



Comprehensive Annual Financial Report

City of Mebane, North Carolina

For the Year Ended June 30, 2019



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For the Year Ended June 30, 2019

Prepared by
Jeanne Tate
Finance Director



City of Mebane, North Carolina
Comprehensive Annual Financial Report – Table of Contents
June 30, 2019

	<u>Exhibit No.</u>	<u>Page No.</u>
Introductory Section		
Letter of Transmittal	-	i-iii
Organizational Chart	-	iv
List of Principal Officials	-	v
Certificate of Achievement for Excellence in Financial Reporting	-	vi
Financial Section		
Independent Auditors' Report	-	1-3
Management's Discussion and Analysis	-	5-12
Basic Financial Statements:		
Government Wide Financial Statements:		
Statement of Net Position	1	13
Statement of Activities	2	14
Fund Financial Statements:		
Balance Sheet – Governmental Funds	3	15
Reconciliation of the Governmental Funds to the Statement of Net Position.....	3	16
Statement of Revenues, Expenditures and Changes in		
Fund Balances – Governmental Funds	4	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in		
Fund Balances of Governmental Funds to the Statement of Activities.....	4	18
Statement of Revenues, Expenditures, and Changes in Fund Balances –		
Annual Budget and Actual – General Fund.....	5	19
Statement of Fund Net Position – Proprietary Funds	6	20
Statement of Revenues, Expenditures, and Changes in		
Fund Net Position – Proprietary Funds.....	7	21
Statement of Cash Flows – Proprietary Funds	8	22-23
Notes to the Financial Statements	-	24-53
Required Supplemental Financial Data:		
Schedule of Proportionate Share of the Net Pension Liability (Asset)-		
Local Government Employees' Retirement System	-	55
Schedule of Contributions-		
Local Government Employees' Retirement System	-	56
Schedule of Proportionate Share of the Net Pension Liability (Asset)-		
Firefighters' and Rescue Squad Workers' Pension	-	57
Schedule of Changes in Total Pension Liability -- Law		
Enforcement Officers' Special Separation Allowance	-	58
Schedule of Total Pension Liability as a Percentage of		
Covered Payroll	-	59
Schedule of Changes in the Total OPEB Liability and		
Related Ratios	-	60
Individual Fund Statements and Schedules:		
Major Governmental Funds:		
General Fund:		
Comparative Balance Sheets	A-1	61
Schedule of Revenues, Expenditures and Changes in Fund Balances –		
Budget and Actual	A-2	62-66
Capital Project Fund- City Park Project:		
Comparative Balance Sheets	A-3	67

City of Mebane, North Carolina
Comprehensive Annual Financial Report – Table of Contents
June 30, 2019

	<u>Exhibit No.</u>	<u>Page No.</u>
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Capital Project Fund – City Park Project	A-4	68
Non-Major Governmental Funds:		
Combining Balance Sheet.....	B-1	69
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	B-2	70
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Special Revenue Fund – CDBG – Mebane Mills Loft.....	B-3	71
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Capital Project Fund – General Fund	B-4	72
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – From Inception – Special Revenue Fund – Impact Alamance Grant.....	B-5	73
Proprietary Funds:		
Comparative Statement of Net Position	C-1	75
Combining Statement of Net Position – Proprietary Funds – By Subfund	C-2	76
Combining Schedule of Revenues, Expenses, and Changes in Net Position – Proprietary Funds – By Subfund	C-3	77
Schedule of Revenues and Expenditures – Budget to Actual - Water and Sewer Fund	C-4	78-80
Schedule of Revenues and Expenditures – Budget to Actual System Development Capital Reserve Fund.....	C-5	81
Schedule of Revenues and Expenditures – Budget to Actual Capital Project Fund - Utility.....	C-6	82
Schedule of Revenues and Expenditures – Budget and Actual – From Inception - Capital Project Fund – WRRF Upgrade.....	C-7	83
Additional Financial Data:		
Schedule of Ad Valorem Taxes Receivable.....	D-1	85
Analysis of Current Tax Levy – City-wide Levy.....	D-2	86
Analysis of Current Tax Levy – City-wide Levy.....	D-3	87
Ten Largest Taxpayers	D-4	88

Statistical Section

Government-wide information:

Net Position by Component	1	90-91
Changes in Net Position	2	92-93

Fund information:

Fund Balances – Governmental Funds by Year	3	94-95
Changes in Fund Balances – Governmental Funds by Year.....	4	96-97
Assessed Value and Estimated Actual Value of Taxable Property	5	98
Direct and all Overlapping Property Tax Rates	6	99
Principal Property Taxpayers	7	100
Property Tax Levies and Collections.....	8	101
Ratios of Outstanding Debt by Type	9	102
Ratios of General Bonded Debt Outstanding.....	10	103
Direct and Overlapping Governmental Activities Debt.....	11	104

City of Mebane, North Carolina
Comprehensive Annual Financial Report – Table of Contents
June 30, 2019

	<u>Exhibit No.</u>	<u>Page No.</u>
Legal Debt Margin Information.....	12	105
Demographic and Economic Statistics	13	106
Principal Employers.....	14	107
Full-Time Equivalent Employees by Function	15	108
Operating Indicators by Function.....	16	109
Capital Asset Statistics by Function.....	17	110

Compliance Section

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	-	111-112
Report on Compliance With Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance With the Uniform Guidance and the State Single Audit Implementation Act.....	-	113-114
Schedule of Findings and Questioned Costs, Corrective Action Plans and Summary Schedules of Prior Audit Findings.....	-	115-117
Schedule of Expenditures of Federal and State Awards.....	-	118





October 31, 2019

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

Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of Mebane, North Carolina is submitted for your review and use. This report was prepared by the City's Finance Department, and it is the comprehensive publication of the City's financial position and results of operations as of and for the fiscal year ended June 30, 2019. The City, like all other local governments in the State, is required by state law to publish a complete set of financial statements within four months of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2019, and to provide further accountability to citizens and other interested parties by providing a more comprehensive report in lieu of the minimum basic financial statement requirements.

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

As noted earlier, the City is required by state law to have an annual independent financial audit. Stout, Stuart, McGowen & King, LLP, conducted the audit and concluded in an unmodified ("clean") opinion that the financial statements present fairly in conformity with GAAP, in all material respects, the financial position and changes in financial position for the City of Mebane, North Carolina, as of June 30, 2019. The independent auditors' report on the basic financial statements is located at the beginning of the financial section of this report.

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

Profile of the City

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



The City of Mebane is located in the Piedmont Triad Region of North Carolina, about 45 minutes west of Raleigh, the State capital, and 20 minutes east of Greensboro, the State's third largest city. The City has a land area of approximately ten miles, and a population of 15,589. Mebane is the third largest of ten municipalities located on the eastern border of Alamance County. The City is located mostly in Alamance County, with about 15% of it in Orange County.

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

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

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

Local Economy

Nationally, the economy remains in recovery from the downturn of 2008, with a reduction in unemployment and continued growth in GDP, housing starts and major purchases amid uncertainty regarding global economic stability. In North Carolina, residential investment and construction starts continue unabated. Throughout the slow growth over the past five to ten years, Mebane has continued to lead the county in homebuilding, and that trend is expected to continue. Inspections, permits and certificates of occupancy issued in 2019 continued to demonstrate strong growth. Retail sales also continued improvement, boosted by local consumer spending, a benefit of having a regional shopping destination like the Tanger Outlet. Two new hotels were approved in 2019 and are also under construction.

Industrial development also continues in Mebane. Following on the recent years' additions of Morinaga, Walmart Distribution Center, Lidl Distribution Center and Prescient Companies, Lotus Bakeries is nearing completion of the new facility that is expected to begin operations in 2019. Airgas USA selected Mebane for a new facility now under construction, and a building re-use project for Universal Preserv-a-Chem is under construction. These facilities demonstrate Mebane's prime location on the Interstate 85/40 corridor that links two of the fastest growing metro areas on the East Coast. At one end, the Research Triangle Park region of Raleigh, Durham and Chapel Hill; at the



other, the Piedmont Triad region of Greensboro, Winston-Salem and High Point. The City of Mebane is at the heart of this corridor, where the full resources of the region come together to create exceptional opportunities for expanding and relocating companies in the nationally recognized N.C. Industrial Center, the new Buckhorn Economic Development Zone in Orange County, and the newly established North Carolina Commerce Park. Boasting over 3,000 acres between these three development areas, Mebane is poised for economic growth.

Long-Term Financial Planning and Major Initiatives

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

Major initiatives of the CIP include the upgrade of the City's wastewater facility and the continuation of improvements to the Graham-Mebane water plant necessary to comply with drinking water regulations, to maintain capacity for a growing community and extension of services to the economic development zone. Sidewalks and street resurfacing also continue to be priorities for the City, with a goal of resurfacing approximately two miles of streets annually to maintain an average surface life-cycle of twenty years. The City's dedication to quality of life is reflected in the CIP's plans for parks, trails and other amenities, including the City's first greenway trail that will link three parks and a school.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mebane for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully submitted,

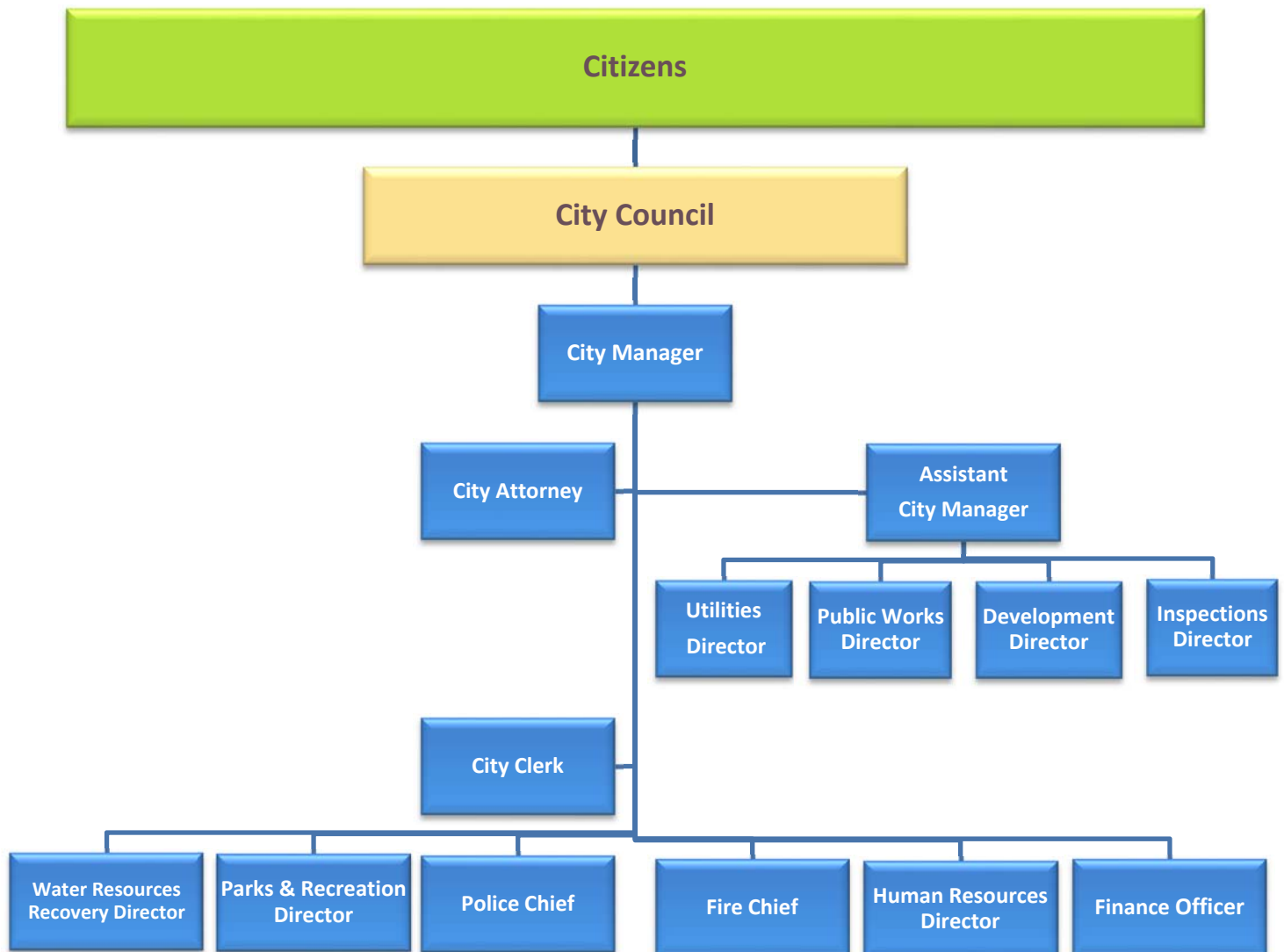
David S. Cheek

David S. Cheek, CPA
City Manager

Jeanne D. Tate

Jeanne D. Tate
Finance Director

Page iii



Elected Officials

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

Appointed Officials

David Cheek	City Manager
Chris Rollins	Assistant City Manager
Jeanne Tate	Finance Director
Lawson Brown	City Attorney
Stephanie Shaw	City Clerk
Terrence Caldwell	Police Chief
Bob Louis	Fire Chief
Wayne Pore	Public Works Director
Cy Stober	Development Director
Cliff Ayscue	Inspections Director
Aaron Davis	Recreation and Parks Director
Kyle Smith	Utilities Director
Dennis Hodge	Water Resources Recovery Director
Esther Bennett	Human Resources Director



Government Finance Officers Association

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

Presented to

**City of Mebane
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



**STOUT
STUART
McGOWEN
& KING LLP**

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Public
Accountants*

*Advisors to
Management*

*Member of PCPS,
the AICPA Alliance
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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mebane, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to an entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mebane, North Carolina as of June 30, 2019, and the respective changes in financial position and the cash flows, where appropriate, thereof and respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, on pages 5 through 12, respectively, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 60, the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 55 and 56, respectively, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 57, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 58 and 59, respectively be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the

information for consistency with management's response to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Mebane, North Carolina. The combining and individual fund 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.

The combining and individual fund financial statements, budgetary schedules, and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, other schedules 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019 on our consideration of the City of Mebane's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion in internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Mebane's internal control over financial reporting and compliance.

STOUT STUART MCGOWEN & KINGS LLP

Burlington, NC

October 30, 2019



City of Mebane, North Carolina
Management Discussion and Analysis
June 30, 2019

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, 2019. 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.

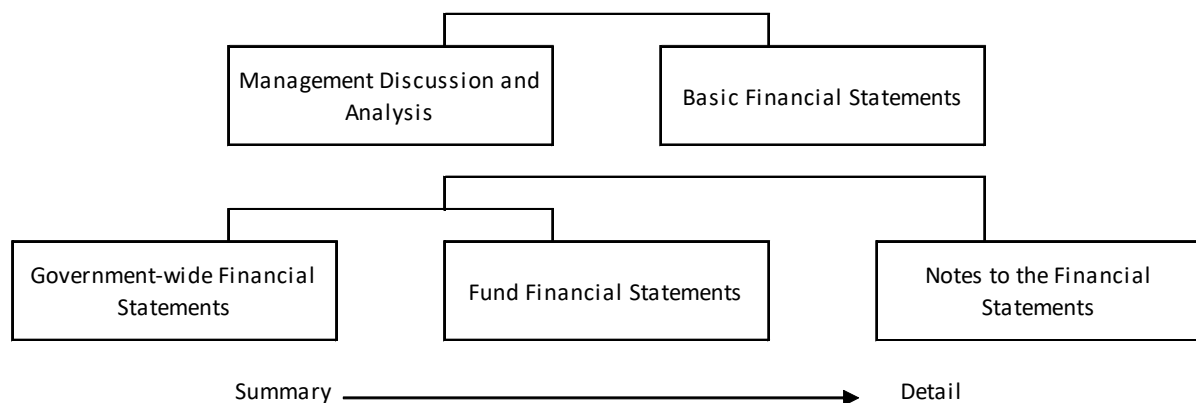
Financial Highlights

- 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 \$100,903,931 (net position).
- The government's total net position increased by \$4,852,284, due to increases in the government type net position of \$4,196,463 and increases in the business type activities net position of \$655,821.
- As of the close of the current fiscal year, the City of Mebane's governmental funds reported combined ending fund balances of \$14,374,690, an increase of \$336,630 in comparison with the prior year. Approximately 20.1 percent of this total amount, or \$2,891,020, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,098,856 or 63.3 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, 2019

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, 2019

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 55 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)

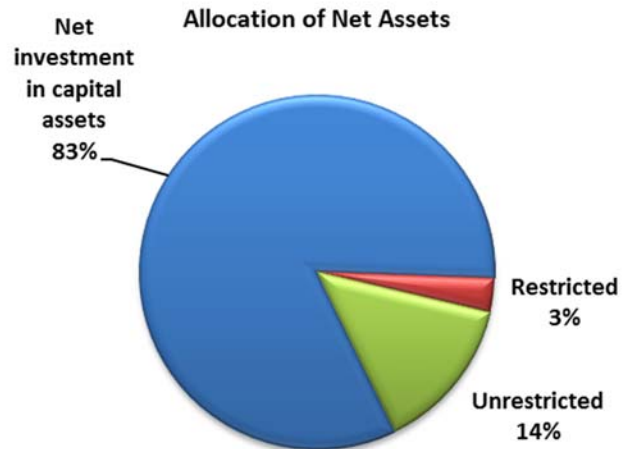
	Governmental Activities			Business-Type Activities			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Current and other assets.....	\$ 15,314,782	\$ 15,522,240	\$ 20,507,235	\$ 10,038,366	\$ 10,496,254	\$ 10,418,569	\$ 25,353,148	\$ 26,018,494	\$ 30,925,804
Non-current assets.....	1,402,094	1,423,869	1,067,117	-	-	-	1,402,094	1,423,869	1,067,117
Capital assets.....	54,184,211	50,868,231	41,460,779	47,220,521	47,102,743	44,525,626	101,404,732	97,970,974	85,986,405
Total assets	70,901,087	67,814,340	63,035,131	57,258,887	57,598,997	54,944,195	128,159,974	125,413,337	117,979,326
Deferred outflows of resources.....	3,638,262	2,542,849	2,973,787	525,612	349,970	423,625	4,163,874	2,892,819	3,397,412
Long-term liabilities outstanding.....	18,267,076	17,934,946	17,234,704	9,456,048	10,051,529	10,653,861	27,723,124	27,986,475	27,888,565
Other liabilities.....	1,656,230	2,325,823	1,418,694	1,022,724	1,281,467	1,227,886	2,678,954	3,607,290	2,646,580
Total liabilities	19,923,306	20,260,769	18,653,398	10,478,772	11,332,996	11,881,747	30,402,078	31,593,765	30,535,145
Deferred inflows of resources.....	903,583	580,423	82,356	114,256	80,321	10,214	1,017,839	660,744	92,570
Net position:									
Net investment in capital assets.....	44,539,110	40,610,954	30,319,096	38,984,945	38,122,626	34,527,281	83,524,055	78,733,580	64,846,377
Restricted.....	2,844,468	2,757,579	2,615,433	586,608	-	-	3,431,076	2,757,579	2,615,433
Unrestricted.....	6,328,882	6,147,464	14,338,635	7,619,918	8,413,024	8,948,578	13,948,800	14,560,488	23,287,213
Total net position	\$ 53,712,460	\$ 49,515,997	\$ 47,273,164	\$ 47,191,471	\$ 46,535,650	\$ 43,475,859	\$ 100,903,931	\$ 96,051,647	\$ 90,749,023

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 \$100,903,931 as of June 30, 2019. The City’s net position increased by \$4,852,284 for the fiscal year ended June 30, 2019. However, the largest portion (82.8%) 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 \$3,431,076 (3.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$13,948,800 is unrestricted.

City of Mebane, North Carolina
Management Discussion and Analysis
June 30, 2019

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 99.46%, which compares favorably with the statewide average of 98.78%.
- Other taxes increased \$322,305 which included an increase in sales taxes of \$254,221.
- Water and sewer charges for services increased by \$319,501 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		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Revenues:									
Program revenues:									
Charges for services.....	\$ 1,479,984	\$ 981,135	\$ 995,539	\$ 6,995,810	\$ 6,676,309	\$ 6,491,915	\$ 8,475,794	\$ 7,657,444	\$ 7,487,454
Operating grants and contributions	742,312	934,764	574,891	-	-	-	742,312	934,764	574,891
Capital grants and contributions.....	2,617,102	3,380,460	639,266	226,820	2,508,340	465,220	2,843,922	5,888,800	1,104,486
General revenues:									
Property taxes.....	10,895,740	10,279,056	9,751,487	-	-	-	10,895,740	10,279,056	9,751,487
Other taxes.....	4,885,951	4,563,646	4,299,798	-	-	-	4,885,951	4,563,646	4,299,798
Grants and contributions not restricted to specific programs.....	4,050	3,050	3,050	-	-	-	4,050	3,050	3,050
Other.....	217,231	293,880	94,809	138,837	221,536	791,135	356,068	515,416	885,944
Total revenues.....	20,842,370	20,435,991	16,358,840	7,361,467	9,406,185	7,748,270	28,203,837	29,842,176	24,107,110
Expenses:									
General government.....	2,262,074	2,227,259	2,023,497	-	-	-	2,262,074	2,227,259	2,023,497
Public safety.....	7,070,899	6,567,770	6,132,593	-	-	-	7,070,899	6,567,770	6,132,593
Public works.....	3,803,467	3,885,804	3,907,270	-	-	-	3,803,467	3,885,804	3,907,270
Economic development.....	1,269,525	1,879,946	461,389	-	-	-	1,269,525	1,879,946	461,389
Culture and recreation.....	1,900,889	1,301,845	1,195,553	-	-	-	1,900,889	1,301,845	1,195,553
Interest on long-term debt.....	281,751	300,632	174,166	-	-	-	281,751	300,632	174,166
Water and sewer.....	-	-	-	6,762,948	6,039,261	6,139,854	6,762,948	6,039,261	6,139,854
Total expenses.....	16,588,605	16,163,256	13,894,468	6,762,948	6,039,261	6,139,854	23,351,553	22,202,517	20,034,322
Increase in net position before transfers and special item.....	4,253,765	4,272,735	2,464,372	598,519	3,366,924	1,608,416	4,852,284	7,639,659	4,072,788
Transfers.....	(57,302)	(2,003)	-	57,302	2,003	-	-	-	-
Special item.....	-	-	-	-	-	-	-	-	-
Increase in net position.....	4,196,463	4,270,732	2,464,372	655,821	3,368,927	1,608,416	4,852,284	7,639,659	4,072,788
Net position, July 1.....	49,515,997	47,273,164	44,893,693	46,535,650	43,475,859	41,767,443	96,051,647	90,749,023	86,661,136
Net position, restated.....	49,515,997	45,245,265	44,808,792	46,535,650	43,166,723	41,867,443	96,051,647	88,411,988	86,676,235
Net position, June 30.....	\$53,712,460	\$49,515,997	\$47,273,164	\$47,191,471	\$46,535,650	\$43,475,859	\$100,903,931	\$96,051,647	\$90,749,023

Note: 2018 and 2017 Net Position have been restated to reflect prior period adjustments.

Governmental activities: Governmental activities prior to transfers increased the City's net position by \$4,253,765, thereby accounting for 86.48% 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 \$616,684 over the prior year.
- Other tax revenues increased by \$322,305 over the prior year.
- Charges for services increased by \$498,849 while operating grants decreased \$192,452 and capital grants and contributions decreased \$763,358 over the prior year.

City of Mebane, North Carolina
Management Discussion and Analysis
June 30, 2019

Business-type activities: Business-type activities prior to transfers increased the City of Mebane's net position by \$598,519, accounting for 12.3% 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 \$319,501 due to an increase in demand for these services.
- Capital grants and contributions decreased \$2,281,520 due to prior year growth in the City.

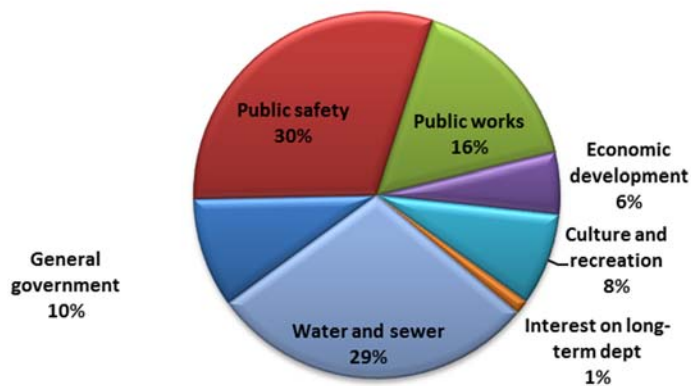
Financial Analysis of the City's Funds

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

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

The general fund is the chief operating fund of the City of Mebane. At the end of the current fiscal year, fund balance available in the General Fund was \$10,598,856, while total fund balance reached \$13,391,694. The City currently has an available fund balance of 65.5% of general fund expenditures, while total fund balance represents 82.81% of the same amount.

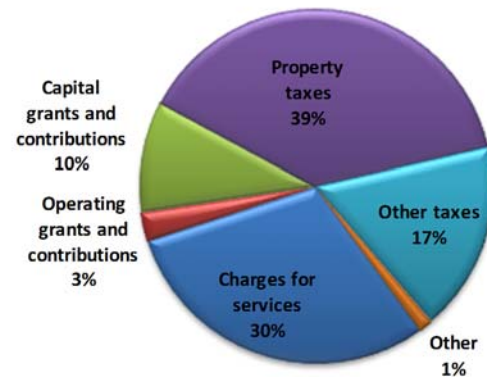
Expenses by Function - All Activities



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 and permit and fees revenues that the City originally had expected to receive were significantly more. Expenditures were held in check to comply with its budgetary requirements.

Revenues by Source - All Activities

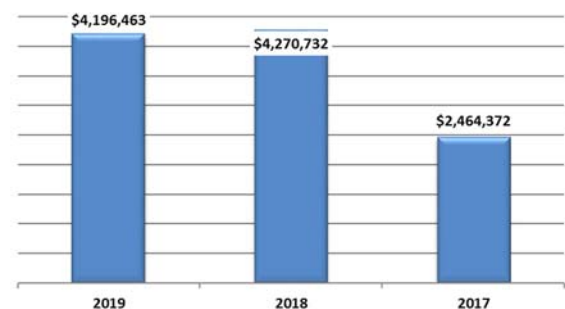


At June 30, 2019, the governmental funds of the City of Mebane reported a combined fund balance of \$14,374,690, a 2.40% increase over last year. This increase in fund balance is due to an increase in the general fund of \$1,194,284 combined with an overall decrease in capital project and special revenue funds of \$857,654.

General Fund Budgetary Highlights:

During the fiscal year, the City revised

Increase in Net Position - Governmental Funds



City of Mebane, North Carolina
Management Discussion and Analysis
June 30, 2019

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 \$7,619,918. The total increase in net position was \$655,821.

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, 2019, totals \$101,404,732 (net of accumulated depreciation). These assets include buildings, roads, land, artwork and collections, machinery and equipment, park facilities, and vehicles.

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

- Capital contributions in the general fund in the amount of \$1,958,000 and in the water and sewer fund in the amount of \$226,820.
- Construction in progress in the governmental funds consisted of construction related expenses in the 1st Street Park of \$4,223, the Cates Farm Park of \$2,640, and for the Thompson Legacy Sculpture in the amount of \$4,270.
- Construction in progress in the Water and Sewer Fund of \$46,636 for Cambridge Park improvements, \$45,500 for the Flood Wall/Levy and \$42,618 for the KENAF Study

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

	Governmental Activities			Business-Type Activities			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Land.....	\$ 6,980,512	\$ 6,317,928	\$ 5,814,448	\$ 520,198	\$ 178,250	\$ 82,789	\$ 7,500,710	\$ 6,496,178	\$ 5,897,237
Artwork and collections.....	46,000	31,900	31,900	-	-	-	46,000	31,900	31,900
Buildings and systems.....	13,177,061	12,326,652	12,614,069	22,177,370	22,812,776	20,324,867	35,354,431	35,139,428	32,938,936
Water and sewer systems.....	-	-	-	23,447,533	23,245,026	18,624,792	23,447,533	23,245,026	18,624,792
Improvements other than buildings	10,013,064	3,817,412	3,689,112	-	-	-	10,013,064	3,817,412	3,689,112
Machinery and equipment.....	1,954,736	1,557,901	1,175,826	920,648	739,403	448,176	2,875,384	2,297,304	1,624,002
Computer equipment.....	265,547	177,875	126,186	-	-	-	265,547	177,875	126,186
Infrastructure.....	18,791,974	15,999,224	12,230,803	-	-	-	18,791,974	15,999,224	12,230,803
Vehicles and motorized equipment.	2,944,184	3,523,159	3,506,527	20,018	24,444	28,524	2,964,202	3,547,603	3,535,051
Construction in progress.....	11,133	7,116,180	2,271,908	134,754	102,844	5,016,478	145,887	7,219,024	7,288,386
	<u>\$54,184,211</u>	<u>\$50,868,231</u>	<u>\$41,460,779</u>	<u>\$47,220,521</u>	<u>\$47,102,743</u>	<u>\$44,525,626</u>	<u>\$101,404,732</u>	<u>\$97,970,974</u>	<u>\$85,986,405</u>

Additional information on the City's capital assets can be found on page 32 of this report.

Long-term Debt: As of June 30, 2019, the City of Mebane had no bonded debt outstanding.

City of Mebane's Outstanding Debt (Figure 5)

	Governmental Activities			Business-Type Activities			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
General obligation bonds. \$	-	\$ -	\$ -	\$ -	\$ -	\$ 95,000	\$ -	\$ -	\$ 95,000
Direct Placement Debt.....	9,645,099	10,257,277	11,141,683	4,042,056	4,459,195	4,869,335	13,687,155	14,716,472	16,011,018
Other long-term payables.	-	-	-	4,193,519	4,520,922	4,848,325	4,193,519	4,520,922	4,848,325
Compensated absences.....	429,293	406,303	374,627	68,555	65,051	56,747	497,848	471,354	431,374
OPEB.....	5,357,168	5,235,446	3,304,672	819,539	799,290	503,769	6,176,707	6,034,736	3,808,441
Pension related debt.....	2,835,516	2,035,920	2,413,722	332,379	207,071	280,685	3,167,895	2,242,991	2,694,407
Total	<u>\$18,267,076</u>	<u>\$17,934,946</u>	<u>\$17,234,704</u>	<u>\$ 9,456,048</u>	<u>\$10,051,529</u>	<u>\$10,653,861</u>	<u>\$27,723,124</u>	<u>\$27,986,475</u>	<u>\$27,888,565</u>

The City of Mebane's total debt decreased by \$263,351 (.94%) during the past fiscal year, primarily due to new debt for capital purchases of \$735,468, increases in OPEB of \$141,971, and increases in pension obligations of \$924,904, netted with scheduled principal payments of \$2,092,188 on bonds, notes, and other long-term payables.

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 FY19, and Standard & Poor's Ratings Services last review affirmed the rating, with a stable outlook, on the general obligation (GO) bonds issued by the City of Mebane. They stated that the rating reflects their opinion of the City's favorable location, growing and diverse property base, very strong finances and low direct debt. The City believes this speaks very highly of the stability and sound management practices of the City of Mebane.

City of Mebane, North Carolina
Management Discussion and Analysis
June 30, 2019

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 \$160,862,928.

Additional information regarding the City of Mebane's long-term debt can be found on page 45 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's tax base continued to grow, by 3.7% or \$71 million in real and personal property.
- Growth in the tax base of the City is expected to continue as a result of Mebane's great location on two major highways and between the Research Triangle and Piedmont Triad region.
- The area's unemployment rate is keeping pace with national trends. Between Alamance County's rate of 4.4% and Orange County's rate of 3.9%, the City of Mebane's unemployment rate is at or below the statewide average of 4.1% at June 30, 2019.
- Continued industrial development and expansion at the N.C. Industrial Center (NCIC), at the new NC Commerce Park, as well as Orange County's new economic development efforts and utility infrastructure improvements, will continue to boost the City's tax base and employment opportunities. The Walmart Distribution Center began operations in May 2016, and has exceeded their target job figure of 450. The Lidl distribution center and Prescient Company both began operations in their new facilities in FY17. GKN, Nypro and Cambro Manufacturing have undertaken expansions, and Lotus Bakeries' new facility is soon to open in Mebane. Airgas USA and Universal Preserve-a-chem have new facilities under construction, along with some mixed use projects that will provide additional retail and a two new hotels under construction.
- Retail sales are expected to continue their strong performance from 2019. Tanger Outlets is expected to sustain much of this growth.
- Renovation of the White's Furniture building, completed in FY16, added 156 loft-style apartments to the downtown area, and is near capacity. A nearby brewery opened in FY19 adds a new element to downtown, and construction of the new city park, completed early in FY19, further enhances Mebane's vibrant downtown community.
- Other new housing starts are under construction, with both subdivisions and apartment communities approved in the past two years.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities: Revenues of the City are expected to increase by 8.4% for 2020, primarily due to an increase in property taxes, along with increased fees and sales taxes. With an allowance for normal growth around 4.6%, the City retained an ad valorem tax rate of \$0.47 per \$100 valuation. Retail sales are also expected to continue their strong growth from 2019. The fee schedule for the FY20 budget adjusted some permits and fees in keeping with neighboring communities, with the changes intended to cover the cost of providing the related services.

Budgeted operating expenditures in the General Fund are expected to increase by a net of about \$1,585,000, with the construction of the MACC to Holt Street Greenway accounting for a large portion of the increase. The budget includes a new sanitation truck, two police vehicles and a dump truck, along with \$30,000 for a space needs study. The General Fund budget continues to reflect the allocation of administrative costs to the Utility Fund, for a total of \$600,000. To keep up with the City's growth, the budget includes the addition of two Public Works positions, a Fire Administrative Support Specialist, and a Code Enforcement Officer. Most other departments are continuing existing services with no significant change beyond a 2% cost of living adjustment for all employees and funding for merit-based pay. The City was able to retain existing medical insurance with a 6% rate increase for FY20. The City continues to maintain its commitment to improvements in roads, sidewalks and park facilities, reflected in continuing allocations for ongoing maintenance of facilities and infrastructure improvements. Based on construction schedules and anticipated milestones, economic incentives were increased to include an allocation to Lotus Bakeries in FY20.

City of Mebane, North Carolina
Management Discussion and Analysis
June 30, 2019

Business-type Activities: Revenue for water and sewer service is projected to increase by about 2.7%. The increase is based on growth. The Utility budget is balanced with appropriated fund balance of about \$1.5 million. Operating expenditures are much the same as prior year, with the provision for employee raises and the addition two maintenance positions. The City continues its commitment to funding for capital maintenance of water and sewer lines, and for the provision of service to new areas with planned oversizing of new development infrastructure. Capital expenditures planned for FY20 include the purchase of an excavator and replacement pickup truck, the second year of an inflow and infiltration study (\$250,000) and the second year of a meter replacement project (\$527,920.) The budget includes plans for the issuance of \$6.3 million in debt to fund an upgrade to the Water Resource Recovery Facility, currently being designed. First year debt on the project is included at about \$366,000.

Request for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or request for additional information should be directed to:

Jeanne D. Tate
Finance Director
106 E. Washington Street Mebane, NC 27302
(919) 563-5901
jtate@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.



City of Mebane, North Carolina
Statement of Net Position
June 30, 2019

Exhibit 1

	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents.....	\$ 12,775,781	\$ 8,102,532	\$ 20,878,313
Taxes receivables, (net).....	79,361	-	79,361
Accrued interest receivable on taxes.....	20,234	-	20,234
Accounts receivable (net).....	91,638	803,530	895,168
Due from other governments.....	2,301,216	-	2,301,216
Prepaid items.....	46,552	-	46,552
Restricted cash.....	867,753	1,132,304	2,000,057
Notes receivable - Mebane Mill Lofts, LLC.....	534,341	-	534,341
Capital assets (Note 2):			
Land, non-depreciable improvements, and construction in progress	7,037,646	654,952	7,692,598
Other capital assets, net of depreciation.....	47,146,565	46,565,569	93,712,134
Total capital assets.....	54,184,211	47,220,521	101,404,732
Total assets.....	70,901,087	57,258,887	128,159,974
Deferred outflows of resources.....	3,638,262	525,612	4,163,874
Liabilities			
Accounts payable and accrued expenses.....	989,482	241,867	1,231,349
Accrued interest payable.....	60,609	43,700	104,309
Due to other governments.....	21,765	191,461	213,226
Payable from restricted assets.....	584,374	545,696	1,130,070
Noncurrent liabilities due in more than one year:			
Current portion of long-term liabilities.....	1,565,555	803,358	2,368,913
Net pension liability - LGERS.....	2,214,330	332,379	2,546,709
Net pension liability - LEOSSA.....	621,186	-	621,186
Due in more than one year.....	13,866,005	8,320,311	22,186,316
Total noncurrent liabilities.....	18,267,076	9,456,048	27,723,124
Total liabilities.....	19,923,306	10,478,772	30,402,078
Deferred inflows of resources.....	903,583	114,256	1,017,839
Net Position			
Net investment in capital assets.....	44,539,110	38,984,945	83,524,055
Restricted for:			
Stabilization by State Statute.....	2,746,286	-	2,746,286
Other functions.....	98,182	586,608	684,790
Unrestricted	6,328,882	7,619,918	13,948,800
Total net position.....	\$ 53,712,460	\$ 47,191,471	\$ 100,903,931

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, 2019

Exhibit 2

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for	Operating	Capital Grants	Governmental	Business-type	Total
		Services	Grants & Contributions	and Contributions	Activities	Activities	
Primary government							
Governmental activities							
General government.....	\$ 2,262,074	\$ 1,100	\$ -	\$ -	\$ (2,260,974)	\$ -	\$ (2,260,974)
Public safety.....	7,070,899	21,350	163,340	-	(6,886,209)	-	(6,886,209)
Public works.....	3,803,467	501,353	364,493	1,961,300	(976,321)	-	(976,321)
Recreation.....	1,900,889	92,443	5,450	-	(1,802,996)	-	(1,802,996)
Economic & physical development.....	1,269,525	863,738	209,029	655,802	459,044	-	459,044
Interest on long-term debt.....	281,751	-	-	-	(281,751)	-	(281,751)
Total governmental activities.....	16,588,605	1,479,984	742,312	2,617,102	(11,749,207)	-	(11,749,207)
Business-type activities:							
Water and sewer.....	6,762,948	6,995,810	-	226,820	-	459,682	459,682
Total business-type activities.....	6,762,948	6,995,810	-	226,820	-	459,682	459,682
Total primary government.....	\$ 23,351,553	\$ 8,475,794	\$ 742,312	\$ 2,843,922	(11,749,207)	459,682	(11,289,525)
General revenues:							
Taxes:							
Property taxes, levied for general purposes.....					10,895,740	-	10,895,740
Sales taxes.....					3,558,622	-	3,558,622
Franchise tax.....					1,169,399	-	1,169,399
Privilege license tax.....					1,030	-	1,030
Excise Tax.....					156,900	-	156,900
Grants & contributions not restricted to specific programs.....					4,050	-	4,050
Unrestricted investment earnings.....					180,725	63,336	244,061
Miscellaneous.....					36,506	75,501	112,007
Total general revenues excluding transfers.....					16,002,972	138,837	16,141,809
Transfers.....					(57,302)	57,302	-
Total general revenues and transfers.....					15,945,670	196,139	16,141,809
Change in net position.....					4,196,463	655,821	4,852,284
Net position - beginning					49,515,997	46,535,650	96,051,647
Net position - ending.....					\$ 53,712,460	\$ 47,191,471	\$ 100,903,931

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

City of Mebane, North Carolina
Balance Sheet
Governmental Funds
June 30, 2019

Exhibit 3

		<u>Capital Project</u>		<u>Total</u>
		<u>Fund - City</u>	<u>Total Non -</u>	<u>Governmental</u>
	<u>General Fund</u>	<u>Park Project</u>	<u>Major Funds</u>	<u>Funds</u>
Assets				
Cash and cash equivalents.....	\$ 11,573,316	\$ -	\$ 1,202,465	\$ 12,775,781
Restricted cash.....	769,571	-	98,182	867,753
Taxes receivable, net.....	100,615	-	-	100,615
Receivable from other governments.....	2,279,962	-	-	2,279,962
Other receivables.....	91,638	-	-	91,638
Prepaid items.....	46,552	-	-	46,552
Advance to other funds.....	87,311	-	-	87,311
Total assets.....	\$ 14,948,965	\$ -	\$ 1,300,647	\$ 16,249,612
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts payable.....	759,141	149,999	80,341	989,481
Due to other funds.....	-	87,311	-	87,311
Due to other governments.....	21,765	-	-	21,765
Payable from restricted assets.....	584,374	-	-	584,374
Total liabilities.....	1,365,280	237,310	80,341	1,682,931
Deferred inflows of resources.....	191,991	-	-	191,991
Fund balances:				
Nonspendable				
Prepaid assets.....	46,552	-	-	46,552
Restricted				
Stabilization by State Statute.....	2,746,286	-	-	2,746,286
Economic development.....	-	-	98,182	98,182
Assigned				
Subsequent year's expenditures.....	1,500,000	(237,310)	1,122,124	2,384,814
Unassigned.....	9,098,856	-	-	9,098,856
Total fund balances.....	13,391,694	(237,310)	1,220,306	14,374,690
Total liabilities, deferred inflows of resources and fund balances.....	\$ 14,948,965	\$ -	\$ 1,300,647	\$ 16,249,612

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, 2019

Exhibit 3

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

Total fund balance, governmental funds.....		\$ 14,374,690
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost.....	68,075,359	
Accumulated depreciation.....	<u>(13,891,150)</u>	54,184,209
Deferred outflows of resources related to pensions are not reported in the funds.....		3,560,830
Deferred outflows of resources related to OPEB are not reported in the funds.....		77,432
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.....	20,233	
Notes receivable.....	<u>534,341</u>	554,574
Earned revenues considered deferred inflows of resources in fund statements.....		100,616
Deferred inflows of resources related to pensions are not reported in the funds.....		(49,764)
Deferred inflows of resources related to OPEB are not reported in the funds.....		(762,442)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Notes payable.....	(9,645,099)	
Compensated absences.....	(429,293)	
Net pension liability - LGERS.....	(2,214,330)	
Total pension liability - LEOSSA.....	(621,186)	
OPEB liability.....	<u>(5,357,168)</u>	<u>(18,267,076)</u>
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.....		<u>(60,609)</u>
Net Position of Governmental Activities.....		<u>\$ 53,712,460</u>

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

City of Mebane, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

Exhibit 4

	<u>General Fund</u>	<u>Capital Project Fund - City Park Project</u>	<u>Total Non- Major Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes.....	\$ 10,413,402	\$ -	\$ -	\$ 10,413,402
Other taxes and licenses.....	1,030	-	-	1,030
Unrestricted intergovernmental.....	5,095,144	-	-	5,095,144
Restricted intergovernmental.....	983,382	355,802	250,000	1,589,184
Permits and fees.....	915,604	-	-	915,604
Sales and services.....	494,687	-	-	494,687
Investment earnings.....	120,310	56,775	3,640	180,725
Miscellaneous.....	106,700	50,000	10,914	167,614
Total revenues.....	18,130,259	462,577	264,554	18,857,390
Expenditures				
Current:				
General government.....	2,179,611	-	-	2,179,611
Public safety.....	6,544,785	-	-	6,544,785
Public works.....	3,113,625	-	-	3,113,625
Recreation.....	1,445,320	-	-	1,445,320
Economic and physical development.....	1,255,070	-	-	1,255,070
Debt Service:				
Principal.....	1,347,620	-	-	1,347,620
Interest and other charges.....	285,412	-	-	285,412
Capital outlay.....	-	3,005,703	647,014	3,652,717
Total Expenditures.....	16,171,443	3,005,703	647,014	19,824,160
Excess (deficiency) of revenues over expenditures.....	1,958,816	(2,543,126)	(382,460)	(966,770)
Other Financing Sources (Uses)				
Transfers in.....	-	567,932	1,500,000	2,067,932
Transfers out.....	(1,500,000)	-	-	(1,500,000)
Installment purchase obligations issued.....	735,468	-	-	735,468
Total other financing sources and uses.....	(764,532)	567,932	1,500,000	1,303,400
Net change in fund balances.....	1,194,284	(1,975,194)	1,117,540	336,630
Fund balances - beginning	12,197,410	1,737,884	102,766	14,038,060
Fund balances - ending.....	\$ 13,391,694	\$ (237,310)	\$ 1,220,306	\$ 14,374,690

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, 2019

Exhibit 4

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

Net change in fund balances - total governmental funds		\$	336,630
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.....	\$	3,140,271	
Depreciation expense for governmental assets.....		(1,774,945)	1,365,326
Cost of capital asset disposed of during the year, not recognized on modified accrual basis.....			(7,350)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.....			(75,204)
Benefit payments paid and administrative costs for LEOSSA are deferred outflows of resources on the Statement of Activities.....			7,292
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities.....			70,944
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.....		1,958,000	
Mebane Mills Lofts notes receivable principal receipts.....		(10,914)	
Change in unavailable revenue for tax revenues.....		20,415	1,967,501
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.....		(735,468)	
Principal payments on long-term debt.....		1,347,620	
Decrease in accrued interest payable.....		3,661	615,813
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.....		(22,990)	
Pension expense.....		342,212	
OPEB plan expense.....		(403,711)	(84,489)
Total changes in net position of governmental activities			\$ 4,196,463

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, 2019

Exhibit 5

			<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues				
Property taxes.....	\$ 10,155,648	\$ 10,155,648	\$ 10,413,402	\$ 257,754
Other taxes and licenses.....	900	900	1,030	130
Unrestricted intergovernmental.....	5,005,600	5,005,600	5,095,144	89,544
Restricted intergovernmental.....	882,300	882,300	983,382	101,082
Permits and fees.....	488,000	808,000	915,604	107,604
Sales and services.....	440,450	440,450	494,687	54,237
Investment earnings.....	12,000	12,000	120,310	108,310
Miscellaneous.....	117,025	117,025	106,700	(10,325)
Total revenues.....	<u>17,101,923</u>	<u>17,421,923</u>	<u>18,130,259</u>	<u>708,336</u>
Expenditures				
Current:				
General government.....	2,608,513	2,672,157	2,179,612	492,545
Public safety.....	6,825,396	6,927,475	6,544,785	382,690
Public works.....	3,448,707	3,799,717	3,113,625	686,092
Recreation.....	1,629,325	1,801,867	1,445,320	356,547
Economic and physical development.....	1,793,144	1,910,750	1,255,070	655,680
Debt Service:				
Principal.....	1,436,166	1,436,166	1,347,620	88,546
Interest and other charges.....	304,219	304,219	285,412	18,807
Total expenditures.....	<u>18,045,470</u>	<u>18,852,351</u>	<u>16,171,444</u>	<u>2,680,907</u>
Excess (deficiency) of revenues over expenditures.....	<u>(943,547)</u>	<u>(1,430,428)</u>	<u>1,958,815</u>	<u>3,389,243</u>
Other Financing Sources (Uses)				
Transfers in.....	-	-	-	-
Transfers out.....	(1,561,530)	(2,005,274)	(1,500,000)	505,274
Long-term debt obligations issued.....	677,077	677,077	735,468	58,391
Fund balance appropriated.....	1,828,000	2,758,625	-	(2,758,625)
Total other financing sources and uses.....	<u>943,547</u>	<u>1,430,428</u>	<u>(764,532)</u>	<u>(2,194,960)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	1,194,283	<u>\$ 1,194,283</u>
Fund balances - beginning			12,197,410	
Fund balances - ending			<u>\$ 13,391,693</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, 2019

Exhibit 6

	<u>Water and Sewer Fund</u>
Assets	
Current assets:	
Cash and cash equivalents.....	\$ 8,102,532
Accounts receivable (net) - billed.....	558,934
Accounts receivable (net) - unbilled.....	243,547
Other receivables.....	1,049
Due from other governments.....	-
Prepaid items.....	-
Restricted cash.....	1,132,304
Total current assets.....	<u>10,038,366</u>
Non-current assets:	
Capital assets:	
Land and other non-depreciable assets.....	654,952
Other capital assets, net of depreciation.....	46,565,569
Total capital assets.....	<u>47,220,521</u>
Total non-current assets.....	<u>47,220,521</u>
Total assets.....	<u>57,258,887</u>
Deferred outflows of resources.....	525,612
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities.....	241,867
Accrued interest payable.....	43,700
Due to other governments.....	191,461
Payable from restricted assets.....	545,696
Compensated absences.....	51,816
Long-term debt - current.....	751,542
Total current liabilities.....	<u>1,826,082</u>
Noncurrent liabilities:	
Compensated absences.....	16,738
Net pension liability.....	332,379
Total OPEB liability.....	819,539
Long-term debt - noncurrent.....	7,484,034
Total noncurrent liabilities.....	<u>8,652,690</u>
Total liabilities.....	<u>10,478,772</u>
Deferred inflows of resources.....	114,256
Net Position	
Net investment in capital assets.....	38,984,945
Restricted for future system development.....	586,608
Unrestricted	7,619,918
Total net position.....	<u>\$ 47,191,471</u>

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

City of Mebane, North Carolina
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2019

Exhibit 7

	<u>Water and Sewer Fund</u>
Operating Revenues	
Charges for services.....	\$ 5,752,238
Water and sewer taps.....	35,470
Connection fees.....	879,026
Miscellaneous.....	329,088
Total operating revenues.....	<u>6,995,822</u>
Operating Expenses	
Administration, meters and billing.....	780,897
Utility maintenance.....	2,084,878
Engineering.....	238,581
Water resource recovery facility.....	2,039,446
Non-departmental.....	11,498
Depreciation.....	1,488,275
Total operating expenses.....	<u>6,643,575</u>
Operating income (loss).....	<u>352,247</u>
Nonoperating revenues (expenses)	
Interest and investment revenue.....	63,336
Other.....	75,489
Interest expense.....	(112,533)
Amortization of bonds.....	(6,840)
Total nonoperating revenues (expenses).....	<u>19,452</u>
Income (loss) before contributions and transfers.....	371,699
Capital contributions.....	226,820
Transfers in.....	625,234
Transfers out.....	(567,932)
Change in net position.....	655,821
Total net position - beginning.....	46,535,650
Total net position - ending.....	<u>\$ 47,191,471</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, 2019

Exhibit 8

	<u>Water and Sewer Fund</u>
Cash Flows from Operating Activities	
Cash received from customers.....	\$ 6,625,041
Cash paid for goods and services.....	(2,963,729)
Cash paid to or on behalf of employees for services.....	(2,172,766)
Customer deposits received.....	157,372
Customer deposits returned.....	(114,925)
Other operating revenues.....	329,088
Total cash provided (used) by operating activities.....	<u>1,860,081</u>
Cash Flows from Noncapital Financing Activities	
Other non-operating revenues.....	193,241
Transfers to other funds.....	(567,932)
Total cash provided (used) by non-capital financing activities.....	<u>(374,691)</u>
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets.....	(1,176,694)
Principal paid on bonds and notes payable.....	(744,542)
Interest paid on bonds and notes payable.....	(123,161)
Total cash provided (used) by capital and related financing activities.....	<u>(2,044,397)</u>
Cash Flows from Investing Activities	
Investment income.....	63,336
Total cash provided (used) by investing activities.....	<u>63,336</u>
Net increase (decrease) in cash and equivalents.....	(495,671)
Balance, beginning.....	9,730,507
Balance, ending.....	<u>\$ 9,234,836</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, 2019

Exhibit 8

	<u>Water and</u> <u>Sewer Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss).....	\$ 352,247
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation.....	1,488,275
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable.....	(47,668)
Increase (decrease) in allowance for doubtful accounts.....	5,975
(Increase) decrease in prepaid items.....	1,310
(Increase) decrease in deferred outflows of resources for pensions.....	(175,642)
Increase (decrease) accounts payable.....	2,404
Increase (decrease) salaries payable.....	7,737
Increase (decrease) accrued vacation.....	3,504
Increase (decrease) in net pension liability.....	125,308
Increase (decrease) in deferred inflows of resources for pensions.....	(4,885)
Increase (decrease) in OPEB liability.....	20,249
Increase (decrease) in deferred inflows of resources for OPEB.....	38,820
Increase (decrease) in customer deposits.....	42,447
Total adjustments.....	<u>1,507,834</u>
Net cash provided by operating activities.....	<u>\$ 1,860,081</u>
 Noncash investing, capital, and financing activities:	
Noncash capital contributions of fixed assets.....	<u>\$ 226,820</u>
Unrealized gain/loss on investments.....	<u>\$ -</u>

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

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

The City reports the following major governmental funds:

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

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

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

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.

White Furniture Storm Drain Relocation Capital Project Fund: This fund is used to account expenditures necessary to relocate the storm drain leading to the apartment complex being constructed in the former White Furniture manufacturing factory location.

Impact Alamance Grant – Special Revenue Fund: This fund is used to account for Impact Alamance Grant funds expended for small equipment and capital outlays for recreation purposes.

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.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

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 object 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. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT- Term Portfolio's securities are valued at fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, the Term Portfolios has a duration of .11 years. Because the NCCMT Government and

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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.....	\$	584,374
Asset forfeiture funds.....		185,197
CDBG- Mebane Mills Loft Capital Project Fund		
Economic Development.....		98,182
Total governmental activities.....		<u>867,753</u>

Business-type Activities

Water and Sewer Fund

Customer deposits.....		545,696
Unexpended system development fees.....		586,608
Total business-type activities.....		<u>1,132,304</u>
Total Restricted Cash.....	\$	<u><u>2,000,057</u></u>

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date), however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

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

Inventory and Prepaid Items

The inventories of the City's enterprise fund consist of expendable materials and supplies that are expensed when purchased.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

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

Capital Assets

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

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure.....	50
Buildings.....	50
Improvements	25
Vehicles.....	5/10
Furniture and equipment	5/10
Computer equipment	3/5/10

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion, pension deferrals for the 2019 fiscal year and unamortized bond and refunding costs for Water and Sewer debt. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category – prepaid taxes, property taxes receivable, and pension deferrals.

Long-Term Obligations

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

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

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

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

Net Position/Fund Balances

Net Position

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

Fund Balance

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

Defined Benefit Cost-Sharing Plans

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

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

F. Estimates

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

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

2. Stewardship, Compliance, and Accountability

A. Deficit in Fund Balance of Individual Funds not appropriated in subsequent year's budget ordinance

At June 30, 2019, the City Park Capital Project Fund had a fund balance deficit of \$237,310. Pending final change orders and settlement with the contractor, the City will appropriate additional funding through a transfer from the General Fund, if needed, to resolve the deficit in the subsequent fiscal year.

3. Detail Notes on All Funds

A. Assets

Deposits

All the deposits of the City are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City's agent in the City's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agent in the City's name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019 the City's deposits had a carrying amount of \$17,325,712, and a bank balance of \$17,686,807. Of the bank balance, \$754,529 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, 2019 was \$400.

Investments

At June 30, 2019, the City's investment balances were as follows:

<u>Investments by Type</u>	<u>Valuation</u>		<u>Book Value at</u>	<u>Maturity</u>	<u>Rating</u>
	<u>Measurement</u>	<u>Method</u>	<u>6/30/2019</u>		
NC Capital Management Trust					
- Government Portfolio.....	Fair Value Level 1		\$ 2,084,990	N/A	AAAm
NC Capital Management Trust					
- Term Portfolio.....	Fair Value Level 1		<u>3,467,268</u>	.11 years	Unrated
Total.....			<u>\$ 5,552,258</u>		

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.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

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, 2019, 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 as of June 30, 2019. The City's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

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, 2019, 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 \$29,770.

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2019 are net of the following allowances for doubtful accounts:

Funds

General Fund:

Taxes Receivable.....	\$	13,541
Accounts Receivable.....		-
Total.....		<u>13,541</u>
Enterprise Fund.....		<u>182,670</u>
Total.....	\$	<u><u>196,211</u></u>

Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2019, was as follows:

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

	<u>Beginning</u>			<u>Ending</u>
	<u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land.....	\$ 6,317,928	\$ 662,584	\$ -	\$ 6,980,512
Artwork and collections.....	31,900	-	(14,100)	46,000
Construction in progress.....	7,116,180	3,654,098	10,759,145	11,133
Total capital assets not being depreciated...	<u>13,466,008</u>	<u>4,316,682</u>	<u>10,745,045</u>	<u>7,037,645</u>
Capital assets being depreciated:				
Buildings.....	15,727,368	1,121,635	(12,518)	16,861,521
Other improvements.....	4,641,502	7,486,283	1,267,506	10,860,279
Equipment.....	2,942,828	760,427	340,767	3,362,488
Computer equipment.....	347,543	44,238	(173,994)	565,775
Vehicles and motorized equipment.....	8,034,497	170,154	62,005	8,142,646
Infrastructure.....	17,890,842	1,958,000	(1,396,166)	21,245,008
Total capital assets being depreciated.....	<u>49,584,580</u>	<u>11,540,737</u>	<u>87,600</u>	<u>61,037,717</u>
Less accumulated depreciation for:				
Buildings.....	3,400,716	329,609	45,865	3,684,460
Other improvements.....	824,090	103,894	80,769	847,215
Equipment.....	1,384,927	214,695	191,870	1,407,752
Computer equipment.....	169,668	56,218	(74,342)	300,228
Vehicles and motorized equipment.....	4,511,338	672,801	(14,323)	5,198,462
Infrastructure.....	1,891,618	397,728	(163,688)	2,453,034
Total accumulated depreciation.....	<u>12,182,357</u>	<u>\$1,774,945</u>	<u>\$ 66,151</u>	<u>13,891,151</u>
Total capital assets being depreciated, net..	<u>37,402,223</u>			<u>47,146,566</u>
Governmental activity capital assets, net.....	<u>\$ 50,868,231</u>			<u>\$54,184,211</u>

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

General government.....	\$ 100,502
Public safety.....	751,844
Public works.....	714,858
Recreation.....	195,713
Economic & physical development.....	<u>12,029</u>
Total.....	<u>\$1,774,945</u>

Business-type Activities

The fixed assets of the Enterprise Fund for the year ended June 30, 2019, was as follows:

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
Water and Sewer Fund:				
Capital assets not being depreciated:				
Land.....	\$ 178,250	\$ -	\$ (341,948)	\$ 520,198
Construction in progress.....	102,844	52,830	20,920	134,754
Total capital assets not being depreciated.....	<u>281,094</u>	<u>52,830</u>	<u>(321,028)</u>	<u>654,952</u>
Capital assets being depreciated:				
Water sources.....	14,251,481	81,734	564,653	13,768,562
Lift stations, pumping stations and tanks.....	9,269,576	352,898	1,524,935	8,097,539
Water and sewer lines.....	30,896,296	903,084	(1,239,254)	33,038,634
Land improvements.....	399,466	-	388,495	10,971
Water Resource Recovery Facility.....	8,343,212	58,237	(722,868)	9,124,317
Machinery and equipment.....	1,257,036	244,339	(135,265)	1,636,640
Vehicles.....	420,449	-	(38,749)	459,198
Total capital assets being depreciated.....	<u>64,837,516</u>	<u>1,640,292</u>	<u>341,947</u>	<u>66,135,861</u>
Less accumulated depreciation for:				
Water sources.....	3,477,767	273,993	38,091	3,713,669
Lift stations, pumping stations and tanks.....	2,397,281	220,557	965,203	1,652,635
Water and sewer lines.....	8,091,505	699,310	(800,286)	9,591,101
Land improvements.....	3,995	798	(3,452)	8,245
Water Resource Recovery Facility.....	3,131,681	198,583	(119,206)	3,449,470
Machinery and equipment.....	517,633	156,761	(41,598)	715,992
Vehicles.....	396,005	4,423	(38,752)	439,180
Total accumulated depreciation.....	<u>18,015,867</u>	<u>\$ 1,554,425</u>	<u>\$ -</u>	<u>19,570,292</u>
Total capital assets being depreciated, net.....	<u>46,821,649</u>			<u>46,565,569</u>
Business-type activity capital assets, net.....	<u>\$ 47,102,743</u>			<u>\$ 47,220,521</u>

During the year ended June 30, 2019, several capital assets were reclassified between categories. These reclassifications were presented in the "decreases" columns of the schedules above.

Construction Commitments

The government has active construction projects as of June 30, 2019. At year end, the government's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Contract</u>
Contract to install fence and privacy slats.....	\$ -	\$ 11,985
Hardscape and Landscaping at 1st St Pocket Park.....	-	28,723
2018-19 Resurfacing Contract.....	-	569,044
Contract for Street & Sidewalk Improvements.....	29,529	207,924
Contract for W Center Sidewalk improvements.....	23,420	11,580
Clay Street Sidewalk Improvement- Engineer & Design.....	21,700	9,800
Contract for Alleyway N 3rd and 4th.....	19,479	10,521
Contract for Desktop Analysis of P/S Sewershed.....	2,694	12,306
Contract for I/I Study of 3rd St P/S Sewershed.....	13,634	35,866
Contract for I/I Study of 5th St P/S Sewershed.....	12,110	37,390
Contract for Old Hillsborough Water Improvements.....	1,669	48,131
Contract for Green Street Water Line Replacement.....	59,693	8,577
City Park.....	<u>7,181,945</u>	<u>145,491</u>
Total.....	<u>\$ 7,365,873</u>	<u>\$ 1,137,338</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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 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, 2019, was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the City of Mebane were \$1,331,978 for the year ended June 30, 2019.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

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, 2019, the City reported a liability of \$2,546,709 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018, the City's proportion was 0.107%, which was a decrease of 0.002% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$1,209,964. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<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.....	\$ 392,897	\$ 13,184
Changes of assumptions.....	675,798	-
Net difference between projected and actual earnings on pension plan investments.....	349,588	-
Changes in proportion and differences between City contributions and proportionate share of contributions.....	1,231,689	-
City contribution subsequent to the measurement date.....	<u>1,331,978</u>	<u>-</u>
Total.....	<u>\$ 3,981,950</u>	<u>\$ 13,184</u>

\$1,331,978 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2020. 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:

2020.....	\$ 1,154,241
2021.....	810,513
2022.....	337,621
2023.....	334,413
2024.....	-
Thereafter.....	-

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

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

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections 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, 2018 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.

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

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Discount Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
City's proportionate share of the net pension liability (asset).....	\$ 6,117,416	\$ 2,546,709	\$ (437,029)

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

Law Enforcement Officers' Special Separation Allowance

Plan Description. The City of Mebane administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the 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, 2016 the Separation Allowance's membership consisted of:

Retirees receiving benefits	-
Terminated plan members entitled to but not receiving benefits	-
Active plan members	<u>30</u>
Total	<u>30</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, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate used is the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

Mortality rates are based on the RP-2014 Mortality tables with adjustments projected forward generationally from the valuation date using MP-2015.

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 paid \$6,883 as benefits came due for the reporting period.

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

At June 30, 2019, the City reported a total pension liability of \$621,186. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of \$75,204.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience.....	\$ 58,416	\$ -
Changes of assumptions.....	33,314	37,949
Benefit payments and administrative expenses made subsequent to the measurement date.....	-	-
Total.....	<u>\$ 91,730</u>	<u>\$ 37,949</u>

\$7,292 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020.....	\$ 6,816
2021.....	6,816
2022.....	6,816
2023.....	6,816
2024.....	4,859
Thereafter	5,826

\$6,883 paid as benefits came due and \$409 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 3.16 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 (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	<u>1% Decrease (2.64%)</u>	<u>Discount Rate (3.64%)</u>	<u>1% Increase (4.64%)</u>
Total pension liability.....	\$ 695,060	\$ 621,186	\$ 554,931

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

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

	<u>2018</u>
Beginning balance.....	\$ 574,870
Service cost at end of year.....	45,895
Interest of total pension liability.....	18,057
Changes of benefit terms.....	-
Differences between expected and actual experience in the measurement of the total pension liability.....	23,723
Changes of assumptions or other inputs.....	(34,476)
Benefit payments.....	(6,883)
Other changes.....	-
Ending balance of the total pension liability.....	<u>\$ 621,186</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, 2017 valuation were based on the results of an actuarial experience study from the period January 1, 2010 through December 31, 2014.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense.....	\$ 1,209,964	\$ 75,204	\$ 1,285,168
Pension Liability.....	2,546,709	621,186	3,167,895
Proportionate share of the net pension liability.....	0.10735%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience.....	392,897	58,416	451,313
Changes of assumptions.....	675,798	33,314	709,112
Net difference between projected and actual earnings on plan investments.....	349,588	-	349,588
Changes in proportion and differences between contributions and proportionate share of contributions.....	1,231,689	-	1,231,689
Benefit payments and administrative costs paid subsequent to the measurement date..	1,331,978	-	1,331,978
Deferred Inflows of Resources			
Differences between expected and actual experience.....	13,184	-	13,184
Changes of assumptions.....	-	37,949	37,949
Net difference between projected and actual earnings on plan investments.....	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions.....	-	-	-

Supplemental Retirement Income Plan for Non-Law Enforcement Officers

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

Funding Policy. The City contributes an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. The City Council has the authority for establishing or amending contribution requirements. Contributions for the year ended June 30, 2019 were \$367,972, which consisted of \$250,799 from the City and \$117,173, 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the 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, 2019 were \$122,044, which consisted of \$86,761 from the City and \$35,283, 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 Comprehensive Annual Financial Report (CAFR) for the state of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

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, 2018, the State contributed \$17,952,000 to the plan. The City of Mebane's proportionate share of the State's contribution is \$27,725.

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, 2019, 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 \$75,430. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 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, 2018 and at June 30, 2017 was 0%.

For the year ended June 30, 2019, the City recognized pension expense of \$14,179 and revenue of \$14,179 for support provided by the State. At June 30, 2019, 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, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) 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 December 31, 2017, the date of the latest actuarial valuation:

	<u>General</u> <u>Employees</u>	<u>Law Enforcement</u> <u>Officers</u>
Retirees and dependents receiving benefits	14	5
Active plan members	91	31

Total OPEB Liability

The City's total OPEB liability of \$6,176,707 was measured as of June 30, 2018 and was determined by an actuarial valuation as that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Real wage growth	1.0 percent
Wage inflation	3.5 percent
Salary increases	General Employees- 3.50 to 7.75 percent, Firefighters 3.50 to 7.75 percent, Law Enforcement Officers 3.50 to 7.35 percent, including inflation
Discount rate	3.89 percent
Healthcare cost trend rates	Pre-Medicare- 7.50 percent for 2017 to 5.00 percent by 2023 Medicare- 5.50 percent for 2017 to 5.00 percent by 2020

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.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

Changes in the Total OPEB Liability

Total OPEB Liability, Balance at July 1, 2017.....	\$	6,034,736
Changes for the year		
Service cost.....		402,678
Interest.....		213,111
Changes in benefit terms.....		-
Differences between expected and actual experience.....		8,326
Changes in assumptions or other inputs.....		(384,358)
Benefit payments.....		(97,786)
Net changes.....		<u>141,971</u>
Total OPEB Liability, Balance at June 30, 2018.....	\$	<u>6,176,707</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(2.89%)</u>	<u>(3.89%)</u>	<u>(4.89%)</u>
Total OPEB liability.....	\$ 7,448,513	\$ 6,176,707	\$ 5,185,031

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability.....	\$ 4,962,430	\$ 6,176,707	\$ 7,810,084

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$505,208. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<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.....	\$ 7,449	\$ 7,618
Changes of assumptions.....	-	867,711
Benefit payments and administrative costs made subsequent to the measurement date.....	<u>82,745</u>	<u>-</u>
Total.....	<u>\$ 90,194</u>	<u>\$ 875,329</u>

\$82,745 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

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

decrease of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year ended June 30:

2019.....	\$	110,581
2020.....		110,581
2021.....		110,581
2022.....		110,581
2023.....		110,581
Thereafter		314,975

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.

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.....	\$	451,313
Pensions- change of assumptions.....		709,112
Pensions- difference between projected and actual investment earnings.....		349,588
Pensions- change in proportion and difference between employer contributions and proportionate share of contributions.....		1,231,689
Contributions to pension plan in current fiscal year.....		1,331,978
OPEB- differences between expected and actual experience.....		7,449
Benefit payments for OPEB made subsequent to measurement date.....		82,745
LEOSSA- benefit payments made and administrative expenses.....		-
Total	\$	<u>4,163,874</u>

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

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

	<u>Statement of</u> <u>Net Position</u>	<u>General Fund</u> <u>Balance Sheet</u>
Pensions- differences between expected and actual experience.....	\$ 13,184	\$ -
LEOSSA- change of assumptions.....	37,949	-
OPEB- differences between expected and actual experience.....	7,618	-
OPEB- change of assumptions.....	867,711	-
Prepaid taxes and licenses (General Fund).....	91,377	91,377
Taxes receivable, less penalties (General Fund).....	-	100,614
Total.....	<u><u>\$ 1,017,839</u></u>	<u><u>\$ 191,991</u></u>

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees; and natural disasters. The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the last four fiscal years.

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

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

Claims, Judgments and Contingent Liabilities

At June 30, 2019, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

Long-Term Obligations

Capital Leases

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

General Obligation Indebtedness

The general obligation bonds and the notes payable, which were issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources, are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the City. Principal and interest requirements are appropriated on all indebtedness when due.

Bonds and notes payable at June 30, 2019 are comprised of the following individual issues:

General Obligation Bonds:

There were no general obligation bonds payable at June 30, 2019.

Installment Purchases:

Serviced by the General Fund:

Direct placement contract payable to Bank of America, N.A. for the Library renovation project. Principal payments of \$76,667 plus interest are due semi-

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

annually starting on September 29, 2005. The note bears interest at the rate of 3.655%. The new Library building is security for the debt while the debt is outstanding	\$ 76,667
Direct placement contract payable to Bank of America, N.A. for the City Hall and Recreation Building renovation projects. Principal payments of \$106,667 plus interest are due semi-annually starting on December 27, 2008. The note bears interest at the rate of 3.52%. The City Hall and Recreation buildings are security for the debt while the debt is outstanding	853,333
Direct placement contract payable to BB&T for the Southside Fire Station Project. Principal payments of \$86,667 plus interest are due semi-annually starting on July 23, 2014. The note bears interest at the rate of 2.84%. All property, equipment and deposits acquired with these local funds are the security for the debt while the debt is outstanding	1,733,334
Direct placement contract payable to Piedmont Electric Membership Corporation as part of the USDA Rural Economic Development Loan (REDL) Program for the purchase of two fire trucks and related fire truck equipment and firefighting equipment for the Southside Fire Station. Principal payments of \$140,889 are due annually starting on February 1, 2015 with final payment due February 1, 2023. The note bears no interest as part of the REDL program. The fire trucks and equipment are security for the debt while the debt is outstanding	563,556
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	374,664
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	5,052,666
Direct placement contract payable to Branch Banking and Trust Company for the Fire Department Radio Equipment. Principal payments of \$43,187 plus interest are due semi-annually starting on April 27, 2018. The note bears interest at the rate of 1.85%. All equipment and improvements acquired with these local funds are the security for the debt while the debt is outstanding	302,311
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	422,100
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	

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

equipment and improvements acquired with these local funds are the security for the debt while the debt is outstanding	266,468
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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	48,057
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Direct placement contract payable to Carolina Bank for the water treatment plant upgrade and expansion projects. Principal and interest payments are due annually on July 1, in varying amounts, starting July 1, 2015 and ending July 1, 2029. The note bears interest at the rate of 2.60%. All property, equipment and deposits acquired with these local funds are the security for the debt while the debt is outstanding	3,594,000
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Direct placement contract payable to BB&T for the construction of a Sewer Pump Station, main, outfall and tunnel. Principal payments of \$66,667 plus interest are due semi-annually starting on May 1, 2008. The note bears interest at the rate of 3.85%. The property is pledged as collateral for the debt while the debt is outstanding	<u>399,999</u>
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Total long-term debt.....	13,687,155
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Less: Current portion of long-term debt.....	<u>(1,770,729)</u>
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Non-current portion of long-term debt	<u>\$ 11,916,426</u>
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At June 30, 2019, the City of Mebane had no authorized but unissued bonds and had a legal debt margin of \$160,862,928.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

The following table summarizes the annual requirements to amortize all long-term liabilities outstanding at June 30, 2019 (excluding compensated absences, pension liabilities, OPEB liabilities, and any claims or judgments).

	General Obligation		Other Long-term			
	Bonds		Indebtedness		Total Debt Due	
Serviced by General Fund:						
<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Principle</u>	<u>Interest</u>	<u>Principle</u>	<u>Interest</u>
2020.....	\$ -	\$ -	\$ 1,273,190	\$ 264,347	\$ 1,273,190	\$ 264,347
2021.....	-	-	1,196,523	231,454	1,196,523	231,454
2022.....	-	-	1,196,523	200,430	1,196,523	200,430
2023.....	-	-	1,153,336	169,406	1,153,336	169,406
2024.....	-	-	709,027	141,753	709,027	141,753
2025-2029.....	-	-	2,950,500	433,826	2,950,500	433,826
2030-maturity.....	-	-	1,166,000	66,867	1,166,000	66,867
Total.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,645,099</u>	<u>\$ 1,508,083</u>	<u>\$ 9,645,099</u>	<u>\$ 1,508,083</u>
Serviced by Water & Sewer Fund:						
<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Principle</u>	<u>Interest</u>	<u>Principle</u>	<u>Interest</u>
2020.....	\$ -	\$ -	\$ 424,139	\$ 103,843	\$ 424,139	\$ 103,843
2021.....	-	-	431,139	91,182	431,139	91,182
2022.....	-	-	440,139	78,314	440,139	78,314
2023.....	-	-	313,806	66,521	313,806	66,521
2024.....	-	-	321,805	58,383	321,805	58,383
2025-2029.....	-	-	1,740,028	162,136	1,740,028	162,136
2030-maturity.....	-	-	371,000	4,823	371,000	4,823
Total.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,042,056</u>	<u>\$ 565,202</u>	<u>\$ 4,042,056</u>	<u>\$ 565,202</u>

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

Changes in Long-Term Liabilities

	<u>Balance July 1,</u> <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June</u> <u>30, 2019</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
<u>Governmental activities:</u>					
Direct Placement					
Installment purchase.....	\$ 10,257,277	\$ 735,468	\$ 1,347,646	\$ 9,645,099	\$ 1,273,190
Compensated absences.....	406,303	292,365	269,375	429,293	292,365
Total OPEB liability.....	5,235,446	121,722	-	5,357,168	-
Net pension liability (LGERS).....	1,461,050	753,280	-	2,214,330	-
Total pension liability (LEO).....	574,870	46,316	-	621,186	-
Governmental activity					
long-term liabilities.....	<u>\$ 17,934,946</u>	<u>\$ 1,949,151</u>	<u>\$ 1,617,021</u>	<u>\$ 18,267,076</u>	<u>\$ 1,565,555</u>
<u>Business-type activities:</u>					
Direct Placement					
Installment purchase.....	\$ 4,459,195	\$ -	\$ 417,139	\$ 4,042,056	\$ 424,139
Graham/Mebane Watershed					
Agreement.....	2,038,458	-	127,403	1,911,055	127,403
Graham/Mebane Capacity					
Agreement.....	2,482,464	-	200,000	2,282,464	200,000
Net pension liability (LGERS).....	207,071	125,308	-	332,379	-
Compensated absences.....	65,051	51,816	48,312	68,555	51,816
Total OPEB liability.....	799,290	20,249	-	819,539	-
Business-type activity					
long-term liabilities.....	<u>\$ 10,051,529</u>	<u>\$ 197,373</u>	<u>\$ 792,854</u>	<u>\$ 9,456,048</u>	<u>\$ 803,358</u>

Compensated absences and the net Other Postemployment Benefit obligation for governmental activities have typically been liquidated in the General Fund.

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2019, consist of the following:

Due to the General Fund for City Park expenditures
City Park Capital Project Fund..... \$ 87,311

Due from the City Park Capital Project Fund for City Park expenditures
General Fund..... \$ 87,311

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

A summary of interfund transfers for the fiscal year ended June 30, 2019 is as follows:

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

Cash Transfers:

Transfer from General Fund to:	
General Capital Project Fund.....	\$ 1,500,000
Water and Sewer Fund to:	
City Park Capital Project Fund.....	567,932
Transfer from Water and Sewer Fund to:	
Utility Capital Project Fund.....	500,000
Transfer from Utility Capital Reserve Fund to:	
Utility Capital Project Fund.....	50,000
Transfer from Water and Sewer Fund to:	
WRRF Upgrade Capital Project Fund.....	<u>583,000</u>
Total Cash Transfers.....	3,200,932

Non-cash Transfers:

Transfer from Utility Capital Projects Fund to:	
Water and Sewer Fund.....	495,388
Transfer from General Fund to:	
Water and Sewer Fund.....	7,350
Transfer from City Park Project Fund to:	
Water and Sewer Fund.....	<u>617,884</u>
Total.....	<u>\$ 4,321,554</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, 2019, the City made the following one-time transfers:

- 1) A transfer of \$1,500,000 from the General Fund to the General Capital Project Fund for capital improvements.
- 2) A transfer of \$567,932 from the Water and Sewer Fund to the City Park Capital Project Fund for capital improvements.
- 3) A transfer of \$500,000 from the Water and Sewer Fund to the Utility Capital Project Fund for capital improvements.
- 4) A transfer of \$50,000 from the Utility Capital Reserve Fund to the Utility Capital Project Fund for capital improvements.
- 5) A transfer of \$583,000 from the Water and Sewer Fund to the WRRF Upgrade Capital Project Fund to fund the capital project.
- 6) A transfer of \$495,388 from the Utility Capital Project Fund to the Water and Sewer Fund to close out current year non-capital expenditures included in the project fund.
- 7) A transfer of \$7,350 from the General Fund to the Water and Sewer Fund to transfer fixed assets at book value.
- 8) A transfer of \$617,884 from the City Park Capital Project Fund to the Water and Sewer Fund to close out capital assets.

City of Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

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 \$20,455, 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, 2019. Under State law the local board of trustees for the Fund receives an amount each year which the board may use at its own discretion for eligible firemen or their departments.

E. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital assets.....	\$ 54,184,211	\$ 47,220,521
less: long-term debt.....	9,645,101	8,235,576
add: unexpended debt proceeds.....	-	-
Net investment in capital assets.....	<u>\$ 44,539,110</u>	<u>\$ 38,984,945</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.....	\$ 13,391,693
Less: Nonspendable Prepaid Assets.....	(46,552)
Stabilization by State Statute.....	(2,746,286)
Appropriated Fund Balance in 2020 budget.....	(1,500,000)
Working Capital.....	(9,098,855)
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, 2019 were \$287,374 for the General Fund.

G. Jointly Governed Organization

The City, in conjunction with twelve counties and sixty other municipalities established the Piedmont Triad Regional Council (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member and one alternate if they so desire, to the Council's governing board. The City paid \$2,700 in general membership fees and \$6,000 in stormwater fees to the Council during the fiscal years ended June 30, 2019.

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, 2019. 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 Mebane, North Carolina
Notes to the Financial Statements
June 30, 2019

City of Graham and 33.3% interest for the City of Mebane. Due to relative growths of the populations in units of government, the parties agreed as February 3, 2014 to adjust the capacity, treatment and operational costs, improvements, upgrades, and repairs to be borne equally by the units. At this time, the City of Mebane also agreed to pay to the City of Graham an equalizing sum of \$2,548,070 for their capital interest. The amount is to be paid in twenty annual installments of \$127,403 with the first payment due July 31, 2014. No interest is included in the agreement. The balance of the payable as of June 30, 2019 was \$1,911,055.

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, 2019 was \$2,282,464.

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 October 30, 2019, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

M. Change in Accounting Estimates

During the year ended June 30, 2019, the City made the decision to eliminate the use of salvage values in their fixed asset depreciation and book value calculations. Any salvage values on the books at June 30, 2018 have been included in the basis for depreciation calculations for the year ended June 30, 2019. This change only affects the current year and prospective year estimates. The change does not affect any of the historical depreciation expense or book values.

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Required Supplementary Information

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

- **Schedule of Proportionate Share of Net Pension Liability (Asset) for Local Government Employees' Retirement System**
- **Schedule of Contributions to Local Government Employees' Retirement System**
- **Schedule of Proportionate Share of Net Pension Liability for Firefighters' and Rescue Squad Workers' Pension Plan**
- **Schedule of Changes in Total Pension Liability (Asset) for Firefighters' and Rescue Squad Workers' Pension Plan**
- **Schedule of Total Pension Liability as a Percentage of Covered Payroll for Law Enforcement Officers' Special Separation Allowance**
- **Schedule of 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 Five Fiscal Years *
June 30, 2019

Local Government Employees' Retirement System

	<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) (%).....	0.10735%	0.10919%	0.10681%	0.10043%	0.09862%	0.99260%
Mebane's proportion of the net pension liability (asset) (\$).....	\$ 2,546,709	\$ 1,668,121	\$ 2,266,866	\$ 450,724	\$ (581,608)	\$ 1,116,186
Mebane's covered payroll.....	\$ 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.....	38.94%	27.51%	37.84%	8.72%	(11.48%)	22.83%
Plan fiduciary net position as a percentage of the total pension liability **.....	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 Five Fiscal Years *
June 30, 2019

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution.....	\$ 526,288	\$ 364,077	\$ 438,800	\$ 404,627	\$ 376,969	\$ 353,916
Contributions in relation to the						
contractually required contribution.....	<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>
Mebane's covered payroll.....	\$ 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.....	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 Four Fiscal Years *
June 30, 2019

Firefighters' and Rescue Squad Workers' Pension

	<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%
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>75,430</u>	<u>61,719</u>	<u>45,002</u>	<u>38,775</u>	<u>31,152</u>
Total.....	<u>\$ 75,430</u>	<u>\$ 61,719</u>	<u>\$ 45,002</u>	<u>\$ 38,775</u>	<u>\$ 31,152</u>
Mebane's covered payroll.....	\$ 1,371,047	\$ 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.....	5.50%	4.79%	3.67%	3.06%	3.29%
Plan fiduciary net position as a percentage of the total pension liability.....	89.69%	89.35%	84.94%	91.40%	93.42%

* 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
June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance.....	\$ 574,870	\$ 427,541	\$ 400,968
Service cost.....	45,895	37,803	35,736
Interest on the total pension liability.....	18,057	16,370	14,155
Changes of benefit terms.....	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability.....	23,723	53,293	-
Changes of assumptions or other inputs.....	(34,476)	46,746	(14,371)
Benefit payments.....	(6,883)	(6,883)	(8,947)
Other changes.....	-	-	-
Ending balance of the total pension liability.....	<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.

City of Mebane, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total pension liability.....	\$ 621,186	\$ 574,870	\$ 427,541	\$ 400,968	\$ 258,154	\$ 238,533	\$ 226,153	\$ 224,291	\$ 267,638
Covered payroll.....	1,622,281	1,553,944	1,443,743	1,443,743	1,228,378	1,097,171	931,673	946,084	831,610
Total pension liability as a percentage of covered payroll...	38.29%	36.99%	29.61%	27.77%	21.02%	21.74%	24.27%	23.71%	32.18%

Notes to the Required Schedules

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

City of Mebane, North Carolina
Schedule of Changes in Total OPEB Liability and Related Ratios
June 30, 2019

<u>Total OPEB Liability</u>	<u>2019</u>	<u>2018</u>
Service cost.....	\$ 402,678	\$ 452,991
Interest	213,111	183,870
Changes of benefit terms.....	-	-
Differences between expected and actual experience.....	8,326	(9,652)
Changes of assumptions.....	(384,358)	(663,734)
Benefit payments.....	<u>(97,786)</u>	<u>(74,215)</u>
Net change in total OPEB liability.....	141,971	(110,740)
Total OPEB liability - beginning.....	<u>6,034,736</u>	<u>6,145,476</u>
Total OPEB liability - ending.....	<u>\$ 6,176,707</u>	<u>\$ 6,034,736</u>
Covered payroll.....	6,100,000	6,100,000
Total OPEB liability as a percentage of covered payroll.....	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>
2019	3.89%
2018	3.56%

Major Governmental Funds

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



City of Mebane, North Carolina
Comparative Balance Sheets
General Fund
June 30, 2019 and 2018

Statement A-1

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Assets		
Cash and equivalents.....	\$ 11,573,316	\$ 10,470,171
Restricted cash.....	769,571	794,986
Taxes receivable.....	100,615	81,687
Accounts receivable.....	91,638	103,279
Prepaid items.....	46,552	131,945
Advance to other funds.....	87,311	-
Due from other governments.....	2,279,962	2,338,347
Total assets.....	<u>\$ 14,948,965</u>	<u>\$ 13,920,415</u>
Liabilities, Deferred Inflows of Resources and Fund Balances		
Liabilities:		
Accounts payable	\$ 759,141	\$ 1,005,231
Due to other governments.....	21,765	6,433
Payable from restricted assets.....	584,374	628,847
Total liabilities.....	<u>1,365,280</u>	<u>1,640,511</u>
Deferred inflows of resources.....	191,991	82,494
Fund balances:		
Nonspendable:		
Prepaid assets.....	46,552	131,945
Restricted for:		
Stabilization by State Statute.....	2,746,286	2,673,951
Assigned:		
Subsequent year's expenditures.....	1,500,000	1,828,000
Unassigned.....	9,098,856	7,563,514
Total fund balances.....	<u>13,391,694</u>	<u>12,197,410</u>
Total liabilities, deferred inflows of resources and fund balances.....	<u>\$ 14,948,965</u>	<u>\$ 13,920,415</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, 2019

(With Comparative Totals for the Fiscal Year Ended June 30, 2018)

Statement A-2

	2019		Variance	
	Budget	Actual	Positive (Negative)	2018 Actual
Revenues				
Property taxes:				
Current and prior years.....	\$	\$ 10,386,661	\$	\$ 9,847,675
Penalties and interest, net of discounts.....		26,741		3,930
Total.....	<u>10,155,648</u>	<u>10,413,402</u>	<u>257,754</u>	<u>9,851,605</u>
Other taxes and licenses:				
Privilege licenses.....	<u>900</u>	<u>1,030</u>	<u>130</u>	<u>1,005</u>
Unrestricted intergovernmental:				
Local option sales tax.....		3,407,296		3,143,388
Telecommunications sales tax.....		89,220		96,923
Utility franchise tax.....		1,169,399		1,110,042
Video franchise fee.....		62,106		64,090
Beer and wine tax.....		57,739		55,687
ABC profit distribution.....		89,233		83,969
Tax sharing.....		198,593		278,273
Other.....		21,558		33,667
Total.....	<u>5,005,600</u>	<u>5,095,144</u>	<u>89,544</u>	<u>4,866,039</u>
Restricted intergovernmental:				
Powell Bill allocation.....		351,935		343,853
Controlled substance tax.....		1,171		6,167
ABC Revenue for law enforcement.....		17,761		22,001
Solid waste disposal tax.....		9,928		8,542
On-behalf of payments - fire.....		48,180		41,381
Federal equitable sharing.....		82,049		150,169
One NC Grant.....		-		182,500
Other grants and awards.....		10,436		54,800
Fire district tax funds.....		461,922		456,555
Total.....	<u>882,300</u>	<u>983,382</u>	<u>101,082</u>	<u>1,265,968</u>
Permits and fees:				
Building permits.....		294,134		190,930
Inspection fees.....		241,330		207,429
Planning fees.....		16,425		-
Street and utility inspection fees.....		39,318		9,280
Development fees.....		320,000		-
Other.....		4,397		3,941
Total.....	<u>808,000</u>	<u>915,604</u>	<u>107,604</u>	<u>411,580</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, 2019

(With Comparative Totals for the Fiscal Year Ended June 30, 2018)

Statement A-2

	2019		Variance	
	Budget	Actual	Positive (Negative)	2018 Actual
Revenues (continued)				
Sales and services:				
Recreation department fees.....	\$	\$ 97,893	\$	\$ 92,468
Sanitation fees.....		364,294		349,815
Other.....		32,500		19,750
Total.....	<u>440,450</u>	<u>494,687</u>	<u>54,237</u>	<u>462,033</u>
Investment earnings.....	<u>12,000</u>	<u>120,310</u>	<u>108,310</u>	<u>47,386</u>
Miscellaneous:				
Material sales.....		5,353		11,260
Rent.....		60,488		60,580
Other grants and awards.....		-		-
Other.....		40,859		105,666
Total.....	<u>117,025</u>	<u>106,700</u>	<u>(10,325)</u>	<u>177,506</u>
Total revenues.....	<u>17,421,923</u>	<u>18,130,259</u>	<u>708,336</u>	<u>17,083,122</u>
Expenditures				
General government:				
City Council:				
Salaries and employee benefits.....		58,912		58,894
Other operating expenditures.....		19,668		24,741
Total.....	<u>86,160</u>	<u>78,580</u>	<u>7,580</u>	<u>83,635</u>
Administration:				
Salaries and employee benefits.....		625,532		626,523
Other operating expenditures.....		161,641		204,594
Capital outlay.....		-		26,973
Total.....	<u>1,000,378</u>	<u>787,173</u>	<u>213,205</u>	<u>858,090</u>
Finance:				
Salaries and employee benefits.....		268,486		264,455
Other operating expenditures.....		217,803		220,485
Capital outlay.....		23,325		75,192
Total.....	<u>646,684</u>	<u>509,614</u>	<u>137,070</u>	<u>560,132</u>
Information Technology:				
Salaries and employee benefits.....		68,261		73,028
Other operating expenditures.....		124,848		115,699
Capital outlay.....		2,759		17,771
Total.....	<u>254,892</u>	<u>195,868</u>	<u>59,024</u>	<u>206,498</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, 2019

(With Comparative Totals for the Fiscal Year Ended June 30, 2018)

Statement A-2

	2019		Variance	
	Budget	Actual	Positive (Negative)	2018 Actual
Expenditures (continued)				
General government:				
Non-departmental:				
Salaries and employee benefits.....	\$	\$ 85,074	\$	\$ 63,862
Other operating expenditures.....		523,302		472,681
Total.....	684,043	608,376	75,667	536,543
Total general government.....	2,672,157	2,179,611	492,546	2,244,898
Public safety:				
Police:				
Salaries and employee benefits.....		2,983,045		2,695,189
Maintenance.....		125,385		99,429
Other operating expenditures.....		476,071		442,300
Capital outlay.....		257,986		347,736
Total.....	4,152,227	3,842,487	309,740	3,584,654
Fire:				
Salaries and employee benefits.....		2,178,171		2,009,014
Maintenance.....		125,900		128,583
Other operating expenditures.....		335,857		398,923
Capital outlay.....		62,370		405,407
Total.....	2,775,248	2,702,298	72,950	2,941,927
Total public safety.....	6,927,475	6,544,785	382,690	6,526,581
Public works:				
Public works:				
Salaries and employee benefits.....		574,721		563,737
Maintenance.....		536,498		716,019
Other operating expenditures.....		303,116		555,214
Capital outlay.....		24,352		129,329
Total.....	1,868,998	1,438,687	430,311	1,964,299
Public facilities:				
Salaries and employee benefits.....		280,765		254,576
Maintenance.....		240,859		210,121
Other operating expenditures.....		108,009		34,869
Capital outlay.....		-		56,329
Total.....	787,506	629,633	157,873	555,895

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, 2019

(With Comparative Totals for the Fiscal Year Ended June 30, 2018)

Statement A-2

	2019		Variance	
	Budget	Actual	Positive (Negative)	2018 Actual
Expenditures (continued)				
Sanitation:				
Salaries and employee benefits.....		\$ 416,041		\$ 377,019
Maintenance.....		152,397		89,641
Tipping fees.....		356,617		320,443
Other operating expenditures.....		120,250		93,382
Total.....	<u>1,143,213</u>	<u>1,045,305</u>	<u>97,908</u>	<u>880,485</u>
Total public works.....	<u>3,799,717</u>	<u>3,113,625</u>	<u>686,092</u>	<u>3,400,679</u>
Recreation:				
Parks and recreation:				
Salaries and employee benefits.....		830,179		654,994
Maintenance.....		202,331		115,123
Other operating expenditures.....		303,072		356,142
Capital outlay.....		109,738		702,682
Total.....	<u>1,801,867</u>	<u>1,445,320</u>	<u>356,547</u>	<u>1,828,941</u>
Total recreation.....	<u>1,801,867</u>	<u>1,445,320</u>	<u>356,547</u>	<u>1,828,941</u>
Economic and physical development:				
Planning:				
Salaries and employee benefits.....		232,257		219,417
Maintenance.....		4,582		7,410
Professional services.....		-		240,186
Downtown Revitalization Grant.....		31,968		63,470
Other operating expenditures.....		38,669		31,771
Capital outlay.....		-		-
Total.....	<u>429,618</u>	<u>307,476</u>	<u>122,142</u>	<u>562,254</u>
Inspections:				
Salaries and employee benefits.....		336,374		336,764
Maintenance.....		2,562		742
Professional services.....		-		-
Other operating expenditures.....		26,275		19,311
Capital outlay.....		-		25,220
Total.....	<u>518,406</u>	<u>365,211</u>	<u>153,195</u>	<u>382,037</u>
Engineering:				
City Engineer contracted services.....		76,231		-
Professional services.....		195,316		-
Total.....	<u>370,700</u>	<u>271,547</u>	<u>99,153</u>	<u>-</u>

City of Mebane, North Carolina

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

For the Fiscal Year Ended June 30, 2019

(With Comparative Totals for the Fiscal Year Ended June 30, 2018)

Statement A-2

	2019		Variance	
	Budget	Actual	Positive (Negative)	2018 Actual
Expenditures (continued)				
Economic development:				
Other operating expenditures.....	\$	\$ 310,836	\$	\$ 933,883
Total.....	592,026	310,836	281,190	933,883
Total economic and physical development.....	1,910,750	1,255,070	655,680	1,878,174
Debt Service:				
Principal Retirement.....	1,436,166	1,347,620	88,546	1,316,286
Interest and other charges.....	304,219	285,412	18,807	306,592
Total debt service.....	1,740,385	1,633,032	107,353	1,622,878
Total expenditures.....	18,852,351	16,171,443	2,680,908	17,502,151
Excess (deficiency) of revenues over expenditures.....	(1,430,428)	1,958,816	3,389,244	(419,029)
Other Financing Sources (Uses)				
Transfers in.....	-	-	-	212,399
Transfers out.....	(2,005,274)	(1,500,000)	505,274	(1,512,411)
Proceeds from long-term debt obligations issued.....	677,077	735,468	58,391	431,873
Total other financing sources (uses).....	(1,328,197)	(764,532)	563,665	(868,139)
Fund balance appropriated.....	2,758,625	-	(2,758,625)	-
Net change in fund balances.....	\$ -	1,194,284	\$ 1,194,284	(1,287,168)
Fund balances - beginning		12,197,410		13,484,578
Fund balances - ending.....		\$ 13,391,694		\$ 12,197,410

City of Mebane, North Carolina
Comparative Balance Sheets
Capital Project Fund - City Park Project
June 30, 2019 and 2018

Statement A-3

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Assets		
Cash and equivalents.....	\$ -	\$ 2,358,926
Restricted cash.....	-	-
Total assets.....	<u>\$ -</u>	<u>\$ 2,358,926</u>
Liabilities and Fund Balances		
Liabilities:		
Accounts payable	\$ 149,999	\$ 621,042
Due to other funds.....	<u>87,311</u>	<u>-</u>
Total liabilities.....	<u>237,310</u>	<u>621,042</u>
Fund balances:		
Assigned for		
City Park Capital Outlay.....	<u>(237,310)</u>	<u>1,737,884</u>
Total fund balances.....	<u>(237,310)</u>	<u>1,737,884</u>
Total liabilities and fund balances.....	<u>\$ -</u>	<u>\$ 2,358,926</u>

City of Mebane, North Carolina

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

Capital Project Fund - City Park Project

From Inception and For the Year Ended June 30, 2019

Statement A-4

	<u>Actual</u>				<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u> <u>(Negative)</u>
Revenues					
Investment earnings.....	\$ 102,758	\$ 88,367	\$ 56,775	\$ 145,142	\$ 42,384
Parks and Recreation Trust Fund Grant.....	335,000	-	355,802	355,802	20,802
Miscellaneous grants.....	150,000	135,000	50,000	185,000	35,000
Total revenues.....	587,758	223,367	462,577	685,944	98,186
Expenditures					
Professional services.....	746,081	682,112	33,473	715,585	30,496
Land purchase.....	662,584	662,584	-	662,584	-
Capital outlay - buildings.....	1,025,883	425,255	598,658	1,023,913	1,970
Construction.....	7,157,136	4,693,552	2,117,536	6,811,088	346,048
Utility construction.....	710,870	578,306	(10,374)	567,932	142,938
Equipment.....	-	-	266,410	266,410	(266,410)
Total expenditures.....	10,302,554	7,041,809	3,005,703	10,047,512	255,042
Revenue over (under) expenditures.....	(9,714,796)	(6,818,442)	(2,543,126)	(9,361,568)	353,228
Other Financing Sources (Uses)					
Operating transfers in:					
From General Fund for					
capital improvements.....	3,091,326	2,726,326	-	2,726,326	(365,000)
From Utility Fund for					
capital improvements.....	793,470	-	567,932	567,932	(225,538)
Installment purchase obligations					
issued.....	5,830,000	5,830,000	-	5,830,000	-
Total other financing sources (uses).....	9,714,796	8,556,326	567,932	9,124,258	(590,538)
Revenues and other sources over (under)					
expenditures and other uses.....	\$ -	\$ 1,737,884	(1,975,194)	\$ (237,310)	\$ (237,310)
Fund balance, July 1.....			1,737,884		
Fund balance, June 30.....			\$ (237,310)		

Non-Major Governmental Funds

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

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



City of Mebane, North Carolina
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

Statement B-1

	<u>Special</u> <u>Revenue Fund</u> <u>- CDBG -</u> <u>Mebane Mills</u> <u>Loft</u>	<u>Capital Project</u> <u>Fund - General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Fund -</u> <u>Impact</u> <u>Alamance</u> <u>Grant</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
Assets				
Cash and cash equivalents	\$ -	\$ 1,202,465	\$ -	\$ 1,202,465
Restricted cash.....	98,182	-	-	98,182
Total assets.....	<u>\$ 98,182</u>	<u>\$ 1,202,465</u>	<u>\$ -</u>	<u>\$ 1,300,647</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable.....	\$ -	\$ 80,341	\$ -	\$ 80,341
Total liabilities	<u>-</u>	<u>80,341</u>	<u>-</u>	<u>80,341</u>
Fund balances:				
Restricted				
Economic development.....	98,182	-	-	98,182
Assigned				
Capital improvements.....	-	1,122,124	-	1,122,124
Total fund balances.....	<u>98,182</u>	<u>1,122,124</u>	<u>-</u>	<u>1,220,306</u>
Total liabilities and fund balances.....	<u>\$ 98,182</u>	<u>\$ 1,202,465</u>	<u>\$ -</u>	<u>\$ 1,300,647</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, 2019 **Statement B-2**

	<u>Special Revenue</u>		<u>Special Revenue</u>	<u>Total</u>
	<u>Fund - CDBG - Mebane Mills</u>	<u>Capital Project Fund -</u>	<u>Fund - Impact Alamance</u>	<u>Nonmajor Governmental</u>
	<u>Loft</u>	<u>General Fund</u>	<u>Grant</u>	<u>Funds</u>
Revenues				
Program revenue.....	\$ 10,914	\$ -	\$ -	\$ 10,914
Interest earnings.....	3,640	-	-	3,640
Impact Alamance grant.....	-	250,000	-	250,000
Total revenues.....	<u>14,554</u>	<u>250,000</u>	<u>-</u>	<u>264,554</u>
Expenditures				
Capital outlay - other.....	-	627,876	-	627,876
Capital outlay - equipment.....	-	-	19,138	19,138
Total expenditures.....	<u>-</u>	<u>627,876</u>	<u>19,138</u>	<u>647,014</u>
Excess (deficiency) of revenues over expenditures	<u>14,554</u>	<u>(377,876)</u>	<u>(19,138)</u>	<u>(382,460)</u>
Other Financing Sources (Uses)				
Transfers from other funds.....	-	1,500,000	-	1,500,000
Transfers to other funds.....	-	-	-	-
Total Other Financing Sources (Uses).....	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>1,500,000</u>
Net change in fund balances.....	14,554	1,122,124	(19,138)	1,117,540
Fund balances - beginning.....	83,628	-	19,138	102,766
Fund balances - ending.....	<u>\$ 98,182</u>	<u>\$ 1,122,124</u>	<u>\$ -</u>	<u>\$ 1,220,306</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, 2019

Statement B-3

			<u>Actual</u>		<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current</u>	<u>Total to Date</u>	<u>Positive</u>
			<u>Year</u>		<u>(Negative)</u>
Revenues					
CDBG.....	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
Program revenue- principal receipts.....	-	54,782	10,914	65,696	65,696
Program revenue- interest receipts.....	-	28,846	3,012	31,858	31,858
Investment earnings.....	-	-	628	628	628
Total revenues.....	<u>250,000</u>	<u>333,628</u>	<u>14,554</u>	<u>348,182</u>	<u>98,182</u>
Expenditures					
Pedestrian improvements.....	56,700	56,700	-	56,700	-
Historic preservation.....	145,645	145,645	-	145,645	-
Other activities.....	27,655	27,655	-	27,655	-
Administration.....	20,000	20,000	-	20,000	-
Total expenditures.....	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
Revenue over (under) expenditures.....	<u>-</u>	<u>83,628</u>	<u>14,554</u>	<u>98,182</u>	<u>98,182</u>
Net change in fund balance.....	<u>\$ -</u>	<u>\$ 83,628</u>	14,554	<u>\$ 98,182</u>	<u>\$ 98,182</u>
Fund balance, July 1.....			83,628		
Fund balance, June 30.....			<u>\$ 98,182</u>		

City of Mebane, North Carolina

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

Capital Project Fund - General Fund

From Inception and For the Year Ended June 30, 2019

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>
Revenues					
Impact Alamance Grant- Cates Farm.....	\$ 250,000	\$ -	\$ 250,000	\$ 250,000	\$ -
Total revenues.....	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Expenditures					
Art.....	30,000	-	4,270	4,270	25,730
Holt St Greenway.....	219,700	-	-	-	219,700
Bike and Ped maintenance.....	39,000	-	-	-	39,000
Miscellaneous contracted services.....	14,700	-	-	-	14,700
3rd Street Alleyway- drainage maint.....	150,000	-	-	-	150,000
Streets capital construction.....	569,044	-	-	-	569,044
Sidewalk construction.....	423,400	-	151,536	151,536	271,864
Police capital equipment.....	469,430	-	469,430	469,430	-
Fire vehicles.....	90,000	-	-	-	90,000
Capital Outlay - Cates Farm Park.....	250,000	-	2,640	2,640	247,360
Total expenditures.....	<u>2,255,274</u>	<u>-</u>	<u>627,876</u>	<u>627,876</u>	<u>1,627,398</u>
Revenue over (under) expenditures.....	<u>(2,005,274)</u>	<u>-</u>	<u>(377,876)</u>	<u>(377,876)</u>	<u>1,627,398</u>
Other Financing Sources (Uses)					
Operating transfers in:					
From General Fund for					
capital improvements.....	2,005,274	-	1,500,000	1,500,000	(505,274)
Total other financing sources (uses).....	<u>2,005,274</u>	<u>-</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>(505,274)</u>
Revenues and other sources over (under)					
expenditures and other uses.....	<u>\$ -</u>	<u>\$ -</u>	<u>1,122,124</u>	<u>\$ 1,122,124</u>	<u>\$ 1,122,124</u>
Fund balance, July 1.....			-		
Fund balance, June 30.....			<u>\$ 1,122,124</u>		

City of Mebane, North Carolina

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

Special Revenue Fund - Impact Alamance Grant

From Inception and For the Year Ended June 30, 2019

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>
Revenues					
Impact Alamance grant.....	\$ 80,000	\$ 80,000	\$ -	\$ 80,000	\$ -
Total revenues.....	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>-</u>
Expenditures					
Small equipment.....	17,200	16,087	-	16,087	1,113
Capital outlay - other	104,800	87,501	-	87,501	17,299
Capital outlay - equipment.....	18,000	17,274	19,138	36,412	(18,412)
Total expenditures.....	<u>140,000</u>	<u>120,862</u>	<u>19,138</u>	<u>140,000</u>	<u>-</u>
Revenue over (under) expenditures.....	<u>(60,000)</u>	<u>(40,862)</u>	<u>(19,138)</u>	<u>(60,000)</u>	<u>-</u>
Other Financing Sources (Uses)					
Operating transfers in:					
From General Fund for					
capital improvements.....	60,000	60,000	-	60,000	-
Total other financing sources (uses).....	<u>60,000</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>-</u>
Revenues and other sources over (under)					
expenditures and other uses.....	<u>\$ -</u>	<u>\$ 19,138</u>	<u>(19,138)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, July 1.....			19,138		
Fund balance, June 30.....			<u>\$ -</u>		

Intentionally
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Proprietary Funds

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

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



City of Mebane, North Carolina
Comparative Statement of Net Position
Proprietary Funds
June 30, 2019 and 2018

Statement C-1

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Assets		
Current assets:		
Cash and equivalents.....	\$ 8,102,532	\$ 9,227,258
Restricted cash.....	1,132,304	503,249
Accounts Receivable, net - billed.....	558,934	523,261
Accounts Receivable, net - unbilled.....	243,547	238,576
Other receivables.....	1,049	-
Due from other governments.....	-	2,600
Prepaid items.....	-	1,310
Total current assets.....	<u>10,038,366</u>	<u>10,496,254</u>
Non-current assets:		
Capital assets:		
Land and other non-depreciable assets.....	654,952	281,094
Other capital assets, net of depreciation.....	46,565,569	46,821,649
Total capital assets.....	<u>47,220,521</u>	<u>47,102,743</u>
Total non-current assets.....	<u>47,220,521</u>	<u>47,102,743</u>
Total assets.....	<u>57,258,887</u>	<u>57,598,997</u>
Deferred outflows of resources.....	<u>525,612</u>	<u>349,970</u>
Total assets and deferred outflows of resources.....	<u>\$ 57,784,499</u>	<u>\$ 57,948,967</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 241,867	\$ 231,726
Accrued interest payable.....	43,700	47,488
Due to other governments.....	191,461	499,004
Payable from restricted assets.....	545,696	503,249
Compensated absences.....	51,816	44,782
Long-term debt - current.....	751,542	744,542
Total current liabilities.....	<u>1,826,082</u>	<u>2,070,791</u>
Noncurrent liabilities:		
Compensated absences.....	16,738	20,268
Net pension liability.....	332,379	207,071
Other postemployment benefits.....	819,539	799,290
Long-term debt - noncurrent.....	7,484,034	8,235,576
Total noncurrent liabilities.....	<u>8,652,690</u>	<u>9,262,205</u>
Total liabilities.....	<u>10,478,772</u>	<u>11,332,996</u>
Deferred inflows of resources.....	<u>114,256</u>	<u>80,321</u>
Net Position		
Net investment in capital assets.....	38,984,945	38,122,626
Restricted for future system development.....	586,608	-
Unrestricted	7,619,918	8,413,024
Total net position.....	<u>47,191,471</u>	<u>46,535,650</u>
Total liabilities, deferred outflows of resources, and net position.....	<u>\$ 57,784,499</u>	<u>\$ 57,948,967</u>

City of Mebane, North Carolina
Combining Statement of Net Position
Proprietary Funds - By Subfund
June 30, 2019

Statement C-2

	<u>Operating</u>	<u>System</u> <u>Development</u> <u>Special</u> <u>Revenue Fund</u>	<u>Capital</u> <u>Project Fund -</u> <u>Utility</u>	<u>WRRF</u> <u>Upgrade</u> <u>Capital</u> <u>Project Fund</u>	<u>Total</u>
	<u>Fund</u>				
Assets					
Current assets:					
Cash and equivalents.....	\$ 6,132,656	\$ -	\$ 1,386,876	\$ 583,000	\$ 8,102,532
Restricted cash.....	545,696	586,608	-	-	1,132,304
Accounts receivable, net - billed.....	558,934	-	-	-	558,934
Accounts receivable, net - unbilled.....	243,547	-	-	-	243,547
Other receivables.....	1,049	-	-	-	1,049
Due from other governments.....	-	-	-	-	-
Prepaid items.....	-	-	-	-	-
Non-capital eliminations.....	495,388	-	(495,388)	-	-
Total current assets.....	<u>7,977,270</u>	<u>586,608</u>	<u>891,488</u>	<u>583,000</u>	<u>10,038,366</u>
Non-current assets:					
Capital assets:					
Land and other non-depreciable assets.....	654,952	-	-	-	654,952
Other capital assets, net of depreciation.....	46,565,569	-	-	-	46,565,569
Total capital assets.....	<u>47,220,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,220,521</u>
Total non-current assets.....	<u>47,220,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,220,521</u>
Total assets.....	<u>55,197,791</u>	<u>586,608</u>	<u>891,488</u>	<u>583,000</u>	<u>57,258,887</u>
Deferred outflows of resources.....	<u>525,612</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>525,612</u>
Total assets and deferred outflows					
of resources.....	<u>\$ 55,723,403</u>	<u>\$ 586,608</u>	<u>\$ 891,488</u>	<u>\$ 583,000</u>	<u>\$ 57,784,499</u>
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities.....	\$ 241,867	\$ -	\$ -	\$ -	\$ 241,867
Accrued interest payable.....	43,700	-	-	-	43,700
Due to other governments.....	191,461	-	-	-	191,461
Payable from restricted assets.....	545,696	-	-	-	545,696
Compensated absences.....	51,816	-	-	-	51,816
Long-term debt - current.....	751,542	-	-	-	751,542
Total current liabilities.....	<u>1,826,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,826,082</u>
Noncurrent liabilities:					
Compensated absences.....	16,738	-	-	-	16,738
Net pension liability.....	332,379	-	-	-	332,379
Other postemployment benefits.....	819,539	-	-	-	819,539
Long-term debt - noncurrent.....	7,484,034	-	-	-	7,484,034
Total noncurrent liabilities.....	<u>8,652,690</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,652,690</u>
Total liabilities.....	<u>10,478,772</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,478,772</u>
Deferred inflows of resources.....	<u>114,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,256</u>
Net Position					
Net investment in capital assets.....	38,984,945	-	-	-	38,984,945
Restricted for future system development.....	-	586,608	-	-	586,608
Unrestricted	6,145,430	-	891,488	583,000	7,619,918
Total net position.....	<u>45,130,375</u>	<u>586,608</u>	<u>891,488</u>	<u>583,000</u>	<u>47,191,471</u>
Total liabilities, deferred outflows					
of resources, and net position.....	<u>\$ 55,723,403</u>	<u>\$ 586,608</u>	<u>\$ 891,488</u>	<u>\$ 583,000</u>	<u>\$ 57,784,499</u>

City of Mebane, North Carolina
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Proprietary Funds - By Subfund
June 30, 2019

Statement C-3

	<u>Operating</u>	<u>System</u>	<u>Capital</u>	<u>WRRF</u>		
	<u>Fund</u>	<u>Development</u>	<u>Project Fund -</u>	<u>Upgrade</u>		
		<u>Special</u>	<u>Utility</u>	<u>Capital</u>	<u>Eliminations</u>	<u>Total</u>
		<u>Revenue Fund</u>		<u>Project Fund</u>		
Operating Revenues						
Charges for services.....	\$ 5,752,238	\$ -	\$ -	\$ -	\$ -	\$ 5,752,238
Water and sewer taps.....	35,470	-	-	-	-	35,470
Connection fees.....	245,200	633,826	-	-	-	879,026
Miscellaneous.....	329,088	-	-	-	-	329,088
Total operating revenues.....	6,361,996	633,826	-	-	-	6,995,822
Operating Expenses						
Administration, meters and billing.....	780,897	-	-	-	-	780,897
Utility maintenance.....	2,084,878	-	-	-	-	2,084,878
Engineering.....	238,581	-	-	-	-	238,581
Water resource recovery facility.....	2,039,446	-	-	-	-	2,039,446
Non-departmental.....	11,498	-	-	-	-	11,498
Depreciation.....	1,488,275	-	-	-	-	1,488,275
Total operating expenses.....	6,643,575	-	-	-	-	6,643,575
Operating income (loss).....	(281,579)	633,826	-	-	-	352,247
Nonoperating revenues (expenses)						
Interest and investment revenue.....	60,554	2,782	-	-	-	63,336
Other.....	75,489	-	-	-	-	75,489
Interest expense.....	(112,533)	-	-	-	-	(112,533)
Amortization of bonds.....	(6,840)	-	-	-	-	(6,840)
Total nonoperating						
revenues (expenses).....	16,670	2,782	-	-	-	19,452
Income (loss) before						
contributions and transfers.....	(264,909)	636,608	-	-	-	371,699
Capital contributions.....	226,820	-	-	-	-	226,820
Expense transfer from projects.....	521,583	-	(521,583)	-	-	-
Transfers in.....	1,120,622	-	550,000	583,000	(1,628,388)	625,234
Transfers out.....	(1,650,932)	(50,000)	(495,388)	-	1,628,388	(567,932)
Change in net position.....	(46,816)	586,608	(466,971)	583,000	-	655,821
Total net position - beginning.....	45,177,191	-	1,358,459	-	-	46,535,650
Total net position - ending.....	\$ 45,130,375	\$ 586,608	\$ 891,488	\$ 583,000	\$ -	\$ 47,191,471

City of Mebane, North Carolina
Schedule of Revenues and Expenditures - Budget to Actual
Water and Sewer Fund
For the Fiscal Year Ended June 30, 2019
(With Comparative Totals for the Fiscal Year Ended June 30, 2018) **Statement C-4**

	2019		Variance	
	Budget	Actual	Positive (Negative)	2018 Actual
Revenues				
Charges for services:				
Water sales.....	\$	\$ 2,914,079	\$	\$ 2,848,670
Sewer charges.....		2,839,163		2,632,477
Water and sewer taps.....		35,470		120,654
Total.....	<u>6,052,340</u>	<u>5,788,712</u>	<u>(263,628)</u>	<u>5,601,801</u>
Other operating revenues:				
Other operating revenues.....		574,289		1,008,375
Total.....	<u>287,050</u>	<u>574,289</u>	<u>287,239</u>	<u>1,008,375</u>
Other nonoperating revenues:				
Other.....		75,489		193,241
Interest and investment earnings.....		60,554		20,866
Total.....	<u>34,000</u>	<u>136,043</u>	<u>102,043</u>	<u>214,107</u>
Total revenues.....	<u>6,373,390</u>	<u>6,499,044</u>	<u>125,654</u>	<u>6,824,283</u>
Expenditures				
Administration, meters and billing:				
Salaries and employee benefits.....		650,530		666,415
Supplies.....		49,385		37,185
Other operating expenditures.....		79,480		155,651
Total.....	<u>900,498</u>	<u>779,395</u>	<u>121,103</u>	<u>859,251</u>
Utility maintenance:				
Salaries and employee benefits.....		767,803		544,516
Chemicals.....		80,201		83,454
Supplies.....		99,469		121,230
Maintenance.....		130,733		47,533
Purchases of water		642,444		925,632
Highway 119 project expenses.....		-		117,351
Other operating expenditures.....		360,120		495,556
Total.....	<u>2,954,312</u>	<u>2,080,770</u>	<u>873,542</u>	<u>2,335,272</u>
Engineering:				
City Engineer contracted services.....		67,052		-
Other operating expenditures.....		171,529		-
Total.....	<u>246,000</u>	<u>238,581</u>	<u>7,419</u>	<u>-</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, 2019
(With Comparative Totals for the Fiscal Year Ended June 30, 2018) **Statement C-4**

	2019		Variance	
	Budget	Actual	Positive (Negative)	2018 Actual
Expenditures (continued)				
Water resource recovery facility:				
Salaries and employee benefits.....		\$ 701,958		\$ 600,975
Chemicals.....		119,892		76,353
Supplies.....		52,181		35,504
Maintenance.....		141,544		343,705
Other operating expenditures.....		533,579		205,233
Total.....	<u>1,645,380</u>	<u>1,549,154</u>	<u>96,226</u>	<u>1,261,770</u>
Non-departmental:				
Other operating expenditures.....		11,498		-
Total.....	<u>62,000</u>	<u>11,498</u>	<u>50,502</u>	<u>-</u>
Debt Service:				
Principal Retirement.....	845,793	744,142	101,651	832,542
Interest and other charges.....	156,821	116,321	40,500	133,177
Total.....	<u>1,002,614</u>	<u>860,463</u>	<u>142,151</u>	<u>965,719</u>
Capital outlay:				
Miscellaneous water.....	1,442,891	663,496	779,395	263,561
Miscellaneous sewer.....	71,324	64,307	7,017	138,356
Total.....	<u>1,514,215</u>	<u>727,803</u>	<u>786,412</u>	<u>401,917</u>
Total expenditures.....	<u>8,325,019</u>	<u>6,247,664</u>	<u>2,077,355</u>	<u>5,823,929</u>
Excess (deficiency) of revenues over expenditures.....	<u>(1,951,629)</u>	<u>251,380</u>	<u>2,203,009</u>	<u>1,000,354</u>
Other Financing Sources (Uses)				
Transfers in.....	-	-	-	37,566
Transfers out.....	(1,876,470)	(1,650,932)	225,538	(1,166,294)
Total other financing sources (uses).....	<u>(1,876,470)</u>	<u>(1,650,932)</u>	<u>225,538</u>	<u>(1,128,728)</u>
Fund balance appropriated.....	<u>3,828,099</u>	<u>-</u>	<u>(3,828,099)</u>	<u>-</u>
Revenues and other sources over expenditures and other uses.....	<u>\$ -</u>	<u>\$ (1,399,552)</u>	<u>\$ (1,399,552)</u>	<u>\$ (128,374)</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, 2019
(With Comparative Totals for the Fiscal Year Ended June 30, 2018) **Statement C-4**

	<u>2019</u>		<u>Variance</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2018 Actual</u>
			<u>(Negative)</u>	
Reconciliation from budgetary basis				
(modified accrual) to full accrual:				
Revenues and other sources over				
expenditures and other uses.....		\$ (1,399,552)		\$ (128,374)
Reconciling items:				
Principal retirement.....		744,142		832,542
Capital outlays.....		727,803		401,917
Increase (decrease) in receivable allowance.....		(5,975)		45,400
Increase (decrease) in unbilled receivables.....		4,970		20,733
(Increase) decrease in accrued interest payable.....		3,788		(32,248)
(Increase) decrease in vacation pay.....		(3,504)		(8,304)
Increase (decrease) in deferred outflows of resources - pensions.....		177,351		(79,321)
(Increase) decrease in net pension liability.....		(125,308)		73,613
(Increase) decrease in deferred inflows of resources - pensions.....		4,884		3,959
Increase (decrease) in deferred outflows of resources - OPEB.....		5,132		7,630
(Increase) decrease in deferred inflows of resources - OPEB.....		(38,820)		(74,067)
(Increase) decrease in OPEB liability.....		(20,249)		13,615
Depreciation.....		(1,488,275)		(1,268,489)
Amortization of deferred loss on refunding.....		(6,840)		(1,964)
Capital contributions.....		226,820		2,508,340
Interest income from Water and Sewer Capital Project Funds.....		2,782		7,429
Capital asset transfers from other funds.....		625,234		-
Restricted income from System Development Capital Reserve Fund.....		633,826		-
Net Transfers to (from) Capital Project funds.....		587,612		1,046,516
Total reconciling items.....		2,055,373		3,497,301
Change in net position.....		<u>\$ 655,821</u>		<u>\$ 3,368,927</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, 2019

(With Comparative Totals for the Fiscal Year Ended June 30, 2018)

Statement C-5

	2019		Variance	
	Budget	Actual	Positive	2018 Actual
			(Negative)	
Revenues				
Charges for services:				
System Development Fees- Water.....	\$	\$ 567,176	\$	\$ -
System Development Fees- Sewer.....		66,650		-
Total.....	450,000	633,826	183,826	-
Other nonoperating revenues:				
Interest and investment earnings.....		2,782		-
Total.....	-	2,782	2,782	-
Total revenues.....	450,000	636,608	186,608	-
Excess (deficiency) of revenues				
over expenditures.....	450,000	636,608	186,608	-
Other Financing Sources (Uses)				
Transfers to other funds:				
Utility Capital Project Fund.....	(50,000)	(50,000)	-	-
Utility Capital Reserve.....	(400,000)	-	400,000	-
Total other financing sources (uses).....	(450,000)	(50,000)	400,000	-
Revenues and other sources over				
expenditures and other uses.....	\$ -	\$ 586,608	\$ 586,608	\$ -

City of Mebane, North Carolina

Schedule of Revenues and Expenditures - Budget to Actual

Capital Project Fund - Utility

For the Fiscal Year Ended June 30, 2019

(With Comparative Totals for the Fiscal Year Ended June 30, 2018)

Statement C-6

	2019		Variance	
	Budget	Actual	Positive	2018 Actual
			(Negative)	
Expenditures				
Oversizing sewer lines.....	\$	\$ 20,000	\$	\$ -
Meter changeout project.....		495,388		206,564
Effluent outfall.....		-		361,966
WRRF floodwall.....		6,195		39,305
Total expenditures.....	559,695	521,583	(38,112)	607,835
Excess (deficiency) of revenues				
over expenditures.....	(559,695)	(521,583)	38,112	(607,835)
Other Financing Sources (Uses)				
Operating transfers in (out):				
From Water and Sewer Fund for				
utility capital improvements.....	500,000	500,000	-	1,966,294
From Utility Capital Reserve Fund				
for utility capital improvements.....	50,000	50,000	-	-
To Water and Sewer Fund				
for current expenditures.....	-	(495,388)	(495,388)	-
Appropriated fund balance.....	9,695	-	(9,695)	-
Total other financing sources (uses).....	559,695	54,612	(505,083)	1,966,294
Revenues and other sources over				
expenditures and other uses.....	\$ -	\$ (466,971)	\$ (466,971)	\$ 1,358,459

City of Mebane, North Carolina

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

WRRF Upgrade Capital Project Fund

From Inception and For the Year Ended June 30, 2019

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>
Expenditures					
Professional services.....	\$ 27,000	\$ -	\$ -	\$ -	\$ (27,000)
Design and engineering.....	530,000	-	-	-	(530,000)
Contingency.....	26,000	-	-	-	(26,000)
Total expenditures.....	<u>583,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(583,000)</u>
Revenue over (under) expenditures.....	<u>(583,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>583,000</u>
Other Financing Sources (Uses)					
Operating transfers in:					
From Water and Sewer Fund for					
utility capital improvements.....	583,000	-	583,000	583,000	-
Total other financing sources (uses).....	<u>583,000</u>	<u>-</u>	<u>583,000</u>	<u>583,000</u>	<u>-</u>
Revenues and other sources over (under)					
expenditures and other uses.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 583,000</u>	<u>\$ 583,000</u>	<u>\$ 583,000</u>

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Additional Financial Data

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

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



City of Mebane, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2019

Schedule D-1

<u>Fiscal Year</u>	<u>Uncollected Balance 6/30/2018</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance 6/30/2019</u>
2018-2019.....	\$ -	\$ 10,383,209	\$ 10,326,956	\$ 56,253
2017-2018.....	29,584	-	21,386	8,198
2016-2017.....	7,593	-	2,952	4,641
2015-2016.....	7,568	-	905	6,663
2014-2015.....	5,599	-	235	5,364
2013-2014.....	7,398	-	1,088	6,310
2012-2013.....	7,756	-	1,409	6,347
2011-2012.....	6,420	-	1,184	5,236
2010-2011.....	7,574	-	(1,556)	9,130
2009-2010.....	6,276	-	264	6,012
2008-2009.....	7,083	-	7,083	-
	<u>\$ 92,851</u>	<u>\$ 10,383,209</u>	<u>\$ 10,361,906</u>	<u>114,154</u>
Less: Allowance for uncollectible accounts (General Fund).....				<u>13,541</u>
Ad valorem taxes receivable - net.....				<u>\$ 100,613</u>
Reconciliation with revenues:				
Ad valorem taxes - General Fund.....				\$ 10,413,402
Add (subtract):				
Penalties and interest, net of discounts.....				(26,741)
Amount written off for tax year 2007-2008.....				7,083
Refunds and other adjustments.....				(31,838)
Total collections and credits.....				<u>\$ 10,361,906</u>

City of Mebane, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Fiscal Year Ended June 30, 2019

Schedule D-2

	<u>City - Wide</u>			<u>Total Levy</u>	
	<u>Total Property</u>		<u>Amount of</u>	<u>Property</u>	<u>Registered</u>
	<u>Valuation</u>	<u>Rate</u>	<u>Levy</u>	<u>Excluding</u>	<u>Motor</u>
				<u>Registered</u>	<u>Motor</u>
				<u>Motor</u>	<u>Vehicles</u>
				<u>Vehicles</u>	<u>Vehicles</u>
Tax levy:					
Real property	\$ 1,572,394,043	0.47	\$ 7,390,252	\$ 7,390,252	\$ -
Personal property	593,126,106	0.47	2,787,692	2,080,224	707,468
Public service companies.....	19,041,041	0.47	89,493	89,493	-
Subtotals.....	<u>2,184,561,190</u>		<u>10,267,437</u>	<u>9,559,969</u>	<u>707,468</u>
Less: Homestead exemptions.....	<u>(2,685,151)</u>	0.47	<u>(12,620)</u>	<u>(12,620)</u>	<u>-</u>
Totals.....	<u>\$ 2,181,876,039</u>		10,254,817	9,547,349	707,468
Advertising, interest cost and late filing fees.....			<u>29,770</u>	<u>29,770</u>	<u>-</u>
Gross levy.....			<u>10,284,587</u>	<u>9,577,119</u>	<u>707,468</u>
Release and adjustments.....			<u>98,621</u>	<u>98,621</u>	<u>-</u>
Net levy.....			<u>10,383,208</u>	<u>9,675,740</u>	<u>707,468</u>
Uncollected taxes at June 30, 2019.....			<u>56,252</u>	<u>49,138</u>	<u>7,114</u>
Current year taxes collected.....			<u>\$ 10,326,956</u>	<u>\$ 9,626,602</u>	<u>\$ 700,354</u>
Current levy collection percentage.....			<u>99.46%</u>	<u>99.49%</u>	<u>98.99%</u>

City of Mebane, North Carolina
Analysis of Current Tax Levy
City - Wide Levy
For the Fiscal Year Ended June 30, 2019

Schedule D-3

Secondary Market Disclosures:

Assessed Valuation:

Assessment Ratio (Note 1).....		100%
	<u>Current Year Rate</u>	<u>Prior Year Rate</u>
Real Property.....	\$ 1,572,394,043	\$ -
Personal Property.....	538,469,297	54,656,809
Public service companies (Note 2).....	19,041,041	-
Total Assessed Valuation.....	<u>2,129,904,381</u>	<u>54,656,809</u>
Tax Rate per \$100.....	<u>0.47</u>	<u>0.47</u>
	<u>10,010,550</u>	<u>256,887</u>
Levy.....		<u>\$ 10,267,437</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, 2019

Schedule D-4

<u>Name</u>	<u>Type of Enterprise</u>	<u>Assessed Valuation</u>	<u>Tax Levy</u>	<u>Percentage of Total Assessed Valuation</u>
GKN Automotive				
Components.....	Auto Components Manufacturing.....	\$ 115,609,734	\$ 566,488	5.30%
Wal-Mart.....	Retail.....	94,423,751	\$ 462,676	4.33%
Liggett Group - One Hundred				
Maple, LLC.....	Tobacco Manufacturing.....	73,162,429	\$ 358,496	3.35%
Nypro, Inc. (a Jabil Company).....	Plastics Manufacturing.....	61,430,756	\$ 301,011	2.82%
Tanger Piedmont, LLC.....	Retail.....	43,621,343	\$ 213,745	2.00%
Cambro Manufacturing Co.....	Restaurant Supplier.....	37,321,576	\$ 182,876	1.71%
Keystone at Mebane Oaks, LLC.....	Apartment Complex.....	34,727,877	\$ 170,167	1.59%
Morinaga America Foods, Inc.....	Japanese confectionery.....	33,907,402	\$ 166,146	1.55%
Sandvik, Inc.....	Metal Cutting.....	29,909,160	\$ 146,555	1.37%
Gregory Poole Equipment				
Company.....	Equipment Sales and Leasing.....	29,372,478	\$ 143,925	1.35%
		<u>\$ 553,486,506</u>	<u>\$ 2,712,085</u>	<u>25.37%</u>

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Statistical Section

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

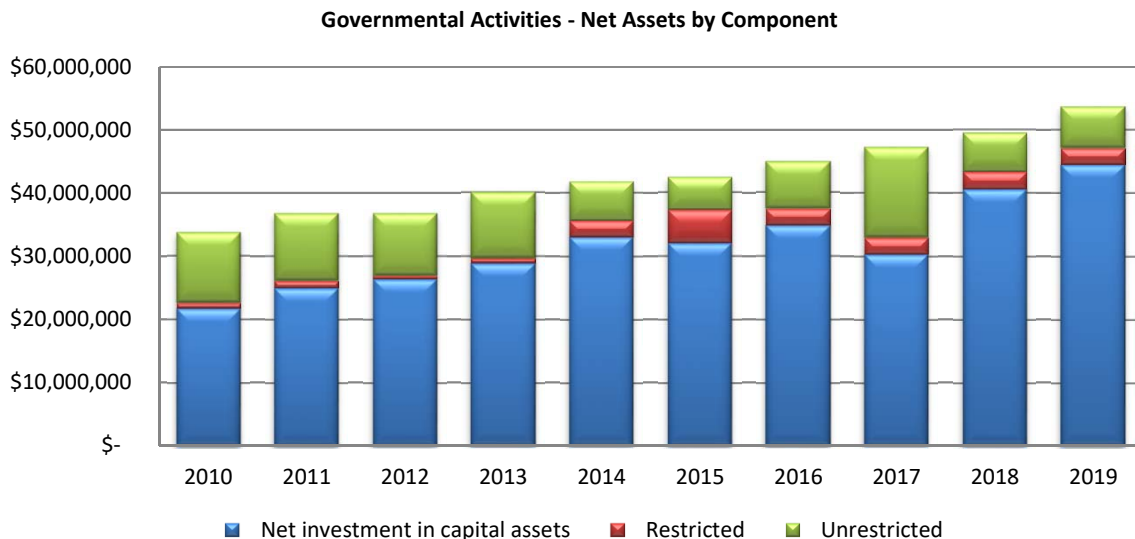
- **Financial Trends** – These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- **Revenue Capacity** – These schedules contain information to help the reader assess the government's most significant local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

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

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

Table 1
Page 1 of 2

	Fiscal Year Ending June 30,				
	2010	2011	2012	2013	2014
Governmental activities					
Net investment in capital assets.....	\$ 21,705,437	\$ 24,920,842	\$ 26,347,904	\$ 28,863,807	\$ 33,039,857
Restricted.....	845,711	1,110,038	497,614	755,213	2,594,241
Unrestricted.....	11,125,637	10,682,320	9,863,083	10,432,825	6,195,064
Total governmental activities net position.....	\$ 33,676,785	\$ 36,713,200	\$ 36,708,601	\$ 40,051,845	\$ 41,829,162
Business-type activities					
Net investment in capital assets.....	\$ 24,612,653	\$ 25,132,355	\$ 25,760,951	\$ 29,700,671	\$ 31,622,606
Restricted.....	-	-	-	-	-
Unrestricted.....	9,163,444	9,154,905	10,903,051	8,348,062	6,415,219
Total business-type activities net position.....	\$ 33,776,097	\$ 34,287,260	\$ 36,664,002	\$ 38,048,733	\$ 38,037,825
Primary government					
Net investment in capital assets.....	\$ 46,318,090	\$ 50,053,197	\$ 52,108,855	\$ 58,564,478	\$ 64,662,463
Restricted.....	845,711	1,110,038	497,614	755,213	2,594,241
Unrestricted.....	20,289,081	19,837,225	20,766,134	18,780,887	12,610,283
Total primary government activities net position.....	\$ 67,452,882	\$ 71,000,460	\$ 73,372,603	\$ 78,100,578	\$ 79,866,987



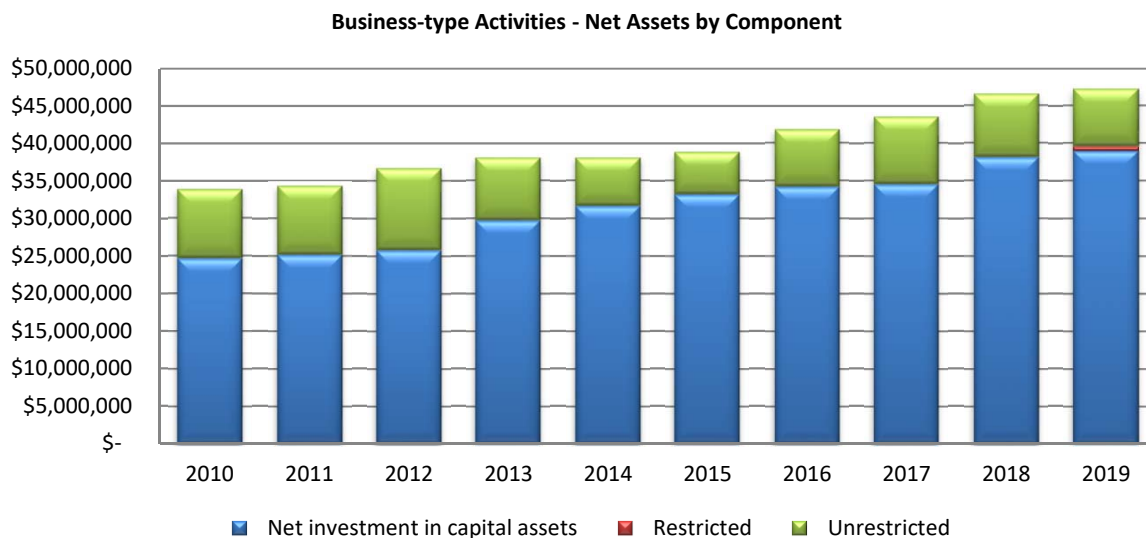
City of Mebane, North Carolina
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 1
Page 2 of 2

	Fiscal Year Ending June 30,				
	2015	2016	2017	2018	2019
Governmental activities					
Net investment in capital assets.....	\$ 32,011,821	\$ 34,801,671	\$ 30,319,096	\$ 40,610,954	\$ 44,539,110
Restricted.....	5,225,747	2,589,616	2,615,433	2,757,579	2,550,771
Unrestricted.....	5,185,319	7,502,406	14,338,635	6,147,464	6,622,579
Total governmental activities net position.....	\$ 42,422,887	\$ 44,893,693	\$ 47,273,164	\$ 49,515,997	\$ 53,712,460
Business-type activities					
Net investment in capital assets.....	\$ 33,155,614	\$ 34,178,396	\$ 34,527,281	\$ 38,122,626	\$ 38,984,945
Restricted.....	-	-	-	-	586,608
Unrestricted.....	5,635,431	7,589,047	8,948,578	8,413,024	7,619,918
Total business-type activities net position.....	\$ 38,791,045	\$ 41,767,443	\$ 43,475,859	\$ 46,535,650	\$ 47,191,471
Primary government					
Net investment in capital assets.....	\$ 65,167,435	\$ 68,980,067	\$ 64,846,377	\$ 78,733,580	\$ 83,524,055
Restricted.....	5,225,747	2,589,616	2,615,433	2,757,579	3,137,379
Unrestricted.....	10,820,750	15,091,453	23,287,213	14,560,488	14,242,497
Total primary government activities net position.....	\$ 81,213,932	\$ 86,661,136	\$ 90,749,023	\$ 96,051,647	\$ 100,903,931

Notes:

- (1) Fiscal years presented prior to 2011 have been restated to reflect the changes required by GASB Statement No. 54.
- (2) 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); 2011 includes a prior period restatement of \$230,000; 2010 includes a prior period restatement of \$(279,161).



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				
	2010	2011	2012	2013	2014
Expenses					
Governmental activities:					
General government.....	\$ 1,663,985	\$ 1,753,985	\$ 1,854,901	\$ 2,143,420	\$ 2,133,862
Public safety.....	4,207,196	3,863,952	4,107,505	4,571,950	4,400,496
Public works.....	1,850,162	2,800,765	2,802,874	2,879,581	3,887,001
Cultural and recreation.....	1,015,382	1,091,761	1,167,086	1,224,727	1,179,235
Economic and physical development.....	345,051	202,085	402,748	207,551	1,137,040
Interest on long-term debt.....	201,996	176,371	150,948	132,923	151,011
Total governmental activities expenses.....	9,283,772	9,888,919	10,486,062	11,160,152	12,888,645
Business-type activities:					
Water and sewer.....	3,607,648	3,923,837	3,913,101	3,901,404	4,493,195
Total Business-type activities.....	3,607,648	3,923,837	3,913,101	3,901,404	4,493,195
Total primary government expenses.....	12,891,420	13,812,756	14,399,163	15,061,556	17,381,840
Program revenues					
Governmental activities:					
Charges for services:					
General government.....	57,150	54,800	58,255	58,381	60,900
Public safety.....	181,616	209,242	104,563	130,897	12,986
Public works.....	331,857	318,183	318,717	316,398	355,012
Cultural and recreation.....	83,836	79,972	75,649	74,518	75,170
Economic and physical development.....	-	-	-	-	222,071
Operating grants and contributions.....	303,803	321,016	338,677	397,732	667,594
Capital grants and contributions.....	1,282,843	1,698,372	858,449	2,013,681	912,272
Total governmental activities program revenue.....	2,241,105	2,681,585	1,754,310	2,991,607	2,306,005
Business-type activities:					
Charges for services.....	3,510,744	3,942,483	4,322,571	4,732,814	5,041,627
Capital grants and contributions.....	510,712	471,250	284,300	1,051,250	203,400
Total business-type activities program revenue.....	4,021,456	4,413,733	4,606,871	5,784,064	5,245,027
Total primary government program revenue.....	6,262,561	7,095,318	6,361,181	8,775,671	7,551,032
Net (Expense)/Revenue					
Governmental activities.....	(7,042,667)	(7,207,334)	(8,731,752)	(8,168,545)	(10,582,640)
Business-type activities.....	413,808	489,896	693,770	1,882,660	751,832
Total primary government net expense.....	(6,628,859)	(6,717,438)	(8,037,982)	(6,285,885)	(9,830,808)
General revenues and other changes in net position					
Governmental activities:					
Taxes:					
Property taxes, levied for general purpose.....	6,726,223	6,805,448	7,376,275	7,640,328	8,054,225
Other taxes.....	2,378,979	2,617,082	2,973,118	3,297,348	3,519,938
Grants and contributions not restricted					
to specific programs.....	370,000	4,770	3,045	4,000	7,000
Unrestricted investment earnings.....	47,149	22,532	14,422	11,943	2,096
Miscellaneous.....	41,839	793,917	10,293	40,670	(7,678)
Special item: Conveyance of land for economic development.....	-	-	-	-	-
Transfers.....	-	-	(1,650,000)	517,500	784,376
Total governmental activities.....	9,564,190	10,243,749	8,727,153	11,511,789	12,359,957
Business-type activities:					
Unrestricted investment earnings.....	27,306	14,608	31,212	9,706	5,801
Miscellaneous.....	982,853	6,659	1,760	9,865	15,835
Transfers.....	-	-	1,650,000	(517,500)	(784,376)
Total business-type activities.....	1,010,159	21,267	1,682,972	(497,929)	(762,740)
Total primary government.....	10,574,349	10,265,016	10,410,125	11,013,860	11,597,217
Change in Net Position					
Governmental activities.....	2,521,523	3,036,415	(4,599)	3,343,244	1,777,317
Business-type activities.....	1,423,967	511,163	2,376,742	1,384,731	(10,908)
Change in primary government net position.....	\$ 3,945,490	\$ 3,547,578	\$ 2,372,143	\$ 4,727,975	\$ 1,766,409

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				
	2015	2016	2017	2018	2019
Expenses					
Governmental activities:					
General government.....	\$ 2,130,084	\$ 2,058,889	\$ 2,023,497	\$ 2,227,259	\$ 2,262,074
Public safety.....	4,929,504	5,521,196	6,132,593	6,567,770	7,070,899
Public works.....	3,848,791	4,169,363	3,907,270	3,885,804	3,803,467
Cultural and recreation.....	1,163,723	1,288,321	1,195,553	1,301,845	1,900,889
Economic and physical development.....	584,532	1,415,831	461,389	1,879,946	1,269,525
Interest on long-term debt.....	178,086	156,676	174,166	300,632	281,751
Total governmental activities expenses.....	12,834,720	14,610,276	13,894,468	16,163,256	16,588,605
Business-type activities:					
Water and sewer.....	4,288,957	4,926,465	6,139,854	6,039,261	6,762,948
Total Business-type activities.....	4,288,957	4,926,465	6,139,854	6,039,261	6,762,948
Total primary government expenses.....	17,123,677	19,536,741	20,034,322	22,202,517	23,351,553
Program revenues					
Governmental activities:					
Charges for services:					
General government.....	45,470	213,347	58,291	60,580	1,100
Public safety.....	13,964	13,905	21,135	19,941	21,350
Public works.....	338,920	420,613	401,609	422,237	501,353
Cultural and recreation.....	77,245	85,535	86,690	87,018	92,443
Economic and physical development.....	287,110	374,248	427,814	391,359	863,738
Operating grants and contributions.....	498,060	448,823	574,891	934,764	742,312
Capital grants and contributions.....	2,157,849	972,045	639,266	3,380,460	2,617,102
Total governmental activities program revenue.....	3,418,618	2,528,516	2,209,696	5,296,359	4,839,398
Business-type activities:					
Charges for services.....	5,316,218	7,399,492	6,491,915	6,676,309	6,995,810
Capital grants and contributions.....	196,230	1,376,780	465,220	2,508,340	226,820
Total business-type activities program revenue.....	5,512,448	8,776,272	6,957,135	9,184,649	7,222,630
Total primary government program revenue.....	8,931,066	11,304,788	9,166,831	14,481,008	12,062,028
Net (Expense)/Revenue					
Governmental activities.....	(9,416,102)	(12,081,760)	(11,684,772)	(10,866,897)	(11,749,207)
Business-type activities.....	1,223,491	3,849,807	817,281	3,145,388	459,682
Total primary government net expense.....	(8,192,611)	(8,231,953)	(10,867,491)	(7,721,509)	(11,289,525)
General revenues and other changes in net position					
Governmental activities:					
Taxes.....					
Property taxes, levied for general purpose.....	8,572,861	8,859,077	9,751,487	10,279,056	10,895,740
Other taxes.....	4,105,041	4,188,891	4,299,798	4,563,646	4,885,951
Grants and contributions not restricted to specific programs.....	4,500	12,509	3,050	3,050	4,050
Unrestricted investment earnings.....	4,083	6,399	25,200	129,302	180,725
Miscellaneous.....	60,600	41,404	69,609	164,578	36,506
Special item: Conveyance of land for economic development.....	(2,691,591)	-	-	-	-
Transfers.....	393,092	965,000	-	(2,003)	(57,302)
Total governmental activities.....	10,448,586	14,073,280	14,149,144	15,137,629	15,945,670
Business-type activities:					
Unrestricted investment earnings.....	259	2,244	6,344	28,295	63,336
Miscellaneous.....	15,559	22,773	784,791	193,241	75,501
Transfers.....	(393,092)	(965,000)	-	2,003	57,302
Total business-type activities.....	(377,274)	(939,983)	791,135	223,539	196,139
Total primary government.....	10,071,312	13,133,297	14,940,279	15,361,168	16,141,809
Change in Net Position					
Governmental activities.....	1,032,484	1,991,520	2,464,372	4,270,732	4,196,463
Business-type activities.....	846,217	2,909,824	1,608,416	3,368,927	655,821
Change in primary government net position.....	\$ 1,878,701	\$ 4,901,344	\$ 4,072,788	\$ 7,639,659	\$ 4,852,284

Notes:

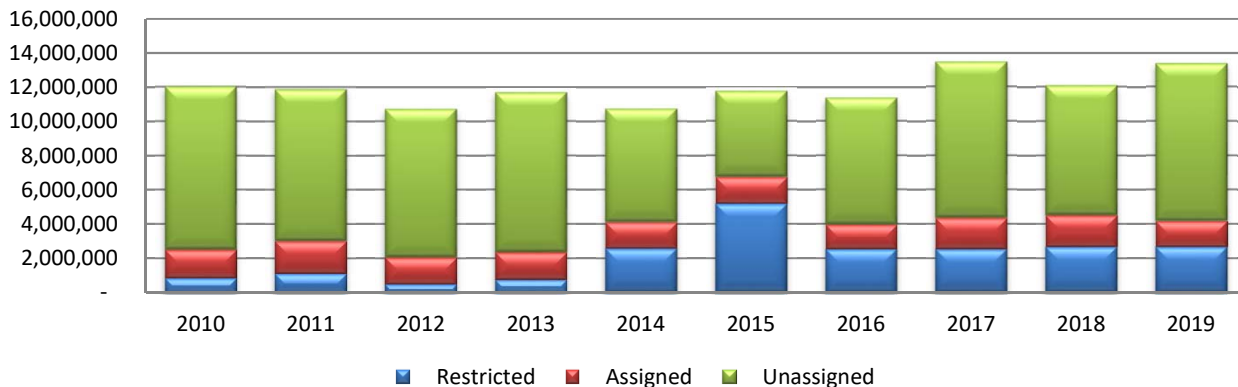
(1) 2018 included a prior period restatement of \$2,337,035; 2017 includes a prior period statement of \$15,099; 2016 includes a prior period restatement of \$545,860; 2015 includes a prior period restatement of \$(531,756); 2011 includes a prior period restatement of \$230,000; 2010 includes a prior period restatement of \$4,013.

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				
	2010	2011	2012	2013	2014
General Fund					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ 20,511
Restricted.....	845,711	1,110,040	497,614	755,213	2,566,389
Committed.....	-	-	-	-	-
Assigned.....	1,661,531	1,888,098	1,556,073	1,586,386	1,543,138
Unassigned.....	9,497,290	8,865,523	8,636,871	9,309,149	6,612,572
Total general fund.....	\$ 12,004,532	\$ 11,863,661	\$ 10,690,558	\$ 11,650,748	\$ 10,742,610
All Other Governmental Funds					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	-	-	-	-	27,852
Committed.....	-	-	-	-	-
Assigned.....	(38,414)	(350)	(4,500)	316,850	1,925,422
Unassigned.....	-	-	-	-	-
Total all other governmental funds.....	\$ (38,414)	\$ (350)	\$ (4,500)	\$ 316,850	\$ 1,953,274
Total Governmental Funds					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ 20,511
Restricted.....	845,711	1,110,040	497,614	755,213	2,594,241
Committed.....	-	-	-	-	-
Assigned.....	1,623,117	1,887,748	1,551,573	1,903,236	3,468,560
Unassigned.....	9,497,290	8,865,523	8,636,871	9,309,149	6,612,572
Total governmental funds.....	\$ 11,966,118	\$ 11,863,311	\$ 10,686,058	\$ 11,967,598	\$ 12,695,884

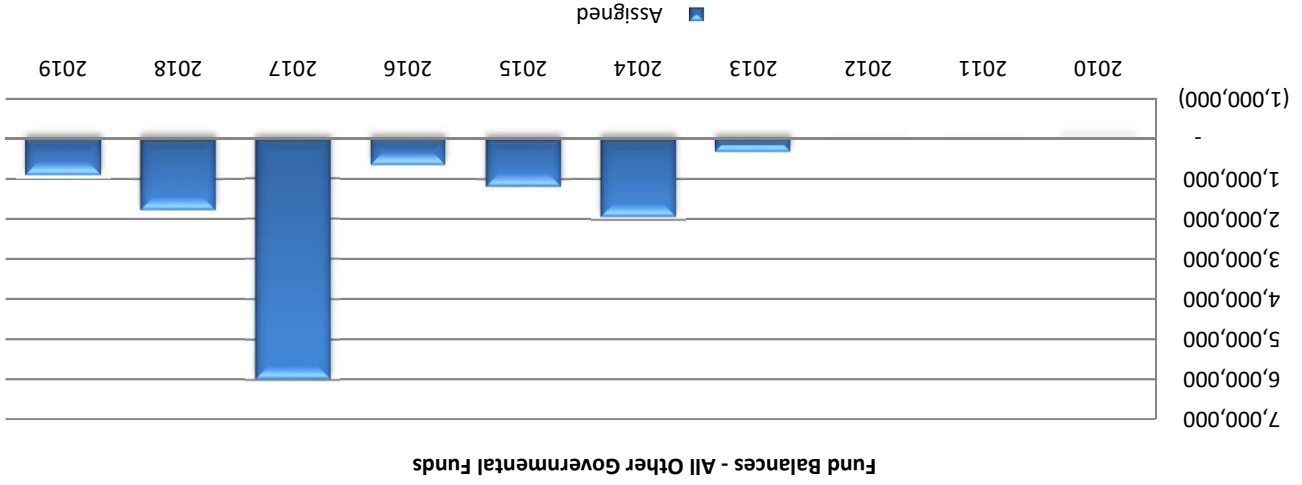
Fund Balances - General Fund



Fiscal Year Ending June 30		2015	2016	2017	2018	2019
General Fund	Nonspendable.....	\$ 27,361	\$ 116,295	\$ 51,005	\$ 131,945	\$ 46,552
	Restricted.....	5,183,933	2,533,840	2,545,731	2,673,951	2,658,975
	Committed.....	-	-	-	-	-
	Assigned.....	1,549,082	1,419,254	1,803,854	1,828,000	1,500,000
	Unassigned.....	4,991,002	7,377,790	9,083,988	7,563,514	9,186,167
	Total general fund.....	\$ 11,751,378	\$ 11,447,179	\$ 13,484,578	\$ 12,197,410	\$ 13,391,694
All Other Governmental Funds	Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
	Restricted.....	41,814	55,776	69,702	83,628	98,182
	Committed.....	-	-	-	-	-
	Assigned.....	1,181,066	640,198	5,986,376	1,757,022	884,814
	Unassigned.....	-	695,974	6,056,078	1,840,650	982,996
	Total all other governmental funds.....	\$ 1,222,880	\$ 695,974	\$ 6,056,078	\$ 1,840,650	\$ 982,996
Total Governmental Funds	Nonspendable.....	\$ 27,361	\$ 116,295	\$ 51,005	\$ 131,945	\$ 46,552
	Restricted.....	5,225,747	2,589,616	2,615,433	2,757,579	2,757,157
	Committed.....	-	-	-	-	-
	Assigned.....	2,730,148	2,059,452	7,790,230	3,585,022	2,384,814
	Unassigned.....	4,991,002	7,377,790	9,083,988	7,563,514	9,186,167
	Total governmental funds.....	\$ 12,974,258	\$ 12,143,153	\$ 19,540,656	\$ 14,038,060	\$ 14,374,690

Notes:

(1) Fiscal years presented prior to 2011 have been restated to reflect the changes required by GASB Statement No. 54.



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				
	2010	2011	2012	2013	2014
Revenues					
Ad valorem taxes.....	\$ 6,349,231	\$ 6,527,203	\$ 6,963,505	\$ 7,322,698	\$ 7,705,045
Other taxes and licenses.....	14,040	19,855	19,253	189,355	199,935
Unrestricted intergovernmental.....	2,396,729	3,184,785	3,183,950	3,136,030	3,323,889
Restricted intergovernmental.....	805,095	641,518	686,429	695,117	1,497,810
Permits and fees.....	236,153	239,333	115,955	136,214	244,104
Sales and services.....	356,106	364,014	378,424	382,049	416,084
Investment earnings.....	47,149	22,532	14,422	11,943	17,190
Miscellaneous.....	98,903	107,047	86,011	112,033	94,753
Total revenues.....	10,303,406	11,106,287	11,447,949	11,985,439	13,498,810
Expenditures					
General government.....	1,542,016	1,600,612	1,676,324	1,950,508	2,087,742
Public safety.....	3,832,452	4,298,873	3,872,971	4,157,723	5,091,637
Public works.....	2,085,645	3,125,067	3,102,904	2,818,822	3,708,213
Cultural and recreation.....	321,052	1,074,413	1,152,466	1,110,864	1,195,637
Economic and physical development.....	735,745	178,908	204,146	505,146	3,832,902
Debt service:					
Principal.....	697,638	707,641	613,255	426,667	426,667
Interest and other charges.....	207,030	181,520	155,859	135,000	119,484
Capital outlay.....	851,449	42,060	197,277	116,669	1,437,893
Total expenditures.....	10,273,027	11,209,094	10,975,202	11,221,399	17,900,175
Excess (deficiency) of revenues over (under) expenditures.....	30,379	(102,807)	472,747	764,040	(4,401,365)
Other Financing Sources (Uses)					
Transfers to other funds.....	(191,531)	(64,144)	(1,650,000)	(245,000)	(245,000)
Transfers from other funds.....	191,531	64,144	-	762,500	1,029,376
Issuance of debt.....	-	-	-	-	4,345,275
Total other financing sources (uses).....	-	-	(1,650,000)	517,500	5,129,651
Net change in fund balances.....	30,379	(102,807)	(1,177,253)	1,281,540	728,286
Fund balances, beginning.....	11,935,739	11,966,118	11,863,311	10,686,058	11,967,598
Prior period adjustment.....	-	-	-	-	-
Fund balances, beginning as restated.....	11,935,739	11,966,118	11,863,311	10,686,058	11,967,598
Fund balances, ending.....	\$ 11,966,118	\$ 11,863,311	\$ 10,686,058	\$ 11,967,598	\$ 12,695,884
Debt service as a percentage of noncapital expenditures.....	10.0%	9.3%	7.7%	5.5%	4.6%

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				
	2015	2016	2017	2018	2019
Revenues					
Ad valorem taxes.....	\$ 8,207,631	\$ 8,436,102	\$ 9,349,863	\$ 9,851,605	\$ 10,413,402
Other taxes and licenses.....	190,058	795	960	1,005	1,030
Unrestricted intergovernmental.....	5,033,302	4,191,306	4,427,170	4,866,039	5,095,144
Restricted intergovernmental.....	893,277	880,010	904,619	1,265,968	1,589,184
Permits and fees.....	320,358	606,212	482,809	411,580	915,604
Sales and services.....	392,832	433,014	444,814	462,033	494,687
Investment earnings.....	1,746	6,363	25,200	129,302	180,725
Miscellaneous.....	260,119	155,294	270,538	322,138	167,614
Total revenues.....	15,299,323	14,709,096	15,905,973	17,309,670	18,857,390
Expenditures					
General government.....	2,094,055	2,151,509	1,997,039	2,244,898	2,179,611
Public safety.....	4,901,955	5,414,023	6,171,044	6,526,581	6,544,785
Public works.....	3,708,075	3,733,538	3,268,769	3,400,679	3,113,625
Cultural and recreation.....	1,318,029	1,466,564	1,056,609	1,828,941	1,445,320
Economic and physical development.....	703,466	1,466,432	703,062	1,878,174	1,255,070
Debt service:					
Principal.....	833,854	835,083	836,338	1,316,286	1,347,620
Interest and other charges.....	182,646	161,067	139,372	306,592	285,412
Capital outlay.....	2,138,037	1,276,985	634,567	5,739,986	3,652,717
Total expenditures.....	15,880,117	16,505,201	14,806,800	23,242,137	19,824,160
Excess (deficiency) of revenues over (under) expenditures.....	(580,794)	(1,796,105)	1,099,173	(5,932,467)	(966,770)
Other Financing Sources (Uses)					
Transfers to other funds.....	(1,450,000)	(856,734)	(60,000)	(1,726,812)	(1,500,000)
Transfers from other funds.....	1,843,092	1,821,734	60,000	1,724,810	2,067,932
Issuance of debt.....	-	-	6,298,330	431,873	735,468
Total other financing sources (uses).....	393,092	965,000	6,298,330	429,871	1,303,400
Net change in fund balances.....	(187,702)	(831,105)	7,397,503	(5,502,596)	336,630
Fund balances, beginning.....	12,695,884	12,974,258	12,143,153	19,540,656	14,038,060
Prior period adjustment.....	466,076	-	-	-	-
Fund balances, beginning as restated.....	13,161,960	12,974,258	12,143,153	19,540,656	14,038,060
Fund balances, ending.....	\$ 12,974,258	\$ 12,143,153	\$ 19,540,656	\$ 14,038,060	\$ 14,374,690
Debt service as a percentage of noncapital expenditures.....	8.2%	7.0%	7.4%	10.3%	10.5%

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>
2010	995,258,975	369,782,703	22,357,578	(6,990,713)	1,380,408,543	0.47	1,377,653,237	100.2%
2011	1,027,885,319	358,562,377	20,777,547	(8,037,388)	1,399,187,855	0.47	1,396,931,471	100.2%
2012	1,101,391,678	400,790,237	20,894,610	(8,275,108)	1,514,801,417	0.47	1,481,995,824	102.2%
2013	1,138,480,584	417,965,044	22,126,189	(8,199,338)	1,570,372,479	0.47	1,489,959,352	105.4%
2014	1,163,814,338	476,296,137	22,343,241	(8,380,262)	1,654,073,454	0.47	1,574,895,032	105.0%
2015	1,171,969,829	498,060,858	22,232,490	(8,580,903)	1,683,682,274	0.49	1,603,949,005	105.0%
2016	1,215,674,661	511,076,370	23,926,263	(9,087,410)	1,741,589,884	0.49	1,648,732,865	105.6%
2017	1,355,230,856	550,037,154	20,701,422	(6,871,152)	1,919,098,280	0.49	1,919,559,215	100.0%
2018	1,519,215,965	576,423,148	21,265,042	(6,231,130)	2,110,673,025	0.47	2,165,774,122	97.5%
2019	1,572,394,043	593,126,106	19,041,041	(2,685,151)	2,181,876,039	0.47	2,238,905,875	97.5%

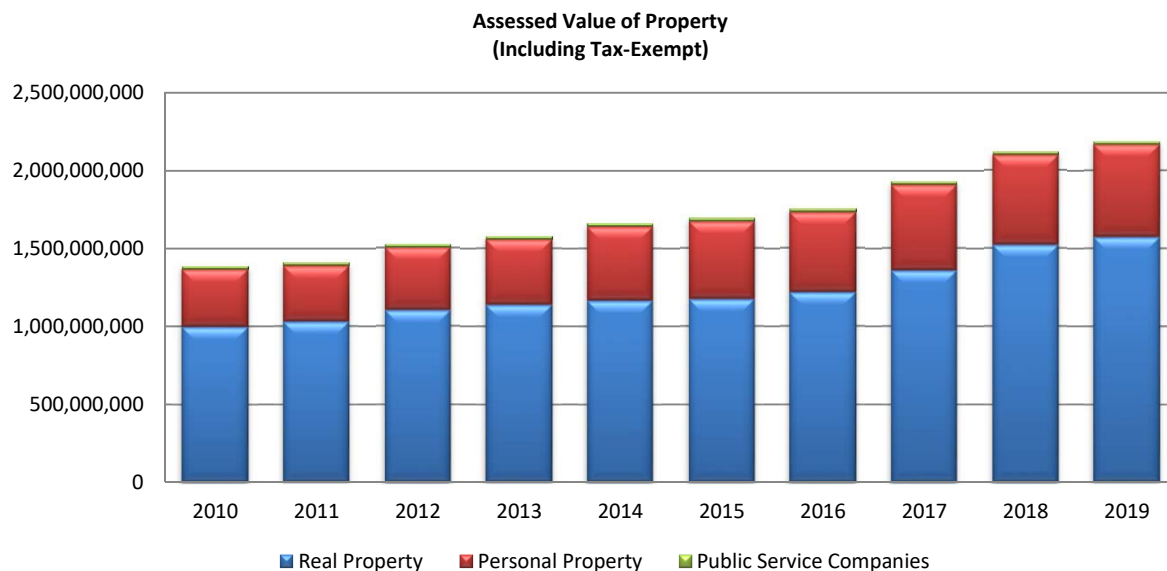
Sources:

Alamance County and Orange County Tax Departments.

Notes:

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

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



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

Table 6

<u>Fiscal Year</u>	<u>Direct Rate</u>	<u>Overlapping Rates</u>		<u>Combined Tax Rate</u>	
	<u>City of Mebane</u>	<u>Alamance County</u> ⁽¹⁾	<u>Orange County</u> ⁽²⁾	<u>Alamance County</u>	<u>Orange County</u>
2010.....	0.47	0.520	0.858	0.990	1.328
2011.....	0.47	0.520	0.858	0.990	1.328
2012.....	0.47	0.520	0.858	0.990	1.328
2013.....	0.47	0.520	0.858	0.990	1.328
2014.....	0.47	0.540	0.858	1.010	1.328
2015.....	0.49	0.530	0.858	1.020	1.348
2016.....	0.49	0.580	0.878	1.070	1.368
2017.....	0.49	0.580	0.878	1.070	1.368
2018.....	0.47	0.580	0.838	1.050	1.308
2019.....	0.47	0.590	0.850	1.060	1.320

Sources:

⁽¹⁾ Alamance County Tax Department.

⁽²⁾ Orange County Tax Department.

Notes:

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

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

Table 7

Taxpayer	2018			2009		
	<u>Taxable</u> <u>Assessed Value</u> (1)	<u>Rank</u>	<u>Percentage</u> <u>of Total</u> <u>Taxable</u> <u>Assessed</u> <u>Value</u>	<u>Taxable</u> <u>Assessed Value</u>	<u>Rank</u>	<u>Percentage</u> <u>of Total</u> <u>Taxable</u> <u>Assessed</u> <u>Value</u>
GKN Automotive Components.....	\$ 115,609,734	1	5.30%	\$ 103,500,943	1	7.50%
Wal-Mart.....	94,423,751	2	4.33%	17,160,343	6	1.24%
Liggett Group - One Hundred Maple, LLC.....	73,162,429	3	3.35%	59,466,296	2	4.31%
Nyro, Inc. (a Jabil Company).....	61,430,756	4	2.82%	13,132,072	10	0.95%
Tanger Piedmont, LLC.....	43,621,343	5	2.00%	(2)		
Cambro Manufacturing Co.....	37,321,576	6	1.71%	(2)		
Keystone at Mebane Oaks, LLC.....	34,727,877	7	1.59%	(2)		
Morinaga America Foods, Inc.....	33,907,402	8	1.55%	(2)		
Sandvik, Inc.....	29,909,160	9	1.37%	42,311,154	3	3.07%
Gregory Poole Equipment Company.....	29,372,478	10	1.35%	(2)		
Armacell LLC/Armstrong.....	(2)			18,111,452	5	1.31%
Mebane Packaging / Meadwestvaco						
Healthcare Packaging.....	(2)			24,504,334	4	1.78%
Kingsdown Inc.....	(2)			15,385,802	7	1.11%
Oakland/Fieldstone/Club Mill Creek.....	(2)			13,945,694	8	1.01%
Spring Forest, LLC.....	(2)			13,901,836	9	1.01%
Total.....	<u>\$553,486,506</u>		<u>25.37%</u>	<u>\$321,419,926</u>		<u>23.28%</u>

Source:

Alamance County Tax Department.

Notes:

(1) Assessed valuation represents taxes assessed and due in the fiscal year ended June 30, 2019.

(2) Not within top ten ranking.

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

Table 8

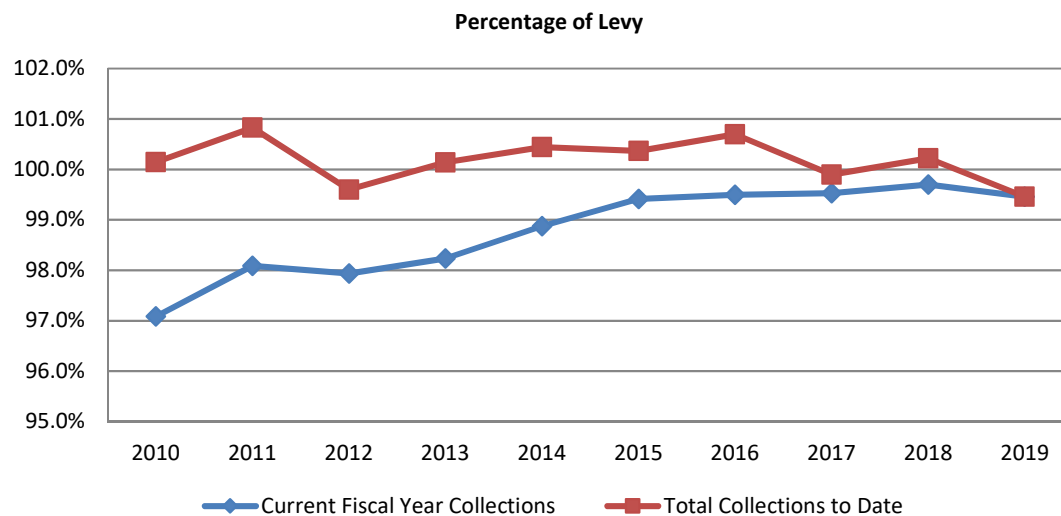
<u>Fiscal Year</u>	<u>Fiscal Year of the Levy</u>			<u>Total Collections to Date</u>		
	<u>Taxes Levied</u>		<u>Percentage</u>	<u>Collections in</u>		<u>Percentage</u>
	<u>for the Fiscal</u>	<u>Year</u> ⁽¹⁾		<u>Subsequent</u>	<u>Years</u>	
	<u>Year</u>	<u>Amount</u>	<u>of Levy</u>	<u>Years</u>	<u>Amount</u>	<u>of Levy</u>
2010.....	6,416,271	6,229,142	97.1%	196,194	6,425,336	100.1%
2011.....	6,517,986	6,393,383	98.1%	178,440	6,571,823	100.8%
2012.....	7,062,935	6,917,103	97.9%	117,420	7,034,523	99.6%
2013.....	7,354,497	7,224,810	98.2%	139,841	7,364,651	100.1%
2014.....	7,764,524	7,677,173	98.9%	121,861	7,799,034	100.4%
2015.....	8,223,909	8,175,886	99.4%	78,236	8,254,122	100.4%
2016.....	8,528,175	8,485,223	99.5%	102,310	8,587,533	100.7%
2017.....	9,288,710	9,244,828	99.5%	34,032	9,278,860	99.9%
2018.....	9,815,332	9,785,748	99.7%	50,970	9,836,718	100.2%
2019.....	10,383,208	10,326,956	99.5%	-	10,326,956	99.5%

Sources:

Alamance County Tax Department.

Notes:

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



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

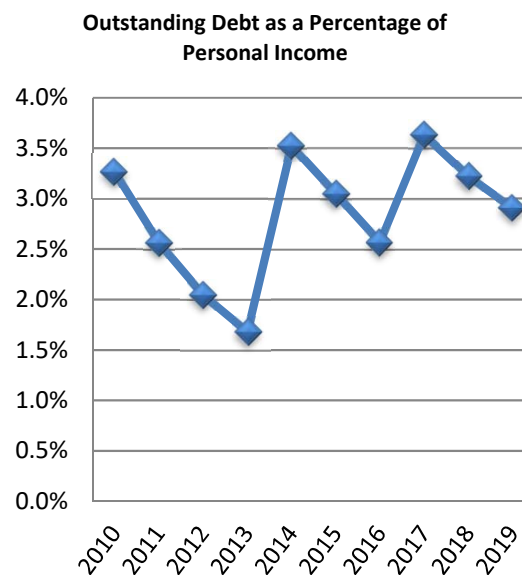
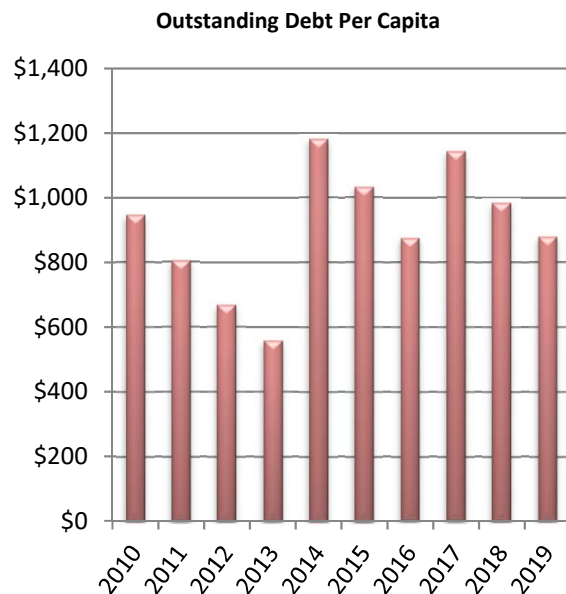
Table 9

Fiscal Year	Governmental Activities	Business-type Activities		Total	Percentage of	
	Installment Financing ⁽²⁾	General Obligation Bonds	Installment Financing ⁽²⁾		Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
2010.....	5,177,565	885,000	4,751,940	10,814,505	3.3%	945
2011.....	4,469,919	785,000	4,102,225	9,357,144	2.6%	804
2012.....	3,856,669	680,000	3,437,758	7,974,427	2.0%	666
2013.....	3,430,002	570,000	2,758,161	6,758,163	1.7%	557
2014.....	7,348,610	455,000	6,788,750	14,592,360	3.5%	1,180
2015.....	6,514,756	335,000	6,162,611	13,012,367	3.1%	1,032
2016.....	5,679,678	215,000	5,272,472	11,167,150	2.6%	874
2017.....	11,141,683	95,000	4,869,335	16,106,018	3.6%	1,141
2018.....	10,257,277	-	4,459,195	14,716,472	3.2%	983
2019.....	9,645,099	-	4,042,056	13,687,155	2.9%	878

Notes:

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

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



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

Table 10

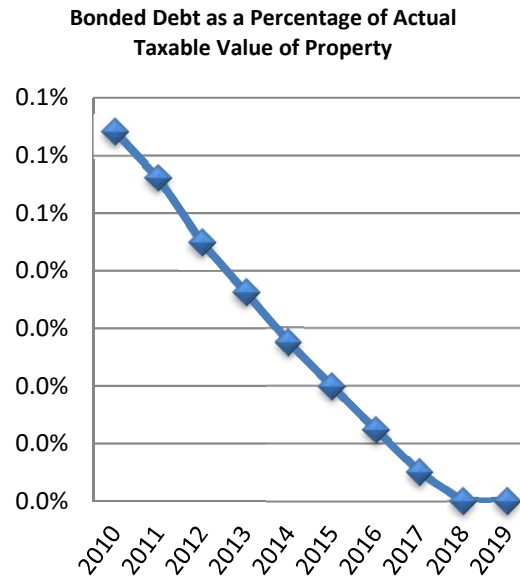
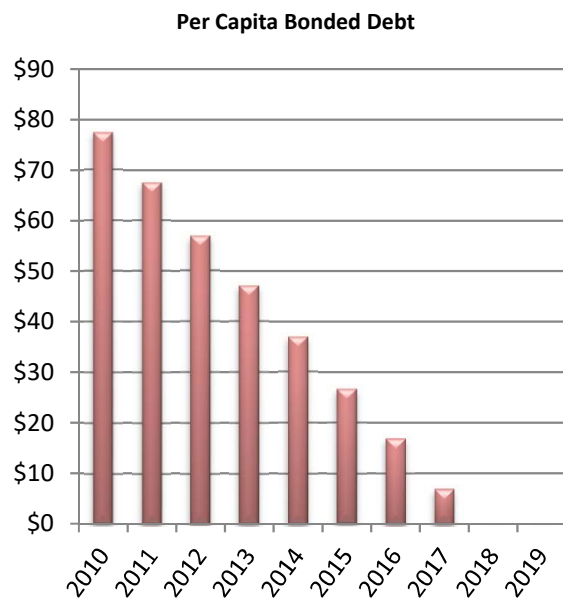
<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Percentage of Actual</u>	
		<u>Taxable Value of Property ⁽¹⁾</u>	<u>Per Capita Bonded Debt ⁽²⁾</u>
2010.....	885,000	0.06%	77
2011.....	785,000	0.06%	67
2012.....	680,000	0.04%	57
2013.....	570,000	0.04%	47
2014.....	455,000	0.03%	37
2015.....	335,000	0.02%	27
2016.....	215,000	0.01%	17
2017.....	95,000	0.00%	7
2018.....	-	0.00%	-
2019.....	-	0.00%	-

Notes:

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

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

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



City of Mebane, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2018

Table 11

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable</u> ⁽¹⁾	<u>Estimated</u> <u>Share of Direct</u> <u>and</u> <u>Overlapping</u> <u>Debt</u>
Alamance County general obligation debt.....	\$ 60,215,830	11.56%	\$ 6,960,950
Orange County general obligation debt.....	251,787,682	1.94%	<u>4,884,681</u>
Subtotal, overlapping debt.....			11,845,631
City of Mebane debt.....			<u>9,645,099</u>
Total direct and overlapping debt.....			<u>\$ 21,490,730</u>

Sources:

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

Notes:

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

⁽¹⁾ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City of Mebane's boundaries and dividing it by each unit's total taxable assessed value. Taxable assessed property values as of June 30, 2019 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>
2010.....	110,432,683	11,075,272	99,357,411	90.0%
2011.....	111,935,028	9,660,046	102,274,982	91.4%
2012.....	121,184,113	8,311,706	112,872,407	93.1%
2013.....	125,629,798	7,112,016	118,517,782	94.3%
2014.....	132,325,876	14,748,774	117,577,102	88.9%
2015.....	134,694,582	13,012,364	121,682,218	90.3%
2016.....	139,327,191	11,167,150	128,160,041	92.0%
2017.....	153,527,862	16,106,018	137,421,844	89.5%
2018.....	168,853,842	14,716,472	154,137,370	91.3%
2019.....	174,550,083	13,687,155	160,862,928	92.2%

Notes:

Legal Debt Margin Calculation for Fiscal Year 2018:

Assessed valuation.....	\$ 2,181,876,039	
Statutory limit percentage.....	8.0%	
Debt limit - 8.0% of assessed value.....		\$ 174,550,083
Gross debt:		
Total bonded debt.....	-	
Authorized and unissued bonds.....	-	
Lease financing agreements.....	13,687,155	
Total gross debt.....	13,687,155	
Less: statutory deductions.....	-	
Total amount of debt applicable to debt limit (net debt).....		13,687,155
Legal Debt Margin.....		\$ 160,862,928

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

Table 13

<u>Fiscal Year</u>	<u>Population</u> ⁽¹⁾	<u>Personal</u> <u>Income</u> ⁽²⁾	<u>Median</u> <u>Household</u> <u>Income</u>	<u>Median Age</u> ⁽⁴⁾	<u>Unemployment</u> <u>Rate</u> ⁽⁵⁾	
2010.....	11,446	331,334,588	50,000	34.5	7.9%	
2011.....	11,642	364,813,073	50,700	33.9	7.1%	
2012.....	11,965	390,349,988 *	51,675	35.4	6.5%	
2013.....	12,128	402,060,488 *	53,166	35.8	6.2%	
2014.....	12,366	414,122,302 *	52,586	35.8	6.3%	*
2015.....	12,613	426,545,971 *	53,029	35.8	5.7%	*
2016.....	12,774	435,076,890 *	53,029	35.8	4.7%	*
2017.....	14,117	443,778,428 *	54,430	35.9	4.0%	*
2018.....	14,973	457,091,781 *	56,037	35.8	4.0%	*
2019.....	15,589	470,804,534 *	60,851	34.8	3.7%	*

Note: Many of these data elements are not published annually for cities. Data is estimated using the ratio of Mebane to Alamance County from the 2010 census and the 2005-2014 American Community Survey. That ratio was applied back to annual county data to estimate the data for the City of Mebane.

Notes:

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

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

United States Census Bureau, Most recent available census data.

(3) American City Survey Fact Finder.

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

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

* Data not available - estimated based on trends.

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

Table 14

<u>Employer</u>	2019 ⁽¹⁾			2010 ⁽²⁾		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of</u>
			<u>Total</u>			<u>Total</u>
			<u>Employment</u>			<u>Employment</u>
GKN.....	843	1	11.7%	500+	1	9.3%
Walmart Distribution.....	676	2	9.4%	*		
Sports Endeavors.....	624	3	8.6%	300+	6	5.6%
ABB (General Electric).....	579	4	8.0%	280+	3	5.2%
AKG of America.....	453	5	6.3%	300+	4	5.6%
Liggett Group LLC.....	269	6	3.7%	300+	2	5.6%
Armacell.....	256	7	3.5%	300+	5	5.6%
Morinaga.....	140	8	1.9%	*		(3)
Sandvic.....	111	9	1.5%	*		(3)
Cambro.....	97	10	1.3%	*		(3)
Ferraro Foods.....	82	*	1.1%	*		(3)
Kingsdown.....	80	*	1.1%	180+	9	3.4%
Prescient.....	73	*	1.0%	*		(3)
West Rock (Meadwestvaco).....		*		250+	7	4.7%
Walter Kidde.....		*		200+	8	3.7%
Jabil (Nypro).....		*		120+	10	2.2
Total.....	<u>4,283</u>		<u>59.1%</u>	<u>2,730</u>		<u>48.7%</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

Function / Department	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government:										
Mayor & City Council.....	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
City Manager.....	1.0	1.0	1.0	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.....	3.0	3.0	2.0	2.0	2.0	3.0	3.0	4.0	4.0	5.0
Human Resources.....	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tax Collector.....	2.0	2.0	2.0	1.0	1.0	1.0	1.0	-	-	-
City Attorney.....	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Information Technology.....	-	-	-	-	-	1.0	1.0	1.0	1.0	1.0
Public Buildings.....	2.0	2.0	2.0	2.0	4.0	4.0	4.0	4.0	5.0	5.0
Public Safety:										
Police Department.....	26.0	30.0	30.0	31.0	31.0	32.0	35.0	35.5	40.0	40.0
Fire Department.....	15.0	15.0	16.0	16.0	16.0	25.0	25.0	25.0	25.0	28.0
Economic and Physical Development:										
Planning.....	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0
Inspections.....	4.0	4.0	3.0	3.0	4.0	4.0	4.0	5.0	4.0	4.0
Public Works:										
Streets.....	7.0	6.0	7.0	9.0	-	-	-	-	-	-
Sanitation.....	6.0	5.0	5.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0
Public Works.....	4.0	5.0	5.0	5.0	12.0	12.0	12.0	13.0	12.0	14.0
Culture and Recreation:										
Recreation.....	4.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	7.0	7.0
Arts and Community Center.....	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Water and Sewer:										
Billing and Metering.....	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Water distribution and maintenance.....	3.0	3.0	3.0	2.0	2.0	2.0	3.0	3.0	3.0	5.0
Waste Collection and Treatment:										
Pretreatment - industrial monitoring.....	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Wastewater Treatment Plant.....	4.0	6.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0
Laboratory.....	0.5	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sewer mains and lift stations.....	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total.....	97.5	105.5	106.5	109.5	110.5	122.5	128.5	131.0	136.5	145.5

Sources:

City of Mebane staff

Notes:

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

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

Table 16

<u>Function</u>	<u>2010*</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Government										
Finance Department										
Vendor checks issued.....	2,509	1,545	2,675	3,003	2,952	3,029	3,095	3,104	3,299	3,668
Human Resources										
Workers' compensation lost time (days).....	-	2	155	52	122	-	-	-	-	23
Employee turnover rate.....	8%	6%	3%	7%	3%	5%	9%	5%	9%	4%
Public Safety										
Fire Protection										
Incident calls.....	1,775	873	1,812	732	823	773	840	909	918	921
Structure fires.....	67	37	168	303	211	15	19	26	34	21
Inspections.....	1,009	442	103	177	190	186	394	363	250	545
Child passenger seat inspections.....	157	49	197	242	191	154	204	193	237	190
Police Protection										
Physical arrests.....	457	240	552	653	568	501	377	438	482	506
Citations issued.....	960	544	1,073	1,489	1,226	1,028	926	1,585	1,522	1,846
Response to calls/officer initiated activity.....	8,470	5,625	13,163	15,363	14,942	14,685	16,968	16,363	17,220	19,764
Traffic accidents.....	471	198	593	583	528	491	620	790	628	809
Public Works										
Street resurfacing (miles).....	1.20	1.48	3.19	0.54	2.67	1.48	1.48	1.51	1.32	2.20
Refuse collected (tons annually).....	3,126	NA	3,200	3,267	3,390	3,585	3,880	4,073	4,278	4,594
Homes receiving service.....	4,088	NA	4,581	4,522	3,965	4,756	4,527	4,717	5,354	4,965
Recyclables collected (tons annually).....	724	NA	946	1,063	1,112	1,100	841	862	864	831
Economic & Physical Development										
Inspections										
Residential inspections conducted.....	3,549	2,722	3,247	3,460	5,914	5,212	6,477	7,348	4,765	7,032
Commercial inspections conducted.....	1,001	724	490	332	785	1,462	8,499	9,710	5,449	5,291
Total inspections conducted.....	<u>4,550</u>	<u>3,446</u>	<u>3,737</u>	<u>3,792</u>	<u>6,699</u>	<u>6,674</u>	<u>14,976</u>	<u>17,058</u>	<u>10,214</u>	<u>12,323</u>
Certificates of occupancy issued.....	171	74	136	125	131	154	166	216	102	206
Building permits issued.....	1,771	455	245	277	228	155	191	143	171	196
Cultural & Recreation										
Recreation										
Athletics participants.....	NA	NA	2,458	3,140	2,693	2,653	2,744	2,679	2,679	2,679
Water Distribution										
Accounts.....	4,007	4,174	4,302	4,454	4,566	4,744	4,934	5,227	5,471	5,717
Average daily consumption (mgd).....	1.257	1.321	1.150	1.290	1.350	1.400	1.510	1.880	1.760	1.710
Wastewater Treatment										
Accounts.....	3,674	3,836	3,974	4,125	4,263	4,424	4,587	4,898	5,034	5,170
Average daily treatment (mgd).....	1.093	1.082	1.000	1.100	1.340	1.202	1.359	1.373	1.290	1.690

Sources:

Various City departments

Notes:

"NA" indicates "not available"

*All years prior to 2011 were based on calendar year data

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

Table 17

Function	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Fire Protection										
Stations.....	2	2	2	2	2	3	3	3	3	3
Fire trucks.....	12	11	12	12	13	13	13	13	13	13
Police Protection										
Stations.....	1	1	1	1	1	1	1	1	1	1
Patrol units.....	22	27	30	32	32	30	29	31	39	36
Public Works										
Miles of streets.....	48.8	50.4	51.0	52.2	52.4	54.0	54.3	54.7	56.6	58.0
Maintenance vehicles.....	93	93	58	56	56	58	58	51	45	29
Miles of sidewalks (linear feet).....	25.3	38.2	42.9	43.0	43.0	50.1	50.8	54.2	55.3	57.5
Refuse collection trucks.....	6	6	5	5	6	6	6	6	6	6
Cultural & Recreation										
Number of parks	6	6	6	6	6	6	6	6	7	8
Park acreage.....	275	275	275	275	275	275	275	308	308	328
Trails (miles).....	3	3	3	3	3	3	3	3	3	5
Playgrounds.....	5	5	5	5	5	5	5	5	3	4
Baseball/softball diamonds.....	6	6	6	6	6	6	6	6	6	6
Soccer fields.....	8	8	10	10	10	10	10	10	10	7
Water and Sewer										
Miles of gravity sewer lines.....	82	81.8	88.1	88.7	89.1	94.3	97.8	98.6	100.1	113.4
Miles of water lines.....	92	91.6	100.1	103.1	104.6	111.3	111.3	114.9	117.2	117.8
Miles of sewer force mains.....	17	16.5	17.3	18.7	18.5	18.3	21.9	18.3	18.5	24.2
Miles of storm sewer.....	56	55.9	57.0	57.0	57.6	58.5	61.1	61.8	64.9	65.0

Source:

Various City departments

Notes:

"NA" indicates "not available"

Compliance Section

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

- **Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**
- **Report on Compliance With Requirements Applicable to Each Major State Program and Internal Control Over Compliance in Accordance With the Uniform Guidance and the State Single Audit Implementation Act**
- **Schedule of Findings and Questioned Costs, Corrective Action Plans and Summary Schedules of Prior Audit Findings**
- **Schedule of Expenditures of Federal and State Awards**



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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United State of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2019, 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 October 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Mebane's internal control over financial reporting (internal control) to determine the 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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mebane's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

STOUT STUART MCGOWEN & KINGS LLP

October 30, 2019



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR STATE PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND THE STATE
SINGLE AUDIT IMPLEMENTATION ACT**

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited City of Mebane, North Carolina, compliance with the types of compliance requirements described in 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, 2019. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Mebane's major state programs based on our audit of the types of compliance requirements referred to above. 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 applicable sections of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about the City of Mebane's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination on the City of Mebane's compliance.

Opinion on Each Major State Program

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, 2019.

Report on Internal Control Over Compliance

Management of the City of Mebane is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Mebane's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program in order to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

STOUT STUART MCGOWEN & KING LLP

October 30, 2019

CITY OF MEBANE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

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

State Awards

Internal control over major State programs:

Material weakness(es) identified? _____ Yes X No

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

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

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

Identification of major State Programs:

Program Name

Powell Bill
Parks and Recreation Trust Fund

CITY OF MEBANE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

Section II. Financial Statement Findings

None reported.

Section III. State Award Findings and Questioned Costs

None reported.

CITY OF MEBANE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2019

None Reported

City of Mebane, North Carolina
Schedule of Expenditures of Federal and State Awards
For The Year Ended June 30, 2019

<u>Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</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>
Federal Awards:					
Cash Programs:					
<u>U.S. Dept. of Justice</u>					
Direct Program:					
Federal Equitable Sharing Funds	16.922	na	\$ 82,049	\$ -	\$ -
Total assistance - federal programs			82,049	-	-
Cash Assistance:					
<u>N.C. Department of Transportation:</u>					
Powell Bill.....	na	2000001817	-	351,935	-
<u>N.C. Department of Natural and Cultural Resources</u>					
Parks and Recreation Trust Fund.....	na			355,802	
<u>N.C. Wildlife Resources Commission</u>					
Green Growth Grant.....				10,436	
<u>N.C. Department of Commerce:</u>					
Downtown Revitalization Grant	na		-	31,968	-
Total assistance - state programs.....			-	750,141	-
Total assistance.....			\$ 82,049	\$ 750,141	\$ -

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, 2019. 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.

City of Mebane has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

