total assets and deferred outflows of resources.....</b>	<b>\$ 84,810,342</b>	<b>\$ 5,539,735</b>	<b>\$ 1,988,180</b>	<b>\$ -</b>	<b>\$ 1,138,246</b>	<b>\$ 80,718</b>	<b>\$ 1,889,826</b>	<b>\$ 95,447,047</b>
<b>Liabilities</b>								
Current liabilities:								
Accounts payable and accrued liabilities.....	\$ 771,965	\$ -	\$ 397,254	\$ 57,092	\$ -	\$ 149,350	\$ 7,693	\$ 1,383,354
Accrued interest payable.....	86,108	-	-	-	-	-	-	86,108
Due to other governments.....	-	-	-	-	-	-	-	-
Payable from restricted assets.....	809,746	-	-	-	-	-	-	809,746
Unearned revenues.....	-	-	-	-	1,120,584	-	-	1,120,584
Compensated absences.....	73,853	-	-	-	-	-	-	73,853
Long-term debt - current.....	306,675	-	-	-	-	-	-	306,675
Bonds payable - current.....	337,261	-	642,739	-	-	-	-	980,000
<b>Total current liabilities.....</b>	<b>2,385,608</b>	<b>-</b>	<b>1,039,993</b>	<b>57,092</b>	<b>1,120,584</b>	<b>149,350</b>	<b>7,693</b>	<b>4,760,320</b>
Noncurrent liabilities:								
Compensated absences.....	20,653	-	-	-	-	-	-	20,653
Net pension liability.....	876,995	-	-	-	-	-	-	876,995
Other postemployment benefits.....	1,443,671	-	-	-	-	-	-	1,443,671
Long-term debt - noncurrent.....	2,742,782	-	-	-	-	-	-	2,742,782
Bonds payable - noncurrent.....	3,369,797	-	8,259,203	-	-	-	-	11,629,000
<b>Total noncurrent liabilities.....</b>	<b>8,453,898</b>	<b>-</b>	<b>8,259,203</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,713,101</b>
<b>Total liabilities.....</b>	<b>10,839,506</b>	<b>-</b>	<b>9,299,196</b>	<b>57,092</b>	<b>1,120,584</b>	<b>149,350</b>	<b>7,693</b>	<b>21,473,421</b>
<b>Deferred inflows of resources.....</b>	<b>457,067</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>457,067</b>
<b>Net Position</b>								
Net investment in capital assets.....	58,855,897	-	-	-	-	-	-	58,855,897
Restricted for future system development.....	-	5,539,735	-	-	-	-	-	5,539,735
Unrestricted .....	14,657,872	-	(7,311,016)	(57,092)	17,662	(68,632)	1,882,133	9,120,927
<b>Total net position.....</b>	<b>73,513,769</b>	<b>5,539,735</b>	<b>(7,311,016)</b>	<b>(57,092)</b>	<b>17,662</b>	<b>(68,632)</b>	<b>1,882,133</b>	<b>73,516,559</b>
<b>Total liabilities, deferred outflows of resources, and net position.....</b>	<b>\$ 84,810,342</b>	<b>\$ 5,539,735</b>	<b>\$ 1,988,180</b>	<b>\$ -</b>	<b>\$ 1,138,246</b>	<b>\$ 80,718</b>	<b>\$ 1,889,826</b>	<b>\$ 95,447,047</b>

City of Mebane, North Carolina  
Combining Schedule of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds - By Subfund  
June 30, 2023

Statement C-3

		<u>System</u>	<u>WRRF</u>	<u>WRRF 0.5</u>		<u>Elevated</u>	<u>GKN Pump</u>	
	<u>Operating</u>	<u>Development</u>	<u>Renovation</u>	<u>MGD</u>	<u>American</u>	<u>Water Tank</u>	<u>Station</u>	
	<u>Fund</u>	<u>Capital</u>	<u>Capital Project</u>	<u>Capital</u>	<u>Rescue Plan</u>	<u>Capital</u>	<u>Capital</u>	<u>Total</u>
	<u>Fund</u>	<u>Reserve Fund</u>	<u>Fund</u>	<u>Project Fund</u>	<u>Grant Project</u>	<u>Project Fund</u>	<u>Project Fund</u>	
<b>Operating Revenues</b>								
Charges for services.....	\$ 8,334,674	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,334,674
Water and sewer taps.....	18,079	-	-	-	-	-	-	18,079
Connection fees.....	-	1,792,107	-	-	-	-	-	1,792,107
Miscellaneous.....	606,672	-	-	-	-	-	-	606,672
<b>Total operating revenues.....</b>	<b>8,959,425</b>	<b>1,792,107</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,751,532</b>
<b>Operating Expenses</b>								
Administration, meters and billing.....	1,163,192	-	-	-	-	-	-	1,163,192
Utility maintenance.....	3,605,415	-	-	-	-	-	-	3,605,415
Engineering.....	295,062	-	-	-	-	-	-	295,062
Water resource recovery facility.....	1,778,774	-	-	-	-	-	-	1,778,774
Non-departmental.....	28,989	-	-	-	-	-	-	28,989
Depreciation.....	1,875,620	-	-	-	-	-	-	1,875,620
<b>Total operating expenses.....</b>	<b>8,747,052</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,747,052</b>
<b>Operating income (loss).....</b>	<b>212,373</b>	<b>1,792,107</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,004,480</b>
<b>Nonoperating revenues (expenses)</b>								
Interest and investment revenue.....	96,147	45,370	162,670	-	16,912	852	74,826	396,777
Other.....	(99,006)	-	-	-	-	-	-	(99,006)
Interest expense.....	(214,005)	-	-	-	-	-	-	(214,005)
Intergovernmental Grant Proceeds.....	-	-	-	-	2,016,944	-	-	2,016,944
<b>Total nonoperating revenues (expenses).....</b>	<b>(216,864)</b>	<b>45,370</b>	<b>162,670</b>	<b>-</b>	<b>2,033,856</b>	<b>852</b>	<b>74,826</b>	<b>2,100,710</b>
Income (loss) before contributions and transfers.....	(4,491)	1,837,477	162,670	-	2,033,856	852	74,826	4,105,190
Capital contributions.....	4,032,800	-	-	-	-	-	-	4,032,800
Installment purchase obligations issued.....	-	-	-	-	-	-	-	-
Expense transfer from projects.....	7,657,286	-	(5,679,915)	(1,712,035)	-	(219,484)	(45,852)	-
Capital asset transfers from other funds.....	13,682	-	-	-	-	-	-	13,682
Transfers in.....	2,016,944	-	50,000	1,654,943	-	150,000	1,853,159	5,725,046
Transfers out.....	(3,708,102)	-	-	-	(2,016,944)	-	-	(5,725,046)
Change in net position.....	10,008,119	1,837,477	(5,467,245)	(57,092)	16,912	(68,632)	1,882,133	8,151,672
Total net position - beginning.....	63,505,650	3,702,258	(1,843,771)	-	750	-	-	65,364,887
<b>Total net position - ending.....</b>	<b>\$ 73,513,769</b>	<b>\$ 5,539,735</b>	<b>\$ (7,311,016)</b>	<b>\$ (57,092)</b>	<b>\$ 17,662</b>	<b>\$ (68,632)</b>	<b>\$ 1,882,133</b>	<b>\$ 73,516,559</b>

**City of Mebane, North Carolina**  
**Schedule of Revenues and Expenditures - Budget to Actual**  
**Water and Sewer Fund**  
**For the Fiscal Year Ended June 30, 2023**  
**(With Comparative Totals for the Fiscal Year Ended June 30, 2022)** **Statement C-4**

	<b>2023</b>		<b>Variance</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>2022 Actual</b>
<b>Revenues</b>				
<b>Charges for services:</b>				
Water sales.....	\$	\$ 4,072,165	\$	\$ 3,839,044
Sewer charges.....		4,041,402		3,783,019
Water and sewer taps.....		18,079		26,279
Total.....	<u>8,275,016</u>	<u>8,131,646</u>	<u>(143,370)</u>	<u>7,648,342</u>
<b>Other operating revenues:</b>				
Other operating revenues.....		606,672		631,269
Total.....	<u>675,375</u>	<u>606,672</u>	<u>(68,703)</u>	<u>631,269</u>
<b>Other nonoperating revenues:</b>				
Other.....		(99,006)		44,539
Interest and investment earnings.....		96,147		4,548
Total.....	<u>214,000</u>	<u>(2,859)</u>	<u>(216,859)</u>	<u>49,087</u>
<b>Total revenues.....</b>	<b><u>9,164,391</u></b>	<b><u>8,735,459</u></b>	<b><u>(428,932)</u></b>	<b><u>8,328,698</u></b>
<b>Expenditures</b>				
<b>Administration, meters and billing:</b>				
Salaries and employee benefits.....		882,783		748,052
Supplies.....		29,206		27,749
Other operating expenditures.....		242,888		178,553
Total.....	<u>1,239,935</u>	<u>1,154,877</u>	<u>85,058</u>	<u>954,354</u>
<b>Utility maintenance:</b>				
Salaries and employee benefits.....		1,268,126		1,013,294
Chemicals.....		-		133,824
Supplies.....		86,247		125,272
Maintenance.....		248,530		139,117
Purchases of water .....		1,290,068		980,001
Highway 119 project expenses.....		-		-
Other operating expenditures.....		591,350		350,574
Total.....	<u>4,241,777</u>	<u>3,484,321</u>	<u>757,456</u>	<u>2,742,082</u>
<b>Engineering:</b>				
City Engineer contracted services.....		115,248		124,447
Other operating expenditures.....		179,815		182,455
Total.....	<u>299,033</u>	<u>295,063</u>	<u>3,970</u>	<u>306,902</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, 2023**  
**(With Comparative Totals for the Fiscal Year Ended June 30, 2022)** **Statement C-4**

	<b>2023</b>		<b>Variance</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>2022 Actual</b>
<b>Expenditures (continued)</b>				
<b>Water resource recovery facility:</b>				
Salaries and employee benefits.....		\$ 737,043		\$ 672,838
Chemicals.....		121,435		88,949
Supplies.....		18,358		37,770
Maintenance.....		129,996		517,437
Other operating expenditures.....		707,353		272,907
Total.....	<u>2,011,289</u>	<u>1,714,185</u>	<u>297,104</u>	<u>1,589,901</u>
<b>Non-departmental:</b>				
Other operating expenditures.....		28,989		64,185
Total.....	<u>15,054</u>	<u>28,989</u>	<u>(13,935)</u>	<u>64,185</u>
<b>Debt Service:</b>				
Principal Retirement.....	1,272,153	1,270,415	1,738	3,492,619
Interest and other charges.....	221,468	220,562	906	139,476
Total.....	<u>1,493,621</u>	<u>1,490,977</u>	<u>2,644</u>	<u>3,632,095</u>
<b>Capital outlay:</b>				
Miscellaneous water.....	1,620,457	1,431,630	188,827	1,467,315
Miscellaneous sewer.....	181,410	178,214	3,196	235,212
Total.....	<u>1,801,867</u>	<u>1,609,844</u>	<u>192,023</u>	<u>1,702,527</u>
<b>Total expenditures.....</b>	<u>11,102,576</u>	<u>9,778,256</u>	<u>1,324,320</u>	<u>10,992,046</u>
<b>Excess (deficiency) of revenues over expenditures.....</b>	<u>(1,938,185)</u>	<u>(1,042,797)</u>	<u>895,388</u>	<u>(2,663,348)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in.....	1,980,000	2,016,944	36,944	3,025,062
Transfers out.....	(4,808,159)	(3,708,102)	1,100,057	(1,016,746)
Proceeds from long-term debt.....	-	-	-	4,794,058
<b>Total other financing sources (uses).....</b>	<u>(2,828,159)</u>	<u>(1,691,158)</u>	<u>1,137,001</u>	<u>6,802,374</u>
Fund balance appropriated.....	<u>4,766,344</u>	<u>-</u>	<u>(4,766,344)</u>	<u>-</u>
<b>Revenues and other sources over expenditures and other uses.....</b>	<u>\$ -</u>	<u>\$ (2,733,955)</u>	<u>\$ (2,733,955)</u>	<u>\$ 4,139,026</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, 2023**  
**(With Comparative Totals for the Fiscal Year Ended June 30, 2022)** **Statement C-4**

	<b>2023</b>		<b>Variance</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>2022 Actual</b>
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
<b>Revenues and other sources over expenditures and other uses.....</b>		\$ (2,733,955)		\$ 4,139,026
<b>Reconciling items:</b>				
Principal retirement.....		1,270,415		3,492,619
Capital outlays.....		1,609,844		1,702,527
Proceeds from long-term debt.....		-		(4,794,058)
Increase (decrease) in receivable allowance.....		167,471		(26,631)
Increase (decrease) in unbilled receivables.....		53,636		21,343
(Increase) decrease in accrued interest payable.....		6,557		(56,530)
(Increase) decrease in vacation pay.....		(5,769)		(9,749)
Increase (decrease) in deferred outflows of resources - pensions.....		234,086		141,958
(Increase) decrease in net pension liability.....		(643,380)		308,600
(Increase) decrease in deferred inflows of resources - pensions.....		344,172		(361,003)
Increase (decrease) in deferred outflows of resources - OPEB.....		(74,342)		73,498
(Increase) decrease in deferred inflows of resources - OPEB.....		(363,014)		17,333
(Increase) decrease in OPEB liability.....		314,250		(263,314)
Depreciation.....		(1,875,620)		(1,710,866)
Amortization of deferred loss on refunding.....		-		-
Capital contributions.....		4,032,800		3,422,692
Interest income from Water and Sewer Capital Project Funds.....		300,630		9,529
Capital asset transfers from other funds.....		13,682		423,868
Restricted income from System Development Capital Reserve Fund.....		1,792,107		1,434,780
Income from American Rescue Plan Grant Project Special Revenue Fund.....		2,016,944		2,045,130
Net Transfers to (from) Capital Project funds.....		<u>1,691,158</u>		<u>(2,008,316)</u>
Total reconciling items.....		<u>10,885,627</u>		<u>3,863,410</u>
<b>Change in net position.....</b>		<u>\$ 8,151,672</u>		<u>\$ 8,002,436</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, 2023**

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

**Statement C-5**

	<b>2023</b>		<b>Variance</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Positive</b>	<b>2022 Actual</b>
			<b>(Negative)</b>	
<b>Revenues</b>				
<b>Charges for services:</b>				
System Development Fees- Water.....	\$	\$ 546,297	\$	\$ 425,919
System Development Fees- Sewer.....		1,245,810		1,008,861
Total.....	1,598,000	1,792,107	194,107	1,434,780
<b>Other nonoperating revenues:</b>				
Interest and investment earnings.....		45,370		1,293
Total.....	3,000	45,370	42,370	1,293
<b>Total revenues.....</b>	<b>1,601,000</b>	<b>1,837,477</b>	<b>236,477</b>	<b>1,436,073</b>
<b>Excess (deficiency) of revenues</b>				
<b>over expenditures.....</b>	<b>1,601,000</b>	<b>1,837,477</b>	<b>236,477</b>	<b>1,436,073</b>
<b>Other Financing Sources (Uses)</b>				
Utility Capital Reserve.....	(1,601,000)	-	1,601,000	-
Transfers to other funds:				
Utility Capital Project Fund.....	-	-	-	(199,177)
Appropriated fund balance.....	-	-	-	-
<b>Total other financing sources (uses).....</b>	<b>(1,601,000)</b>	<b>-</b>	<b>1,601,000</b>	<b>(199,177)</b>
<b>Revenues and other sources over</b>				
<b>expenditures and other uses.....</b>	<b>\$ -</b>	<b>\$ 1,837,477</b>	<b>\$ 1,837,477</b>	<b>\$ 1,236,896</b>

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, 2023

Statement C-6

		<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>
<b>Revenues</b>					
Investment earnings.....	\$ -	\$ 7,486	\$ 162,670	\$ 170,156	\$ 170,156
<b>Total revenues.....</b>	<u>-</u>	<u>7,486</u>	<u>162,670</u>	<u>170,156</u>	<u>170,156</u>
<b>Expenditures</b>					
Professional services.....	102,784	92,284	1,500	93,784	9,000.00
Design and engineering.....	555,285	555,285	-	555,285	-
Construction administration.....	591,390	141,324	191,950	333,274	258,116
Construction.....	7,147,291	538,614	5,486,465	6,025,079	1,122,212
Equipment.....	523,750	523,750	-	523,750	-
Contingency.....	31,442	-	-	-	31,442
<b>Total expenditures.....</b>	<u>8,951,942</u>	<u>1,851,257</u>	<u>5,679,915</u>	<u>7,531,172</u>	<u>1,420,770</u>
<b>Revenue over (under) expenditures.....</b>	<u>(8,951,942)</u>	<u>(1,843,771)</u>	<u>(5,517,245)</u>	<u>(7,361,016)</u>	<u>1,590,926</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in:					
From Water and Sewer Fund for					
utility capital improvements.....	50,000	583,000	50,000	633,000	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	-
<b>Total other financing sources (uses).....</b>	<u>8,951,942</u>	<u>8,901,942</u>	<u>50,000</u>	<u>8,951,942</u>	<u>-</u>
<b>Revenues and other sources over (under)</b>					
<b>expenditures and other uses.....</b>	<u>\$ -</u>	<u>\$ 7,058,171</u>	<u>\$ (5,467,245)</u>	<u>\$ 1,590,926</u>	<u>\$ 1,590,926</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, 2023**

**Statement C-7**

		<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u>
					<u>(Negative)</u>
<b>Revenues</b>					
ARP Grant Proceeds.....	\$ 11,925,000	\$ -	\$ -	\$ -	\$ (11,925,000)
<b>Total revenues.....</b>	<u>11,925,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,925,000)</u>
<b>Expenditures</b>					
Design and engineering.....	3,513,200	1,016,746	1,432,090	2,448,836	1,064,364
Land purchase.....	286,800	-	279,945	279,945	6,855
Construction.....	11,925,000	-	-	-	11,925,000
<b>Total expenditures.....</b>	<u>15,725,000</u>	<u>1,016,746</u>	<u>1,712,035</u>	<u>2,728,781</u>	<u>12,996,219</u>
<b>Revenue over (under) expenditures.....</b>	<u>(3,800,000)</u>	<u>(1,016,746)</u>	<u>(1,712,035)</u>	<u>(2,728,781)</u>	<u>1,071,219</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in:					
From Water and Sewer Fund for					
utility capital improvements.....	3,800,000	1,016,746	1,654,943	2,671,689	(1,128,311)
<b>Total other financing sources (uses).....</b>	<u>3,800,000</u>	<u>1,016,746</u>	<u>1,654,943</u>	<u>2,671,689</u>	<u>(1,128,311)</u>
<b>Revenues and other sources over (under)</b>					
<b>expenditures and other uses.....</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (57,092)</u>	<u>\$ (57,092)</u>	<u>\$ (57,092)</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, 2023

Statement C-8

		<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u>
					<u>(Negative)</u>
<b>Revenues</b>					
ARPA Grant Proceeds.....	\$ 5,182,658	\$ 2,045,130	\$ 2,016,944	\$ 4,062,074	\$ (1,120,584)
Investment earnings.....	-	750	16,912	17,662	17,662
<b>Total revenues.....</b>	<u>5,182,658</u>	<u>2,045,880</u>	<u>2,033,856</u>	<u>4,079,736</u>	<u>(1,102,922)</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers out:					
To Water and Sewer Fund for					
salaries and benefits reimbursements.....	(5,182,658)	(2,045,130)	(2,016,944)	(4,062,074)	1,120,584
<b>Total other financing sources (uses).....</b>	<u>(5,182,658)</u>	<u>(2,045,130)</u>	<u>(2,016,944)</u>	<u>(4,062,074)</u>	<u>1,120,584</u>
<b>Revenues and other sources over (under)</b>					
<b>expenditures and other uses.....</b>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ 16,912</u>	<u>\$ 17,662</u>	<u>\$ 17,662</u>

City of Mebane, North Carolina

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

Elevated Water Tank Capital Project Fund

From Inception and For the Year Ended June 30, 2023

Statement C-9

		<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>					
ARP Grant Proceeds.....	\$ 2,502,990	\$ -	\$ -	\$ -	\$ (2,502,990)
SCIF Grant Proceeds.....	150,000	-	-	-	(150,000)
Investment earnings.....	-	-	852	852	852
<b>Total revenues.....</b>	<b>2,652,990</b>	<b>-</b>	<b>852</b>	<b>852</b>	<b>(2,652,138)</b>
<b>Expenditures</b>					
Professional services.....	120,000	-	20,965	20,965	99,035
Design and engineering.....	524,000	-	198,519	198,519	325,481
Construction.....	5,852,000	-	-	-	5,852,000
Contingency.....	585,200	-	-	-	585,200
<b>Total expenditures.....</b>	<b>7,081,200</b>	<b>-</b>	<b>219,484</b>	<b>219,484</b>	<b>6,861,716</b>
<b>Revenue over (under) expenditures.....</b>	<b>(4,428,210)</b>	<b>-</b>	<b>(218,632)</b>	<b>(218,632)</b>	<b>4,209,578</b>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in:					
From Water and Sewer Fund for					
utility capital improvements.....	-	-	150,000	150,000	150,000
Installment purchase obligations					
issued.....	4,428,210	-	-	-	(4,428,210)
<b>Total other financing sources (uses).....</b>	<b>4,428,210</b>	<b>-</b>	<b>150,000</b>	<b>150,000</b>	<b>(4,278,210)</b>
<b>Revenues and other sources over (under)</b>					
<b>expenditures and other uses.....</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (68,632)</b>	<b>\$ (68,632)</b>	<b>\$ (68,632)</b>

City of Mebane, North Carolina

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

GKN Pump Station Capital Project Fund

From Inception and For the Year Ended June 30, 2023

Statement C-10

		<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>
<b>Revenues</b>					
Investment earnings.....	\$ -	\$ -	\$ 74,826	\$ 74,826	\$ 74,826
<b>Total revenues.....</b>	<u>-</u>	<u>-</u>	<u>74,826</u>	<u>74,826</u>	<u>74,826</u>
<b>Expenditures</b>					
Design, engineering and construction....	1,853,159	-	45,852	45,852	1,807,307
<b>Total expenditures.....</b>	<u>1,853,159</u>	<u>-</u>	<u>45,852</u>	<u>45,852</u>	<u>1,807,307</u>
<b>Revenue over (under) expenditures.....</b>	<u>(1,853,159)</u>	<u>-</u>	<u>28,974</u>	<u>28,974</u>	<u>1,882,133</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in:					
From Water and Sewer Fund for					
utility capital improvements.....	-	-	1,853,159	1,853,159	1,853,159
Installment purchase obligations					
issued.....	1,853,159	-	-	-	(1,853,159)
<b>Total other financing sources (uses).....</b>	<u>1,853,159</u>	<u>-</u>	<u>1,853,159</u>	<u>1,853,159</u>	<u>-</u>
<b>Revenues and other sources over (under)</b>					
<b>expenditures and other uses.....</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,882,133</u>	<u>\$ 1,882,133</u>	<u>\$ 1,882,133</u>

# 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, 2023**

**Schedule D-1**

<u>Fiscal Year</u>	<u>Uncollected Balance 6/30/2022</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance 6/30/2023</u>
2022-2023.....	\$ -	\$ 13,721,187	\$ 13,652,870	\$ 68,317
2021-2022.....	30,193	-	12,948	17,245
2020-2021.....	17,394	-	4,513	12,881
2019-2020.....	8,370	-	2,149	6,221
2018-2019.....	11,222	-	1,306	9,916
2017-2018.....	2,687	-	1,284	1,403
2016-2017.....	1,111	-	630	481
2015-2016.....	4,515	-	3,518	997
2014-2015.....	4,190	-	3,026	1,164
2013-2014.....	4,469	-	593	3,876
2012-2013.....	5,108	-	5,108	-
	<u>\$ 89,259</u>	<u>\$ 13,721,187</u>	<u>\$ 13,687,945</u>	<u>122,501</u>
Less: Allowance for uncollectible accounts (General Fund).....				<u>15,356.00</u>
<b>Ad valorem taxes receivable - net.....</b>				<u><b>\$ 107,145</b></u>
<b>Reconciliation with revenues:</b>				
Ad valorem taxes - General Fund.....				\$ 13,691,894
Add (subtract):				
Penalties and interest, net of discounts.....				(96,618)
Amount written off for tax year 2011-2012.....				5,108
Refunds and other adjustments.....				87,561
<b>Total collections and credits.....</b>				<u><b>\$ 13,687,945</b></u>

**City of Mebane, North Carolina**  
**Analysis of Current Tax Levy**  
**City - Wide Levy**  
**For the Fiscal Year Ended June 30, 2023**

**Schedule D-2**

	<u>City - Wide</u>			<u>Total Levy</u>	
	<u>Total Property</u>		<u>Amount of</u>	<u>Property</u>	<u>Registered</u>
	<u>Valuation</u>	<u>Rate</u>	<u>Levy</u>	<u>Excluding</u>	<u>Motor</u>
				<u>Registered</u>	<u>Motor</u>
				<u>Motor</u>	<u>Vehicles</u>
				<u>Vehicles</u>	<u>Vehicles</u>
<b>Tax levy:</b>					
Real property .....	\$ 2,140,989,587	0.47	\$ 10,062,643	\$ 10,062,643	\$ -
Personal property .....	753,754,339	0.47	3,542,645	2,590,859	951,786
Public service companies.....	24,903,062	0.47	117,044	117,044	-
Subtotals.....	<u>2,919,646,988</u>		<u>13,722,332</u>	<u>12,770,546</u>	<u>951,786</u>
Less: Homestead exemptions.....	<u>(243,533)</u>	0.47	<u>(1,145)</u>	<u>(1,145)</u>	<u>-</u>
<b>Totals.....</b>	<b><u>\$ 2,919,403,455</u></b>		<b><u>13,721,187</u></b>	<b><u>12,769,401</u></b>	<b><u>951,786</u></b>
Advertising, interest cost and late filing fees.....			<u>-</u>	<u>-</u>	<u>-</u>
Gross levy.....			<u>13,721,187</u>	<u>12,769,401</u>	<u>951,786</u>
Release and adjustments.....			<u>-</u>	<u>-</u>	<u>-</u>
Net levy.....			<u>13,721,187</u>	<u>12,769,401</u>	<u>951,786</u>
Uncollected taxes at June 30, 2023.....			<u>68,317</u>	<u>58,093</u>	<u>10,224</u>
<b>Current year taxes collected.....</b>			<b><u>\$ 13,652,870</u></b>	<b><u>\$ 12,711,308</u></b>	<b><u>\$ 941,562</u></b>
 <b>Current levy collection percentage.....</b>			<b><u>99.50%</u></b>	<b><u>99.55%</u></b>	<b><u>98.93%</u></b>

**City of Mebane, North Carolina**  
**Analysis of Current Tax Levy**  
**City - Wide Levy**  
**For the Fiscal Year Ended June 30, 2023**

**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.....	\$ 2,140,989,587	\$ -
Personal Property.....	750,224,126	3,530,213
Public service companies (Note 2).....	24,903,062	-
Total Assessed Valuation.....	<u>2,916,116,775</u>	<u>3,530,213</u>
Tax Rate per \$100.....	<u>0.47</u>	<u>0.47</u>
	<u>13,705,740</u>	<u>16,592</u>
Levy.....		<u>\$ 13,722,332</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, 2023**

**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>
Lotus Bakeries US LLC.....	Natural Snack Product Manufacturing.....	\$ 89,680,372	\$ 421,498	3.07%
MRE Propco LP.....	Healthcare Supplies Manufacturer.....	86,510,700	\$ 406,600	2.96%
Keystone at Mebane Oaks, LLC.....	Apartment Complex.....	82,781,555	\$ 389,073	2.84%
XPXII Greensboro Logistics.....	Freight and Logistics Service.....	76,808,168	\$ 360,998	2.63%
GKN Automotive Components.....	Auto Components Manufacturing.....	66,975,421	\$ 314,784	2.29%
Industrial Connections & Solutions LLC.....	Electronics Manufacturing.....	60,899,638	\$ 286,228	2.09%
Liggett Group - One Hundred Maple, LLC.....	Tobacco Manufacturing.....	60,654,969	\$ 285,078	2.08%
Wal-Mart.....	Retail.....	59,048,891	\$ 277,530	2.02%
Cambro Manufacturing Co.....	Foodservice Supplies Manufacturing.....	52,456,539	\$ 246,546	1.80%
Tanger Properties LMTD Partner...	Retail.....	44,611,519	\$ 209,674	1.53%
		<u>\$ 680,427,772</u>	<u>\$ 3,198,011</u>	<u>23.31%</u>

Intentionally  
Blank Page



## 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.

---

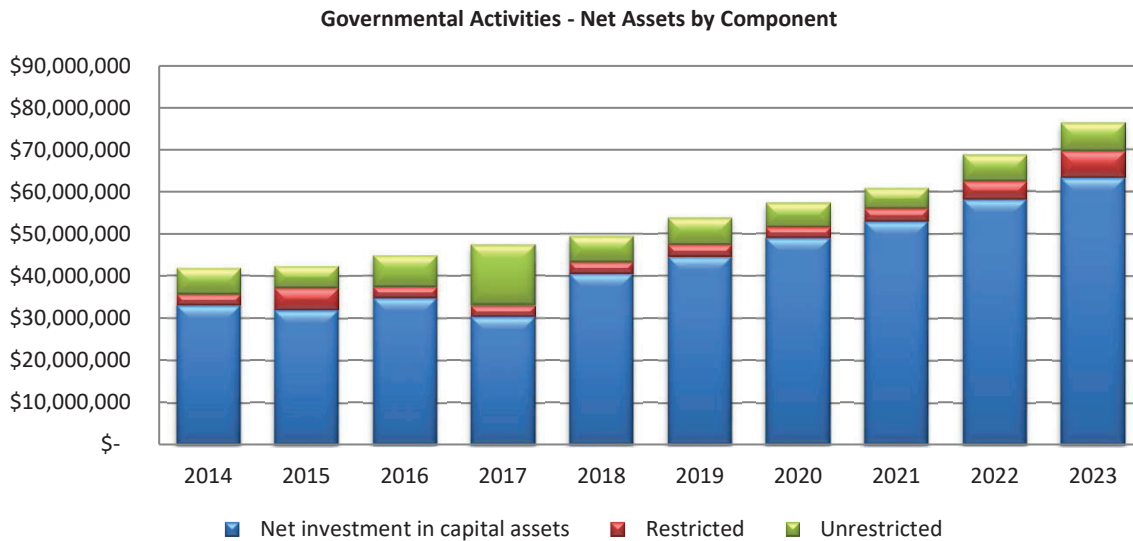
- **Financial Trends** – These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- **Revenue Capacity** – These schedules contain information to help the reader assess the government's most significant local 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,				
	2014	2015	2016	2017	2018
<b>Governmental activities</b>					
Net investment in capital assets.....	\$ 33,039,857	\$ 32,011,821	\$ 34,801,671	\$ 30,319,096	\$ 40,610,954
Restricted.....	2,594,241	5,225,747	2,589,616	2,615,433	2,757,579
Unrestricted.....	6,195,064	5,185,319	7,502,406	14,338,635	6,147,464
<b>Total governmental activities net position.....</b>	<b>\$ 41,829,162</b>	<b>\$ 42,422,887</b>	<b>\$ 44,893,693</b>	<b>\$ 47,273,164</b>	<b>\$ 49,515,997</b>
<b>Business-type activities</b>					
Net investment in capital assets.....	\$ 31,622,606	\$ 33,155,614	\$ 34,178,396	\$ 34,527,281	\$ 38,122,626
Restricted.....	-	-	-	-	-
Unrestricted.....	6,415,219	5,635,431	7,589,047	8,948,578	8,413,024
<b>Total business-type activities net position.....</b>	<b>\$ 38,037,825</b>	<b>\$ 38,791,045</b>	<b>\$ 41,767,443</b>	<b>\$ 43,475,859</b>	<b>\$ 46,535,650</b>
<b>Primary government</b>					
Net investment in capital assets.....	\$ 64,662,463	\$ 65,167,435	\$ 68,980,067	\$ 64,846,377	\$ 78,733,580
Restricted.....	2,594,241	5,225,747	2,589,616	2,615,433	2,757,579
Unrestricted.....	12,610,283	10,820,750	15,091,453	23,287,213	14,560,488
<b>Total primary government activities net position.....</b>	<b>\$ 79,866,987</b>	<b>\$ 81,213,932</b>	<b>\$ 86,661,136</b>	<b>\$ 90,749,023</b>	<b>\$ 96,051,647</b>



**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,				
	2019	2020	2021	2022	2023
<b>Governmental activities</b>					
Net investment in capital assets.....	\$ 44,539,110	\$ 48,932,506	\$ 53,020,166	\$ 58,077,074	\$ 63,317,482
Restricted.....	2,844,468	2,535,935	3,005,430	4,324,267	6,348,124
Unrestricted.....	6,328,882	5,788,509	4,859,788	6,266,211	6,665,585
<b>Total governmental activities net position.....</b>	<b>\$ 53,712,460</b>	<b>\$ 57,256,950</b>	<b>\$ 60,885,384</b>	<b>\$ 68,667,552</b>	<b>\$ 76,331,191</b>
<b>Business-type activities</b>					
Net investment in capital assets.....	\$ 38,984,945	\$ 45,237,242	\$ 48,261,754	\$ 53,706,014	\$ 58,855,897
Restricted.....	586,608	970,910	2,465,362	3,702,258	5,539,735.00
Unrestricted.....	7,619,918	6,837,732	6,635,335	7,956,615	9,120,927
<b>Total business-type activities net position.....</b>	<b>\$ 47,191,471</b>	<b>\$ 53,045,884</b>	<b>\$ 57,362,451</b>	<b>\$ 65,364,887</b>	<b>\$ 73,516,559</b>
<b>Primary government</b>					
Net investment in capital assets.....	\$ 83,524,055	\$ 94,169,748	\$ 101,281,920	\$ 111,783,088	\$ 122,173,379
Restricted.....	3,431,076	3,506,845	5,470,792	8,026,525	11,887,859
Unrestricted.....	13,948,800	12,626,241	11,495,123	14,222,826	15,786,512
<b>Total primary government activities net position.....</b>	<b>\$ 100,903,931</b>	<b>\$ 110,302,834</b>	<b>\$ 118,247,835</b>	<b>\$ 134,032,439</b>	<b>\$ 149,847,750</b>

**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				
	2014	2015	2016	2017	2018
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government.....	\$ 2,133,862	\$ 2,130,084	\$ 2,058,889	\$ 2,023,497	\$ 2,227,259
Public safety.....	4,400,496	4,929,504	5,521,196	6,132,593	6,567,770
Public works.....	3,887,001	3,848,791	4,169,363	3,907,270	3,885,804
Cultural and recreation.....	1,179,235	1,163,723	1,288,321	1,195,553	1,301,845
Economic and physical development.....	1,137,040	584,532	1,415,831	461,389	1,879,946
Interest on long-term debt.....	151,011	178,086	156,676	174,166	300,632
<b>Total governmental activities expenses.....</b>	<b>12,888,645</b>	<b>12,834,720</b>	<b>14,610,276</b>	<b>13,894,468</b>	<b>16,163,256</b>
<b>Business-type activities:</b>					
Water and sewer.....	4,493,195	4,288,957	4,926,465	6,139,854	6,039,261
<b>Total Business-type activities.....</b>	<b>4,493,195</b>	<b>4,288,957</b>	<b>4,926,465</b>	<b>6,139,854</b>	<b>6,039,261</b>
<b>Total primary government expenses.....</b>	<b>17,381,840</b>	<b>17,123,677</b>	<b>19,536,741</b>	<b>20,034,322</b>	<b>22,202,517</b>
<b>Program revenues</b>					
<b>Governmental activities:</b>					
Charges for services:					
General government.....	60,900	45,470	213,347	58,291	60,580
Public safety.....	12,986	13,964	13,905	21,135	19,941
Public works.....	355,012	338,920	420,613	401,609	422,237
Cultural and recreation.....	75,170	77,245	85,535	86,690	87,018
Economic and physical development.....	222,071	287,110	374,248	427,814	391,359
Operating grants and contributions.....	667,594	498,060	448,823	574,891	934,764
Capital grants and contributions.....	912,272	2,157,849	972,045	639,266	3,380,460
<b>Total governmental activities program revenue.....</b>	<b>2,306,005</b>	<b>3,418,618</b>	<b>2,528,516</b>	<b>2,209,696</b>	<b>5,296,359</b>
<b>Business-type activities:</b>					
Charges for services.....	5,041,627	5,316,218	7,399,492	6,491,915	6,676,309
Operating grants and contributions.....	-	-	-	-	-
Capital grants and contributions.....	203,400	196,230	1,376,780	465,220	2,508,340
<b>Total business-type activities program revenue.....</b>	<b>5,245,027</b>	<b>5,512,448</b>	<b>8,776,272</b>	<b>6,957,135</b>	<b>9,184,649</b>
<b>Total primary government program revenue.....</b>	<b>7,551,032</b>	<b>8,931,066</b>	<b>11,304,788</b>	<b>9,166,831</b>	<b>14,481,008</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities.....	(10,582,640)	(9,416,102)	(12,081,760)	(11,684,772)	(10,866,897)
Business-type activities.....	751,832	1,223,491	3,849,807	817,281	3,145,388
<b>Total primary government net expense.....</b>	<b>(9,830,808)</b>	<b>(8,192,611)</b>	<b>(8,231,953)</b>	<b>(10,867,491)</b>	<b>(7,721,509)</b>
<b>General revenues and other changes in net position</b>					
<b>Governmental activities:</b>					
Taxes.....					
Property taxes, levied for general purpose.....	8,054,225	8,572,861	8,859,077	9,751,487	10,279,056
Other taxes.....	3,519,938	4,105,041	4,188,891	4,299,798	4,563,646
Grants and contributions not restricted to specific programs.....	7,000	4,500	12,509	3,050	3,050
Unrestricted investment earnings.....	2,096	4,083	6,399	25,200	129,302
Miscellaneous.....	(7,678)	60,600	41,404	69,609	164,578
<i>Special item: Conveyance of land for economic development.....</i>	-	(2,691,591)	-	-	-
Transfers.....	784,376	393,092	965,000	-	(2,003)
<b>Total governmental activities.....</b>	<b>12,359,957</b>	<b>10,448,586</b>	<b>14,073,280</b>	<b>14,149,144</b>	<b>15,137,629</b>
<b>Business-type activities:</b>					
Unrestricted investment earnings.....	5,801	259	2,244	6,344	28,295
Miscellaneous.....	15,835	15,559	22,773	784,791	193,241
Transfers.....	(784,376)	(393,092)	(965,000)	-	2,003
<b>Total business-type activities.....</b>	<b>(762,740)</b>	<b>(377,274)</b>	<b>(939,983)</b>	<b>791,135</b>	<b>223,539</b>
<b>Total primary government.....</b>	<b>11,597,217</b>	<b>10,071,312</b>	<b>13,133,297</b>	<b>14,940,279</b>	<b>15,361,168</b>
<b>Change in Net Position</b>					
Governmental activities.....	1,777,317	1,032,484	1,991,520	2,464,372	4,270,732
Business-type activities.....	(10,908)	846,217	2,909,824	1,608,416	3,368,927
<b>Change in primary government net position.....</b>	<b>\$ 1,766,409</b>	<b>\$ 1,878,701</b>	<b>\$ 4,901,344</b>	<b>\$ 4,072,788</b>	<b>\$ 7,639,659</b>

**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				
	2019	2020	2021	2022	2023
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government.....	\$ 2,262,074	\$ 2,508,794	\$ 2,945,979	\$ 2,838,280	\$ 3,569,169
Public safety.....	7,070,899	8,045,419	9,046,866	8,660,213	10,300,977
Public works.....	3,803,467	4,939,677	5,273,617	4,824,551	5,824,083
Cultural and recreation.....	1,900,889	1,677,079	1,931,238	2,064,269	2,543,789
Economic and physical development.....	1,269,525	2,005,292	2,225,126	2,260,845	3,031,889
Interest on long-term debt.....	281,751	257,803	200,005	178,756	174,264
<b>Total governmental activities expenses.....</b>	<b>16,588,605</b>	<b>19,434,064</b>	<b>21,622,831</b>	<b>20,826,914</b>	<b>25,444,171</b>
<b>Business-type activities:</b>					
Water and sewer.....	6,762,948	7,298,336	7,656,961	7,656,972	8,963,936
<b>Total Business-type activities.....</b>	<b>6,762,948</b>	<b>7,298,336</b>	<b>7,656,961</b>	<b>7,656,972</b>	<b>8,963,936</b>
<b>Total primary government expenses.....</b>	<b>23,351,553</b>	<b>26,732,400</b>	<b>29,279,792</b>	<b>28,483,886</b>	<b>34,408,107</b>
<b>Program revenues</b>					
<b>Governmental activities:</b>					
Charges for services:					
General government.....	1,100	11,850	5,400	4,605	4,505
Public safety.....	21,350	17,532	19,750	22,229	51,672
Public works.....	501,353	617,855	701,980	680,282	741,725
Cultural and recreation.....	92,443	74,138	80,918	141,125	148,528
Economic and physical development.....	863,738	742,977	1,233,852	1,317,134	1,742,647
Operating grants and contributions.....	742,312	957,002	821,868	1,071,973	1,322,247
Capital grants and contributions.....	2,617,102	3,927,560	4,465,736	4,284,192	6,500,750
<b>Total governmental activities program revenue.....</b>	<b>4,839,398</b>	<b>6,348,914</b>	<b>7,329,504</b>	<b>7,521,540</b>	<b>10,512,074</b>
<b>Business-type activities:</b>					
Charges for services.....	6,995,810	7,644,617	9,146,098	9,703,779	10,749,657
Operating grants and contributions.....	-	-	-	2,045,130	2,016,944
Capital grants and contributions.....	226,820	5,400,880	2,890,267	3,422,692	4,032,800
<b>Total business-type activities program revenue.....</b>	<b>7,222,630</b>	<b>13,045,497</b>	<b>12,036,365</b>	<b>15,171,601</b>	<b>16,799,401</b>
<b>Total primary government program revenue.....</b>	<b>12,062,028</b>	<b>19,394,411</b>	<b>19,365,869</b>	<b>22,693,141</b>	<b>27,311,475</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities.....	(11,749,207)	(13,085,150)	(14,293,327)	(13,305,374)	(14,932,097)
Business-type activities.....	459,682	5,747,161	4,379,404	7,514,629	7,835,465
<b>Total primary government net expense.....</b>	<b>(11,289,525)</b>	<b>(7,337,989)</b>	<b>(9,913,923)</b>	<b>(5,790,745)</b>	<b>(7,096,632)</b>
<b>General revenues and other changes in net position</b>					
<b>Governmental activities:</b>					
Taxes.....					
Property taxes, levied for general purpose.....	10,895,740	11,378,933	11,807,602	13,129,528	14,228,025
Other taxes.....	4,885,951	5,067,665	5,764,756	7,341,386	7,926,631
Grants and contributions not restricted to specific programs.....	4,050	31,047	191,474	410,380	23,110
Unrestricted investment earnings.....	180,725	153,113	56,026	12,614	241,674
Miscellaneous.....	36,506	427,623	101,903	617,502	189,978
<i>Special item: Conveyance of land for economic development.....</i>	-	-	-	-	-
Transfers.....	(57,302)	(1,394)	-	(423,868)	(13,682)
<b>Total governmental activities.....</b>	<b>15,945,670</b>	<b>17,056,987</b>	<b>17,921,761</b>	<b>21,087,542</b>	<b>22,595,736</b>
<b>Business-type activities:</b>					
Unrestricted investment earnings.....	63,336	89,202	28,073	14,078	396,777
Miscellaneous.....	75,501	16,655	(90,910)	49,861	(94,252)
Transfers.....	57,302	1,395	-	423,868	13,682
<b>Total business-type activities.....</b>	<b>196,139</b>	<b>107,252</b>	<b>(62,837)</b>	<b>487,807</b>	<b>316,207</b>
<b>Total primary government.....</b>	<b>16,141,809</b>	<b>17,164,239</b>	<b>17,858,924</b>	<b>21,575,349</b>	<b>22,911,943</b>
<b>Change in Net Position</b>					
Governmental activities.....	4,196,463	3,971,837	3,628,434	7,782,168	7,663,639
Business-type activities.....	655,821	5,854,413	4,316,567	8,002,436	8,151,672
<b>Change in primary government net position.....</b>	<b>\$ 4,852,284</b>	<b>\$ 9,826,250</b>	<b>\$ 7,945,001</b>	<b>\$ 15,784,604</b>	<b>\$ 15,815,311</b>

**Notes:**

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

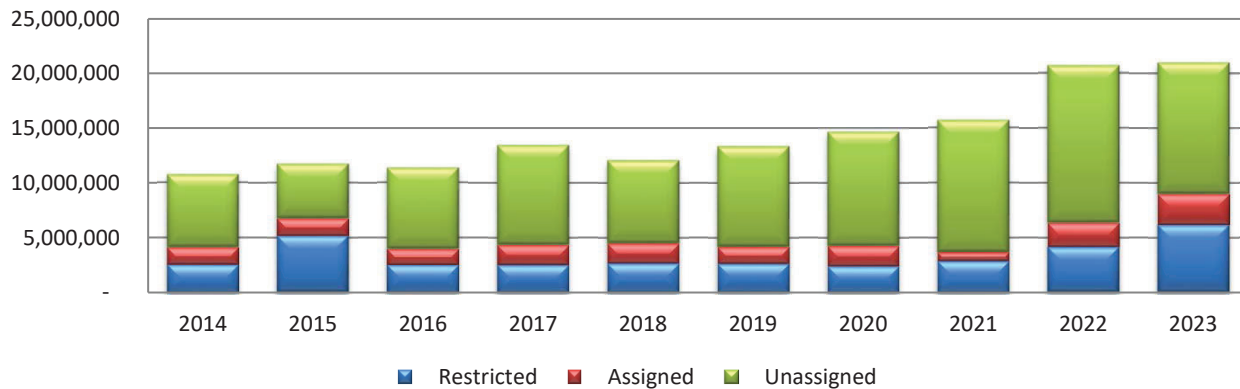


City of Mebane, North Carolina  
Fund Balances - Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

Table 3  
Page 1 of 2

	Fiscal Year Ending June 30				
	2014	2015	2016	2017	2018
<b>General Fund</b>					
Nonspendable.....	\$ 20,511	\$ 27,361	\$ 116,295	\$ 51,005	\$ 131,945
Restricted.....	2,566,389	5,183,933	2,533,840	2,545,731	2,673,951
Committed.....	-	-	-	-	-
Assigned.....	1,543,138	1,549,082	1,419,254	1,803,854	1,828,000
Unassigned.....	6,612,572	4,991,002	7,377,790	9,083,988	7,563,514
<b>Total general fund.....</b>	<b>\$ 10,742,610</b>	<b>\$ 11,751,378</b>	<b>\$ 11,447,179</b>	<b>\$ 13,484,578</b>	<b>\$ 12,197,410</b>
<b>All Other Governmental Funds</b>					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	27,852	41,814	55,776	69,702	83,628
Committed.....	-	-	-	-	-
Assigned.....	1,925,422	1,181,066	640,198	5,986,376	1,757,022
Unassigned.....	-	-	-	-	-
<b>Total all other governmental funds.....</b>	<b>\$ 1,953,274</b>	<b>\$ 1,222,880</b>	<b>\$ 695,974</b>	<b>\$ 6,056,078</b>	<b>\$ 1,840,650</b>
<b>Total Governmental Funds</b>					
Nonspendable.....	\$ 20,511	\$ 27,361	\$ 116,295	\$ 51,005	\$ 131,945
Restricted.....	2,594,241	5,225,747	2,589,616	2,615,433	2,757,579
Committed.....	-	-	-	-	-
Assigned.....	3,468,560	2,730,148	2,059,452	7,790,230	3,585,022
Unassigned.....	6,612,572	4,991,002	7,377,790	9,083,988	7,563,514
<b>Total governmental funds.....</b>	<b>\$ 12,695,884</b>	<b>\$ 12,974,258</b>	<b>\$ 12,143,153</b>	<b>\$ 19,540,656</b>	<b>\$ 14,038,060</b>

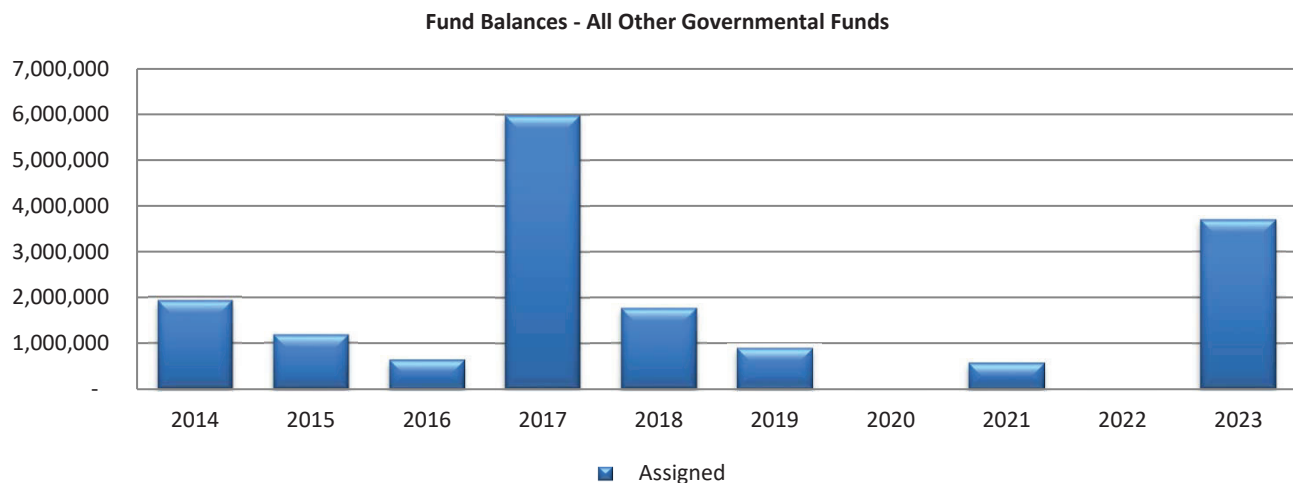
Fund Balances - General Fund



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				
	2019	2020	2021	2022	2023
<b>General Fund</b>					
Nonspendable.....	\$ 46,552	\$ 168,052	\$ 31,716	\$ 32,056	\$ -
Restricted.....	2,658,975	2,422,768	2,877,971	4,182,828	6,191,378
Committed.....	-	-	-	-	-
Assigned.....	1,500,000	1,823,718	804,772	2,165,385	2,797,463
Unassigned.....	9,186,167	10,427,779	12,005,360	14,347,743	11,989,170
<b>Total general fund.....</b>	<b>\$ 13,391,694</b>	<b>\$ 14,842,317</b>	<b>\$ 15,719,819</b>	<b>\$ 20,728,012</b>	<b>\$ 20,978,011</b>
<b>All Other Governmental Funds</b>					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	98,182	113,160	127,459	141,439	156,746
Committed.....	-	-	-	-	-
Assigned.....	884,814	-	566,851	-	3,694,988
Unassigned.....	-	-	-	-	-
<b>Total all other governmental funds.....</b>	<b>\$ 982,996</b>	<b>\$ 113,160</b>	<b>\$ 694,310</b>	<b>\$ 141,439</b>	<b>\$ 3,851,734</b>
<b>Total Governmental Funds</b>					
Nonspendable.....	\$ 46,552	\$ 168,052	\$ 31,716	\$ 32,056	\$ -
Restricted.....	2,757,157	2,535,928	3,005,430	4,324,267	6,348,124
Committed.....	-	-	-	-	-
Assigned.....	2,384,814	1,823,718	1,371,623	2,165,385	6,492,451
Unassigned.....	9,186,167	10,427,779	12,005,360	14,347,743	11,989,170
<b>Total governmental funds.....</b>	<b>\$ 14,374,690</b>	<b>\$ 14,955,477</b>	<b>\$ 16,414,129</b>	<b>\$ 20,869,451</b>	<b>\$ 24,829,745</b>



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				
	2014	2015	2016	2017	2018
<b>Revenues</b>					
Ad valorem taxes.....	\$ 7,705,045	\$ 8,207,631	\$ 8,436,102	\$ 9,349,863	\$ 9,851,605
Other taxes and licenses.....	199,935	190,058	795	960	1,005
Unrestricted intergovernmental.....	3,323,889	5,033,302	4,191,306	4,427,170	4,866,039
Restricted intergovernmental.....	1,497,810	893,277	880,010	904,619	1,265,968
Permits and fees.....	244,104	320,358	606,212	482,809	411,580
Sales and services.....	416,084	392,832	433,014	444,814	462,033
Investment earnings.....	17,190	1,746	6,363	25,200	129,302
Miscellaneous.....	94,753	260,119	155,294	270,538	322,138
<b>Total revenues.....</b>	<b>13,498,810</b>	<b>15,299,323</b>	<b>14,709,096</b>	<b>15,905,973</b>	<b>17,309,670</b>
<b>Expenditures</b>					
General government.....	2,087,742	2,094,055	2,151,509	1,997,039	2,244,898
Public safety.....	5,091,637	4,901,955	5,414,023	6,171,044	6,526,581
Public works.....	3,708,213	3,708,075	3,733,538	3,268,769	3,400,679
Cultural and recreation.....	1,195,637	1,318,029	1,466,564	1,056,609	1,828,941
Economic and physical development.....	3,832,902	703,466	1,466,432	703,062	1,878,174
Debt service:					
Principal.....	426,667	833,854	835,083	836,338	1,316,286
Interest and other charges.....	119,484	182,646	161,067	139,372	306,592
Capital outlay.....	1,437,893	2,138,037	1,276,985	634,567	5,739,986
<b>Total expenditures.....</b>	<b>17,900,175</b>	<b>15,880,117</b>	<b>16,505,201</b>	<b>14,806,800</b>	<b>23,242,137</b>
<b>Excess (deficiency) of revenues over (under) expenditures.....</b>	<b>(4,401,365)</b>	<b>(580,794)</b>	<b>(1,796,105)</b>	<b>1,099,173</b>	<b>(5,932,467)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds.....	(245,000)	(1,450,000)	(856,734)	(60,000)	(1,726,812)
Transfers from other funds.....	1,029,376	1,843,092	1,821,734	60,000	1,724,810
Issuance of debt.....	4,345,275	-	-	6,298,330	431,873
IT subscriptions agreement.....	-	-	-	-	-
<b>Total other financing sources (uses).....</b>	<b>5,129,651</b>	<b>393,092</b>	<b>965,000</b>	<b>6,298,330</b>	<b>429,871</b>
<b>Net change in fund balances.....</b>	<b>728,286</b>	<b>(187,702)</b>	<b>(831,105)</b>	<b>7,397,503</b>	<b>(5,502,596)</b>
Fund balances, beginning.....	11,967,598	12,695,884	12,974,258	12,143,153	19,540,656
Prior period adjustment.....	-	466,076	-	-	-
Fund balances, beginning as restated.....	11,967,598	13,161,960	12,974,258	12,143,153	19,540,656
<b>Fund balances, ending.....</b>	<b>\$ 12,695,884</b>	<b>\$ 12,974,258</b>	<b>\$ 12,143,153</b>	<b>\$ 19,540,656</b>	<b>\$ 14,038,060</b>
<b>Debt service as a percentage of noncapital expenditures.....</b>	<b>4.6%</b>	<b>8.2%</b>	<b>7.0%</b>	<b>7.4%</b>	<b>10.3%</b>

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				
	2019	2020	2021	2022	2023
<b>Revenues</b>					
Ad valorem taxes.....	\$ 10,413,402	\$ 10,897,067	\$ 11,339,347	\$ 12,631,940	\$ 13,691,894
Other taxes and licenses.....	1,030	955	955	805	945
Unrestricted intergovernmental.....	5,095,144	5,433,058	6,101,360	7,683,475	8,234,539
Restricted intergovernmental.....	1,589,184	1,262,717	1,154,666	1,231,498	4,108,594
Permits and fees.....	915,604	811,186	1,338,035	1,388,813	1,878,503
Sales and services.....	494,687	576,421	616,526	701,267	752,683
Investment earnings.....	180,725	153,113	56,027	12,615	241,673
Miscellaneous.....	167,614	524,824	262,594	966,972	276,176
<b>Total revenues.....</b>	<b>18,857,390</b>	<b>19,659,341</b>	<b>20,869,510</b>	<b>24,617,385</b>	<b>29,185,007</b>
<b>Expenditures</b>					
General government.....	2,179,611	2,265,058	2,540,663	2,629,542	3,214,271
Public safety.....	6,544,785	6,888,994	6,818,514	7,372,689	8,741,132
Public works.....	3,113,625	3,048,385	3,888,863	3,519,090	4,215,643
Cultural and recreation.....	1,445,320	1,343,057	1,293,315	1,538,498	1,945,547
Economic and physical development.....	1,255,070	1,927,454	2,163,879	2,275,921	2,977,377
Debt service:					
Principal.....	1,347,620	1,272,748	1,239,573	1,415,799	1,608,965
Interest and other charges.....	285,412	264,189	211,159	178,525	170,431
Capital outlay.....	3,652,717	2,068,669	1,685,392	2,597,000	3,315,482
<b>Total expenditures.....</b>	<b>19,824,160</b>	<b>19,078,554</b>	<b>19,841,358</b>	<b>21,527,064</b>	<b>26,188,848</b>
<b>Excess (deficiency) of revenues over (under) expenditures.....</b>	<b>(966,770)</b>	<b>580,787</b>	<b>1,028,152</b>	<b>3,090,321</b>	<b>2,996,159</b>
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds.....	(1,500,000)	(1,183,857)	(1,144,592)	(696,274)	(1,786,840)
Transfers from other funds.....	2,067,932	1,183,857	1,144,592	696,274	1,786,840
Issuance of debt.....	735,468	-	430,500	1,365,000	916,006
IT subscriptions agreement.....	-	-	-	-	48,129
<b>Total other financing sources (uses).....</b>	<b>1,303,400</b>	<b>-</b>	<b>430,500</b>	<b>1,365,000</b>	<b>964,135</b>
<b>Net change in fund balances.....</b>	<b>336,630</b>	<b>580,787</b>	<b>1,458,652</b>	<b>4,455,321</b>	<b>3,960,294</b>
Fund balances, beginning.....	14,038,060	14,374,690	14,955,477	16,414,130	20,869,451
Prior period adjustment.....	-	-	-	-	-
Fund balances, beginning as restated.....	14,038,060	14,374,690	14,955,477	16,414,130	20,869,451
<b>Fund balances, ending.....</b>	<b>\$ 14,374,690</b>	<b>\$ 14,955,477</b>	<b>\$ 16,414,129</b>	<b>\$ 20,869,451</b>	<b>\$ 24,829,745</b>
<b>Debt service as a percentage of noncapital expenditures.....</b>	<b>10.2%</b>	<b>8.8%</b>	<b>8.0%</b>	<b>8.4%</b>	<b>7.8%</b>

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>
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%
2023	2,140,989,587	753,754,339	24,903,062	(243,533)	2,919,403,455	0.47	3,641,847,848	80.2%

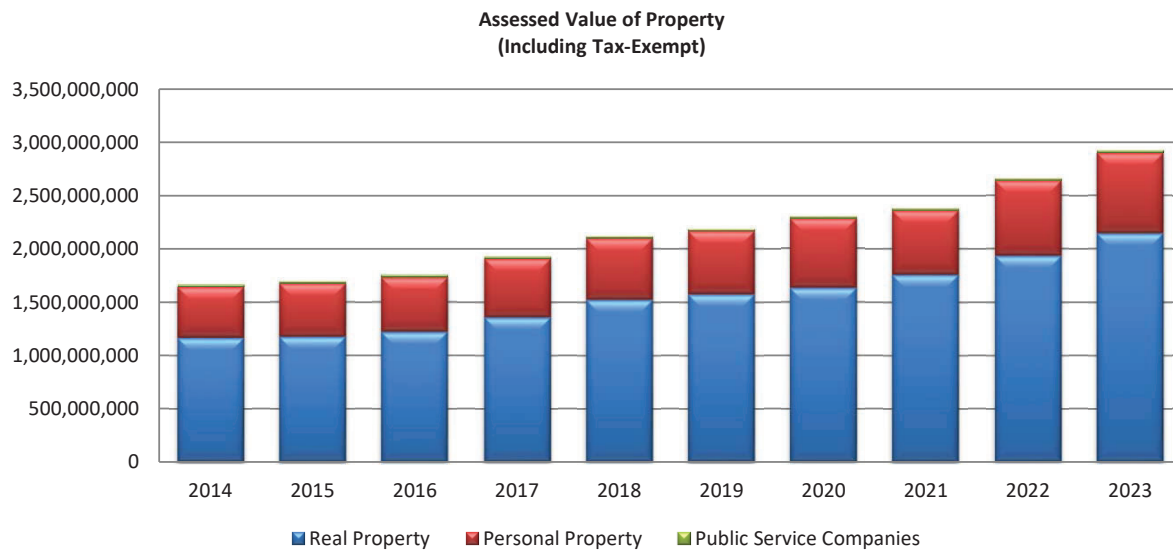
**Sources:**

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 2023.

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> <sup>(1)</sup>	<u>Orange County</u> <sup>(2)</sup>	<u>Alamance County</u>	<u>Orange County</u>
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
2023.....	0.47	0.676	0.820	1.146	1.290

**Sources:**

<sup>(1)</sup> Alamance County Tax Department.

<sup>(2)</sup> 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**

	2023			2014		
	<u>Taxable</u> <u>Assessed Value</u> <u>(1)</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total</u> <u>Taxable</u> <u>Assessed</u> <u>Value</u>	<u>Taxable</u> <u>Assessed Value</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total</u> <u>Taxable</u> <u>Assessed</u> <u>Value</u>
<b>Taxpayer</b>						
Lotus Bakeries US LLC.....	\$ 89,680,372	1	3.07%	\$ (2)		
MRE Propco LP.....	86,510,700	2	2.96%	(2)		
Keystone at Mebane Oaks, LLC.....	82,781,555	3	2.84%	(2)		
IPXII Greensboro Logistics.....	76,808,168	4	2.63%	(2)		
GKN Automotive Components.....	66,975,421	5	2.29%	108,240,516	1	6.50%
Industrial Connections & Solutions LLC.....	60,899,638	6	2.09%	(2)		
Liggett Group - One Hundred Mapel LLC.....	60,654,969	7	2.08%	76,337,861	2	4.60%
Wal-Mart.....	59,048,891	8	2.02%	14,774,329	7	0.90%
Cambro Manufacturing Co.....	52,456,539	9	1.80%	(2)		
Tanger Properties LMTD Partner.....	44,611,519	10	1.53%	37,196,862	4	2.20%
Sandvik Inc.....	(2)			51,588,563	3	3.10%
Mebane Packaging / Meadwestvaco.....	(2)			24,805,467	5	1.50%
Carden Place Investors LLC	(2)			16,868,033	6	1.00%
Armacell LLC/Armstrong	(2)			13,910,017	8	0.80%
Nypro, Inc. (a Jabil Company)	(2)			13,717,354	9	0.80%
Spring Forest, LLC.....	(2)			13,251,550	10	0.80%
<b>Total.....</b>	<b>\$680,427,772</b>		<b>23.31%</b>	<b>\$370,690,552</b>		<b>22.20%</b>

**Source:**

Alamance County Tax Department.

**Notes:**

<sup>(1)</sup> Assessed valuation represents taxes assessed and due in the fiscal year ended June 30, 2023.

<sup>(2)</sup> Not within top ten ranking.

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

**Table 8**

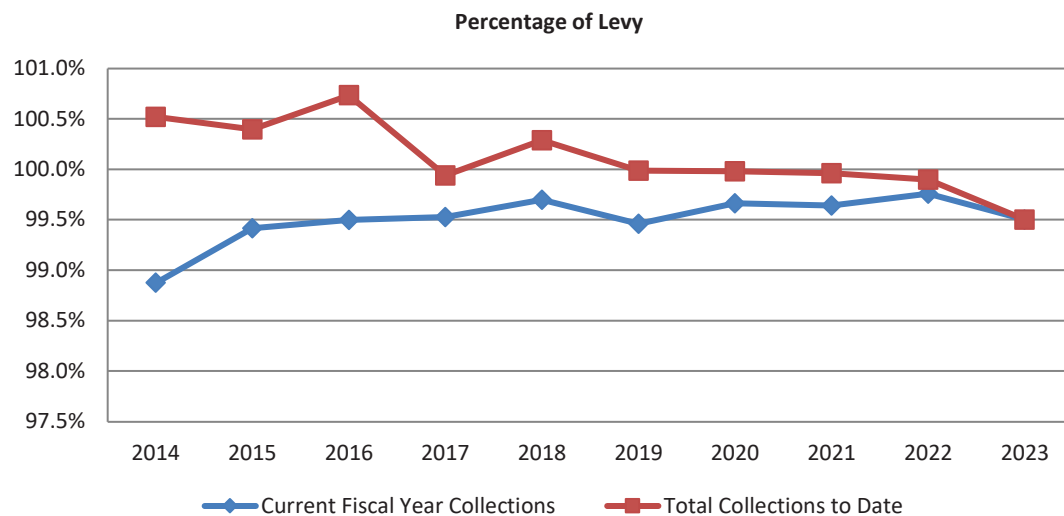
<u>Fiscal Year</u>	<u>Fiscal Year of the Levy</u>			<u>Total Collections to Date</u>		
	<u>Taxes Levied</u>	<u>Amount</u>	<u>Percentage</u>	<u>Collections in</u>	<u>Amount</u>	<u>Percentage</u>
	<u>for the Fiscal</u>			<u>Subsequent</u>		
	<u>Year <sup>(1)</sup></u>	<u>Collected</u>	<u>of Levy</u>	<u>Years</u>		
2014.....	7,764,524	7,677,173	98.9%	127,578	7,804,751	100.5%
2015.....	8,223,909	8,175,886	99.4%	80,574	8,256,460	100.4%
2016.....	8,528,175	8,485,223	99.5%	105,455	8,590,678	100.7%
2017.....	9,288,710	9,244,828	99.5%	38,044	9,282,872	99.9%
2018.....	9,815,332	9,785,748	99.7%	57,884	9,843,632	100.3%
2019.....	10,383,208	10,326,956	99.5%	54,947	10,381,903	100.0%
2020.....	10,854,564	10,817,844	99.7%	34,571	10,852,415	100.0%
2021.....	11,273,675	11,233,082	99.6%	36,080	11,269,162	100.0%
2022.....	12,490,459	12,460,266	99.8%	17,245	12,477,511	99.9%
2023.....	13,721,187	13,652,870	99.5%	-	13,652,870	99.5%

**Sources:**

Alamance County Tax Department.

**Notes:**

<sup>(1)</sup> 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**

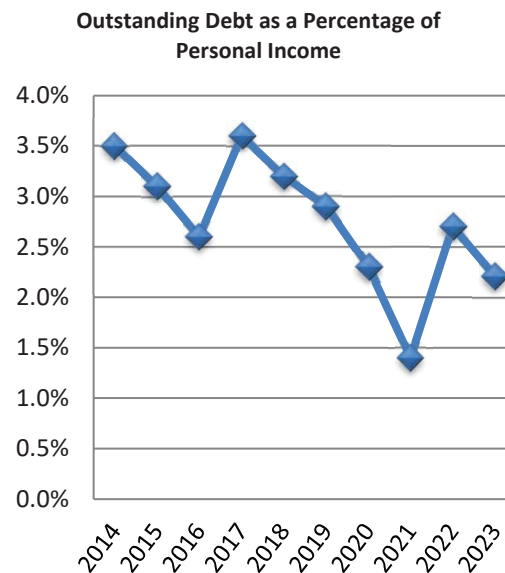
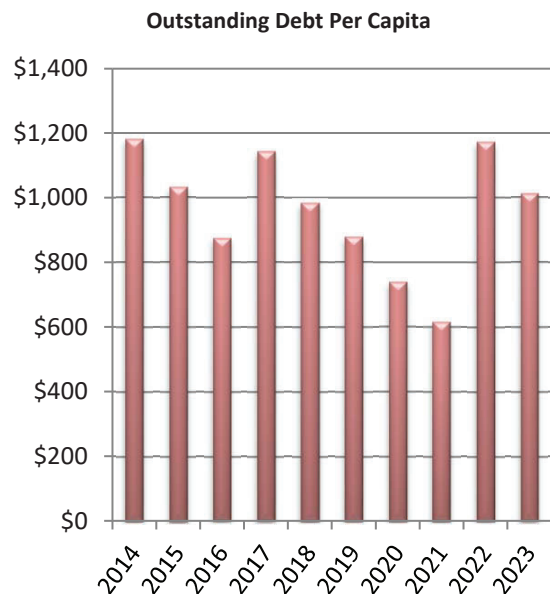
**Table 9**

Fiscal Year	Governmental	Business-type Activities				Total	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	Activities							
		General						
	Installment	Obligation	Revenue	Installment				
	Financing <sup>(2)</sup>	Bonds	Bonds	Financing <sup>(2)</sup>				
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	
2023.....	6,834,187	-	12,609,000	115,551	19,558,738	2.2%	1,011	

**Notes:**

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

<sup>(2)</sup> 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**

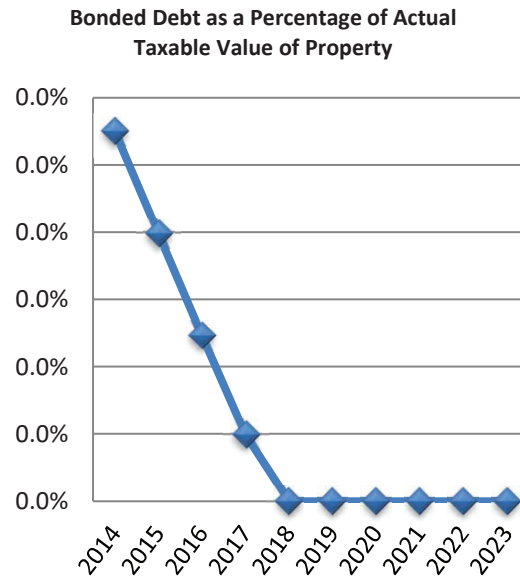
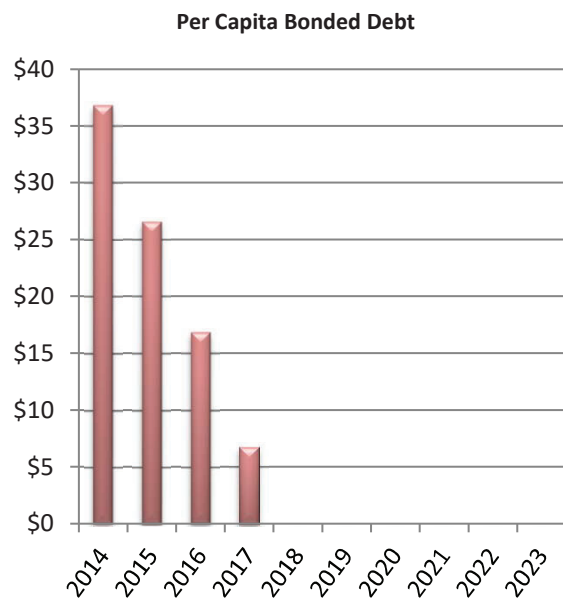
<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Percentage of Actual</u>	
		<u>Taxable Value of Property</u> <sup>(1)</sup>	<u>Per Capita Bonded Debt</u> <sup>(2)</sup>
2014.....	455,000	0.03%	37
2015.....	335,000	0.02%	27
2016.....	215,000	0.01%	17
2017.....	95,000	0.00%	7
2018.....	-	0.00%	-
2019.....	-	0.00%	-
2020.....	-	0.00%	-
2021.....	-	0.00%	-
2022.....	-	0.00%	-
2023.....	-	0.00%	-

**Notes:**

<sup>(1)</sup> See Table 5 for Assessed Value of Taxable Property.

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

<sup>(3)</sup> 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, 2023**

**Table 11**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable<sup>(1)</sup></u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Alamance County general obligation debt.....	\$ 186,452,106	15.00%	\$ 27,963,522
Orange County general obligation debt.....	410,129,137	2.98%	<u>12,210,398</u>
Subtotal, overlapping debt.....			40,173,920
City of Mebane debt.....			<u>6,834,187</u>
Total direct and overlapping debt.....			<u>\$ 47,008,107</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.

<sup>(1)</sup> 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>Applicable to</u> <u>Limit</u>	<u>Legal Debt</u> <u>Margin</u>	<u>Legal Debt</u> <u>Margin as a</u> <u>Percent of Debt</u> <u>Limit</u>
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%
2023.....	233,552,276	6,834,187	226,718,089	97.1%

**Notes:**

**Legal Debt Margin Calculation for Fiscal Year 2021:**

Assessed valuation.....	\$ 2,919,403,455	
Statutory limit percentage.....	8.0%	
Debt limit - 8.0% of assessed value.....		\$ 233,552,276
Gross debt:		
Total bonded debt.....	-	
Authorized and unissued bonds.....	-	
Lease financing agreements.....	6,834,187	
Total gross debt.....	6,834,187	
Less: statutory deductions.....	-	
Total amount of debt applicable to debt limit (net debt).....		6,834,187
<b>Legal Debt Margin.....</b>		<b>\$ 226,718,089</b>

**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>	
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%	*
2023.....	19,338	*	223,300	*	69,947	35.8	5.2%	*

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**

<b>Employer</b>	2023 <sup>(1)</sup>			2014 <sup>(2)</sup>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of</b>
			<b>Total</b>			<b>Total</b>
			<b>Employment</b>			<b>Employment</b>
ABB (General Electric).....	805	1	4.12%	315	4	4.7%
Sports Endeavors.....	631	2	3.23%	311	5	4.6%
Walmart Distribution.....	594	3	3.04%	*		(3)
AKG of America.....	430	4	2.20%	350	3	5.2%
GKN.....	429	5	2.20%	800	1	11.9%
Armcell.....	297	6	1.52%	250	8	3.7%
Liggett Group LLC.....	290	7	1.49%	299	6	4.5%
Medline.....	250	8	1.28%	*		(3)
Morinaga .....	228	9	1.17%	*		(3)
Jabil (Nypro).....	225	10	1.15%	250	9	3.7%
Sandvik.....	180	*	0.92%	*		(3)
Chick-fil-a.....	152	*	0.78%	*		(3)
Cambro.....	143	*	0.73%	*		(3)
Lotus.....	139	*	0.71%	*		(3)
Carrier (Walter Kidde).....	93	*	0.48%	269	7	4.0%
Kingsdown.....	81	*	0.41%	175	10	2.6%
Reserve Copper.....	28	*	0.14%	*		(3)
UPI (Universal PersevaChem Inc).....	-	*	0.00%	*		(3)
Ferraro Foods.....	-	*	0.00%	*		(3)
West Rock (Meadwestvaco).....	-	*	0.00%	400	2	6.0%
Prescient - Closed.....	-	*	0.00%	*		(3)
BD - Tripath.....	-	*	0.00%	*		(3)
Total.....	<u>4,995</u>		<u>25.57%</u>	<u>3,419</u>		<u>50.9%</u>

**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**

<b>Function / Department</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>General Government:</b>										
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	3.0	3.0	4.0	4.0	5.0	5.0	5.0	6.0	6.0
Human Resources.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0
Tax Collector.....	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	2.0
Public Buildings.....	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0	5.0	6.0
<b>Public Safety:</b>										
Police Department.....	31.0	32.0	35.0	35.5	40.0	40.0	40.0	41.0	49.5	52.5
Fire Department.....	16.0	25.0	25.0	25.0	25.0	28.0	29.0	29.0	31.0	37.0
<b>Economic and Physical Development:</b>										
Planning.....	1.0	1.0	2.0	2.0	2.0	2.0	2.0	3.0	3.0	3.5
Inspections.....	4.0	4.0	4.0	5.0	4.0	4.0	5.0	6.0	6.0	6.0
<b>Public Works:</b>										
Streets.....	-	-	-	-	-	-	-	-	-	-
Sanitation.....	7.0	7.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Public Works.....	12.0	12.0	12.0	13.0	12.0	14.0	14.0	12.0	14.0	14.0
<b>Culture and Recreation:</b>										
Recreation.....	5.0	5.0	5.0	5.0	7.0	7.0	7.0	8.0	10.0	9.0
Arts and Community Center.....	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	1.0
<b>Water and Sewer:</b>										
Billing and Metering.....	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0	2.0
Water distribution and maintenance.....	2.0	2.0	3.0	3.0	3.0	5.0	5.0	7.0	11.0	-
<b>Waste Collection and Treatment:</b>										
Pretreatment - industrial monitoring.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.5
Wastewater Treatment Plant.....	5.0	5.0	5.0	5.0	5.0	6.0	5.0	6.0	6.0	7.0
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	4.0	-
<b>Total.....</b>	<b>110.5</b>	<b>122.5</b>	<b>128.5</b>	<b>131.0</b>	<b>136.5</b>	<b>145.5</b>	<b>147.5</b>	<b>152.5</b>	<b>172.0</b>	<b>167.0</b>

**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**

<b>Function</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>General Government</b>										
Finance Department										
Vendor checks issued.....	2,952	3,029	3,095	3,104	3,299	3,668	3,613	3,621	3,984	4,004
Human Resources										
Workers' compensation lost time (days).....	122	-	-	-	-	23	-	-	-	-
Employee turnover rate.....	3%	5%	9%	5%	9%	4%	6%	12%	13%	16%
<b>Public Safety</b>										
Fire Protection										
Incident calls.....	823	773	840	909	918	921	919	939	1,175	1,143
Structure fires.....	211	15	19	26	34	21	25	36	49	17
Inspections.....	190	186	394	363	250	545	233	188	725	338
Child passenger seat inspections.....	191	154	204	193	237	190	217	107	219	172
Police Protection										
Physical arrests.....	568	501	377	438	482	506	436	274	299	301
Citations issued.....	1,226	1,028	926	1,585	1,522	1,846	1,720	970	1,186	1,754
Response to calls/officer initiated activity.....	14,942	14,685	16,968	16,363	17,220	19,764	21,718	20,932	22,657	21,256
Traffic accidents.....	528	491	620	790	628	809	642	767	813	884
<b>Public Works</b>										
Street resurfacing (miles).....	2.67	1.48	1.48	1.51	1.32	2.20	1.56	4.15	3.35	3.02
Refuse collected (tons annually).....	3,390	3,585	3,880	4,073	4,278	4,594	4,950	5,459	5,454	5,578
Homes receiving service.....	3,965	4,756	4,527	4,717	5,354	4,965	5,243	5,538	5,867	6,146
Recyclables collected (tons annually).....	1,112	1,100	841	862	864	831	1,265	792	1,024	1,006
<b>Economic &amp; Physical Development</b>										
Inspections										
Residential inspections conducted.....	5,914	5,212	6,477	7,348	4,765	7,032	7,357	11,159	10,274	8,138
Commercial inspections conducted.....	785	1,462	8,499	9,710	5,449	5,291	2,761	2,214	1,565	2,564
Total inspections conducted.....	<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>	<u>10,702</u>
Certificates of occupancy issued.....	131	154	166	216	102	206	207	285	322	386
Building permits issued.....	228	155	191	143	171	196	259	348	268	291
<b>Cultural &amp; Recreation</b>										
Recreation										
Athletics participants.....	2,693	2,653	2,744	2,679	2,679	2,923	1,623	1,846	2,933	1,965
<b>Water Distribution</b>										
Accounts.....	4,566	4,744	4,934	5,227	5,471	5,717	5,972	6,008	6,678	6,988
Average daily consumption (mgd).....	1.350	1.400	1.510	1.880	1.760	1.710	1.707	1.911	1.931	1.985
<b>Wastewater Treatment</b>										
Accounts.....	4,263	4,424	4,587	4,898	5,034	5,170	5,395	5,564	6,031	6,327
Average daily treatment (mgd).....	1.340	1.202	1.359	1.373	1.290	1.690	1.570	1.770	1.588	1.590

**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**

<b>Function</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Public Safety</b>										
Fire Protection										
Stations.....	2	3	3	3	3	3	3	3	3	3
Fire trucks.....	13	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	30	29	31	39	36	36	36	37	36
<b>Public Works</b>										
Miles of streets.....	52.4	54.0	54.3	54.7	56.6	58.0	60.1	62.4	65.6	67.9
Maintenance vehicles.....	56	58	58	51	45	29	31	32	32	34
Miles of sidewalks (linear feet).....	43.0	50.1	50.8	54.2	55.3	57.5	59.8	63.6	69.0	72.0
Refuse collection trucks.....	6	6	6	6	6	6	6	6	7	7
<b>Cultural &amp; Recreation</b>										
Number of parks .....	6	6	6	6	7	8	9	9	10	11
Park acreage.....	275	275	275	308	308	328	328	362	365	366
Trails (miles).....	3	3	3	3	3	5	5	5	5	5
Playgrounds.....	5	5	5	5	3	4	5	5	6	6
Baseball/softball diamonds.....	6	6	6	6	6	6	6	6	6	6
Soccer fields.....	10	10	10	10	10	7	7	7	7	7
<b>Water and Sewer</b>										
Miles of gravity sewer lines.....	89.1	94.3	97.8	98.6	100.1	113.4	118.8	122.1	123.6	126.5
Miles of water lines.....	104.6	111.3	111.3	114.9	117.2	117.8	122.2	125.8	130.0	132.8
Miles of sewer force mains.....	18.5	18.3	21.9	18.3	18.5	24.2	27.8	27.8	27.8	27.8
Miles of storm sewer.....	57.6	58.5	61.1	61.8	64.9	65.0	67.6	71.5	81.3	84.3

**Source:**

Various City departments

# Compliance Section

---

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

---

- **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**



**STOUT  
STUART  
McGOWEN  
& KING LLP**

*Certified  
Public  
Accountants*

*Advisors to  
Management*

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

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

Street Address:  
1233 South Church Street  
Burlington, NC 27215

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS*

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States 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, 2023, 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 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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 30, 2023



**STOUT  
STUART  
McGOWEN  
& KING LLP**

*Certified  
Public  
Accountants*

*Advisors to  
Management*

**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, 2023. 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, 2023.

***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.

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

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

Street Address:  
1233 South Church Street  
Burlington, NC 27215

336-226-7343  
fax 336-229-4204

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

## ***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 30, 2023



Certified  
Public  
Accountants

Advisors to  
Management

Member of PCPS,  
the AICPA Alliance  
For CPA Firms

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

Street Address:  
1233 South Church Street  
Burlington, NC 27215

336-226-7343  
fax 336-229-4204

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

# STOUT STUART McGOWEN & KING LLP

## 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

#### *Opinion on 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, 2023. 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, 2023.

#### *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 & KING LLP

Burlington, North Carolina  
November 30, 2023

CITY OF MEBANE, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Fiscal Year Ended June 30, 2023

---

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

## Section I. Summary of Auditor's Results

Section II. Financial Statement Findings

Section III. Federal Award Findings and Questioned Costs

Section IV. State Award Findings and Questioned Costs

Page 126

CITY OF MEBANE, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Fiscal Year Ended June 30, 2023

None

**City of Mebane, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Year Ended June 30, 2023**

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal Assistance Listing No.</u>	<u>State/ Pass-through Grantor's Number</u>	<u>Federal (Direct and Pass-through) Expenditures</u>	<u>State Expenditures</u>	<u>Passed Through to Subrecipient</u>
<b>Federal Awards:</b>					
<b>Cash Programs:</b>					
<u>U.S. Dept. of Justice</u>					
Direct Program:					
Federal Equitable Sharing Funds	16.922	na	\$ 9,823	\$ -	\$ -
<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>2,016,944</u>	<u>-</u>	<u>-</u>
Total assistance - federal programs			<u>2,026,767</u>	<u>-</u>	<u>-</u>
<b>Cash Assistance:</b>					
<u>N.C. Department of Transportation:</u>					
Powell Bill	na	2000001817	-	502,733	-
<u>N.C. Office of State Budget and Management</u>					
State Capital and Infrastructure Fund	na		<u>-</u>	<u>150,000</u>	<u>-</u>
Total assistance - state programs			<u>-</u>	<u>652,733</u>	<u>-</u>
Total assistance			<u>\$ 2,026,767</u>	<u>\$ 652,733</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, 2023. 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.