



# Comprehensive Annual Financial Report

City of Mebane, North Carolina

For the Year Ended June 30, 2020



# Comprehensive Annual Financial Report

City of Mebane, North Carolina

For the Year Ended June 30, 2020

Prepared by  
Jeanne Tate  
Finance Director

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**June 30, 2020**

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November 19, 2020

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, 2020. 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, 2020, 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, 2020. The independent auditors' report on the basic financial statements is located at the beginning of the financial section of this report.

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

### **Profile of the City**

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



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

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

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

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

### **Local Economy**

Nationally, the economy remains in a downturn in response to the Covid-19 pandemic, with slower growth and many businesses accepting federal loan funds. North Carolina has fared better than most states and Mebane has fared better than most of the state. Throughout the slow growth after the economic downturn of 2008, Mebane continued to lead the county in homebuilding, and that trend is expected to continue. Residential construction continued unabated during the shutdowns from the pandemic in 2019-20. Inspections, permits and certificates of occupancy issued in 2020 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 and Airgas USA completed new facilities and began operations in the past year. Universal Preserv-a-Chem and Medline facilities are under construction along with a major expansion of ABB. 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, 2019. 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 unfailing support for maintaining the highest standards of professionalism in the management of the City of Mebane's finances.

Respectfully submitted,

*David S. Cheek*

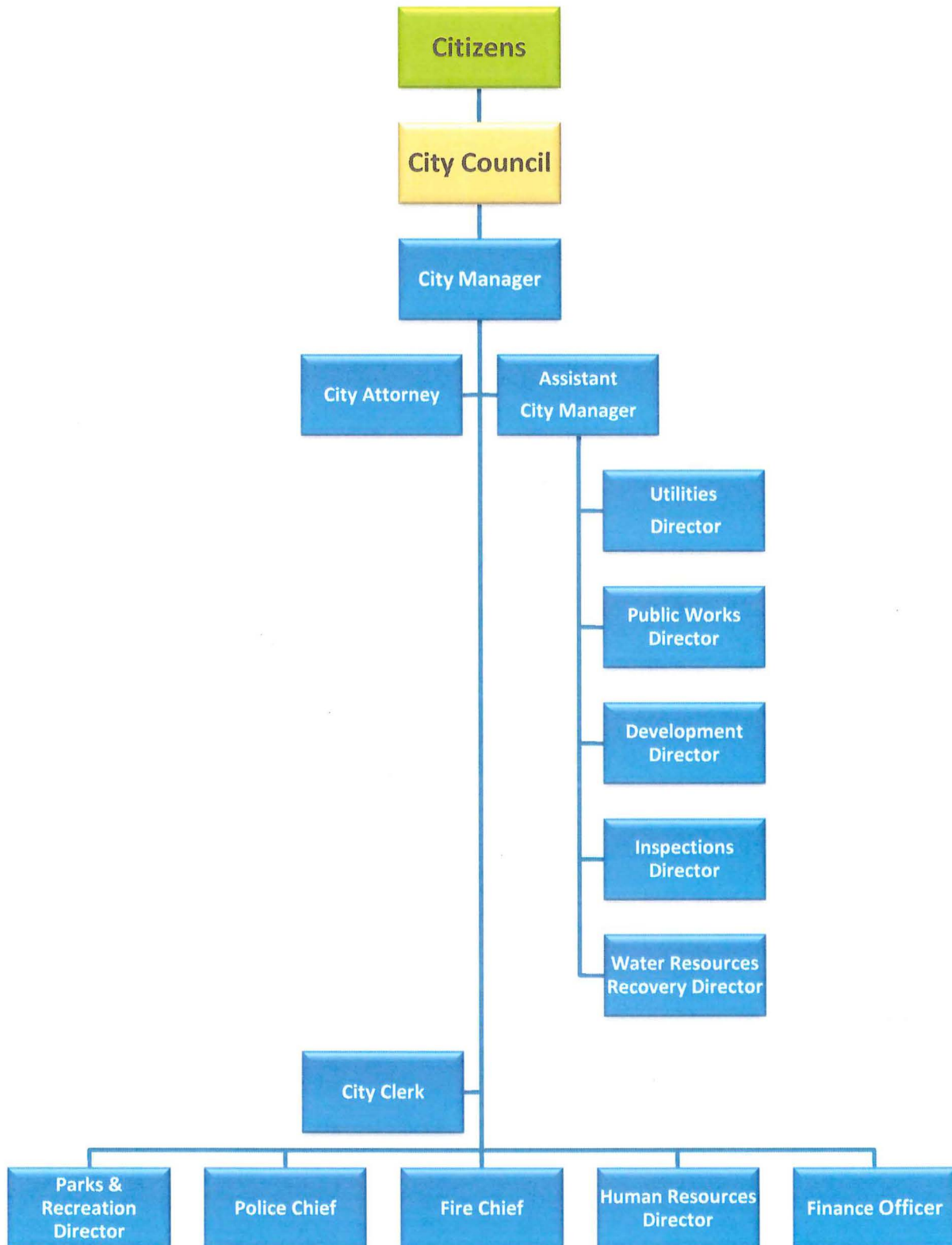
David S. Cheek, CPA  
City Manager

*Jeanne D. Tate*

Jeanne D. Tate  
Finance Director

**City of Mebane, North Carolina**  
**Organizational Chart**  
**June 30, 2020**

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**Elected Officials**

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

**Appointed Officials**

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
Beatrice Hunter	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, 2019

*Christopher P. Morill*

Executive Director/CEO



**STOUT  
STUART  
McGOWEN  
& KING LLP**

*Certified  
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, 2020, 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, 2020, 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 inquires, the basic financial

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

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Mebane, North Carolina. The combining and individuals fund statements, budgetary schedules, other schedules 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 November 19, 2020 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

November 19, 2020

**City of Mebane, North Carolina**  
**Management Discussion and Analysis**  
**June 30, 2020**

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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, 2020. 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.

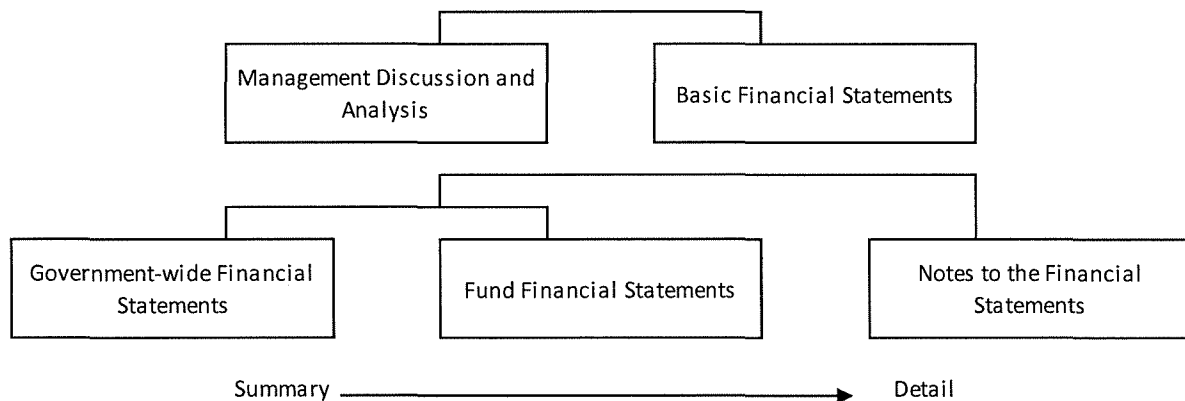
**Financial Highlights**

- 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 \$110,730,181 (net position).
- The government's total net position increased by \$9,826,250, due to increases in the government type net position of \$3,971,837 and increases in the business type activities net position of \$5,854,413.
- As of the close of the current fiscal year, the City of Mebane's governmental funds reported combined ending fund balances of \$14,955,477, an increase of \$580,787 in comparison to \$336,630 in the prior year. Approximately 18.1 percent of this total amount, or \$2,703,980, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$10,427,779 or 57.32 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.

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, 2020**

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)**

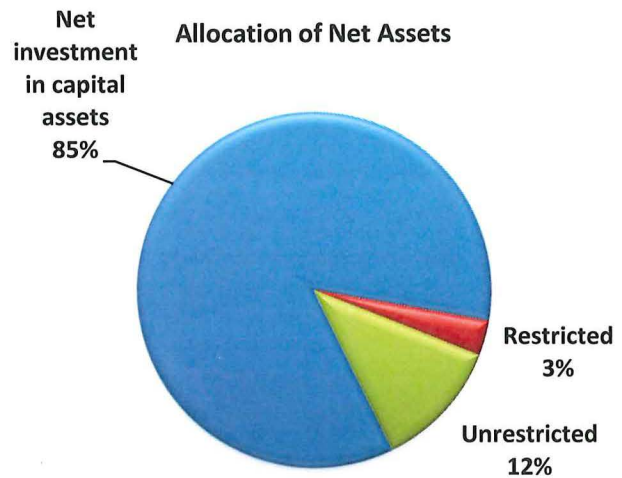
	Governmental Activities			Business-Type Activities			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Current and other assets.....	\$ 16,328,930	\$ 15,314,782	\$ 15,522,240	\$ 8,422,634	\$ 10,038,366	\$ 10,496,254	\$ 24,751,564	\$ 25,353,148	\$ 26,018,494
Non-current assets.....	1,694,588	1,402,094	1,423,869	1,573,791	-	-	3,268,379	1,402,094	1,423,869
Capital assets.....	57,304,415	54,184,211	50,868,231	52,721,275	47,220,521	47,102,743	110,025,690	101,404,732	97,970,974
<b>Total assets .....</b>	<b>75,327,933</b>	<b>70,901,087</b>	<b>67,814,340</b>	<b>62,717,700</b>	<b>57,258,887</b>	<b>57,598,997</b>	<b>138,045,633</b>	<b>128,159,974</b>	<b>125,413,337</b>
Deferred outflows of resources.....	4,717,368	3,638,262	2,542,849	692,831	525,612	349,970	5,410,199	4,163,874	2,892,819
Long-term liabilities outstanding.....	19,099,032	18,267,076	17,934,946	9,026,767	9,456,048	10,051,529	28,125,799	27,723,124	27,986,475
Other liabilities.....	2,471,378	1,656,230	2,325,823	1,226,150	1,022,724	1,281,467	3,697,528	2,678,954	3,607,290
<b>Total liabilities .....</b>	<b>21,570,410</b>	<b>19,923,306</b>	<b>20,260,769</b>	<b>10,252,917</b>	<b>10,478,772</b>	<b>11,332,996</b>	<b>31,823,327</b>	<b>30,402,078</b>	<b>31,593,765</b>
Deferred inflows of resources.....	790,594	903,583	580,423	111,730	114,256	80,321	902,324	1,017,839	660,744
<b>Net position:</b>									
Net investment in capital assets.....	48,932,506	44,539,110	40,610,954	45,237,242	38,984,945	38,122,626	94,169,748	83,524,055	78,733,580
Restricted.....	2,535,935	2,844,468	2,757,579	970,910	586,608	-	3,506,845	3,431,076	2,757,579
Unrestricted.....	6,215,856	6,328,882	6,147,464	6,837,732	7,619,918	8,413,024	13,053,588	13,948,800	14,560,488
<b>Total net position.....</b>	<b>\$ 57,684,297</b>	<b>\$ 53,712,460</b>	<b>\$ 49,515,997</b>	<b>\$ 53,045,884</b>	<b>\$ 47,191,471</b>	<b>\$ 46,535,650</b>	<b>\$ 110,730,181</b>	<b>\$ 100,903,931</b>	<b>\$ 96,051,647</b>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the City of Mebane exceeded liabilities and deferred inflows by \$110,730,181 as of June 30, 2020. The City's net position increased by \$9,826,250 for the fiscal year ended June 30, 2020. However, the largest portion (85.04%) 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 \$3,506,845 (3.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$13,053,588 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.66%, which compares favorably with the statewide average of 99.16%.
- Other taxes increased \$181,714 which included an increase in sales taxes of \$151,230.
- Water and sewer charges for services increased by \$648,809 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		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
<b>Revenues:</b>									
Program revenues:									
Charges for services.....	\$ 1,464,352	\$ 1,479,984	\$ 981,135	\$ 7,644,617	\$ 6,995,810	\$ 6,676,309	\$ 9,108,969	\$ 8,475,794	\$ 7,657,444
Operating grants and contributions	957,002	742,312	934,764	-	-	-	957,002	742,312	934,764
Capital grants and contributions.....	3,927,560	2,617,102	3,380,460	5,400,880	226,820	2,508,340	9,328,440	2,843,922	5,888,800
General revenues:									
Property taxes.....	11,378,933	10,895,740	10,279,056	-	-	-	11,378,933	10,895,740	10,279,056
Other taxes.....	5,067,665	4,885,951	4,563,646	-	-	-	5,067,665	4,885,951	4,563,646
Grants and contributions not restricted to specific programs.....	31,047	4,050	3,050	-	-	-	31,047	4,050	3,050
Other.....	580,737	217,231	293,880	105,857	138,837	221,536	686,594	356,068	515,416
<b>Total revenues.....</b>	<b>23,407,296</b>	<b>20,842,370</b>	<b>20,435,991</b>	<b>13,151,354</b>	<b>7,361,467</b>	<b>9,406,185</b>	<b>36,558,650</b>	<b>28,203,837</b>	<b>29,842,176</b>
<b>Expenses:</b>									
General government.....	2,508,794	2,262,074	2,227,259	-	-	-	2,508,794	2,262,074	2,227,259
Public safety.....	8,045,419	7,070,899	6,567,770	-	-	-	8,045,419	7,070,899	6,567,770
Public works.....	4,939,677	3,803,467	3,885,804	-	-	-	4,939,677	3,803,467	3,885,804
Economic development.....	1,677,079	1,269,525	1,879,946	-	-	-	1,677,079	1,269,525	1,879,946
Culture and recreation.....	2,005,292	1,900,889	1,301,845	-	-	-	2,005,292	1,900,889	1,301,845
Interest on long-term debt.....	257,803	281,751	300,632	-	-	-	257,803	281,751	300,632
Water and sewer.....	-	-	-	7,298,336	6,762,948	6,039,261	7,298,336	6,762,948	6,039,261
<b>Total expenses.....</b>	<b>19,434,064</b>	<b>16,588,605</b>	<b>16,163,256</b>	<b>7,298,336</b>	<b>6,762,948</b>	<b>6,039,261</b>	<b>26,732,400</b>	<b>23,351,553</b>	<b>22,202,517</b>
<b>Increase in net position before transfers and special item.....</b>	<b>3,973,232</b>	<b>4,253,765</b>	<b>4,272,735</b>	<b>5,853,018</b>	<b>598,519</b>	<b>3,366,924</b>	<b>9,826,250</b>	<b>4,852,284</b>	<b>7,639,659</b>
Transfers.....	(1,395)	(57,302)	(2,003)	1,395	57,302	2,003	-	-	-
Special item.....	-	-	-	-	-	-	-	-	-
<b>Increase in net position.....</b>	<b>3,971,837</b>	<b>4,196,463</b>	<b>4,270,732</b>	<b>5,854,413</b>	<b>655,821</b>	<b>3,368,927</b>	<b>9,826,250</b>	<b>4,852,284</b>	<b>7,639,659</b>
<b>Net position, July 1.....</b>	<b>53,712,460</b>	<b>49,515,997</b>	<b>47,273,164</b>	<b>47,191,471</b>	<b>46,535,650</b>	<b>43,475,859</b>	<b>100,903,931</b>	<b>96,051,647</b>	<b>90,749,023</b>
<b>Net position, restated.....</b>	<b>53,712,460</b>	<b>49,515,997</b>	<b>45,245,265</b>	<b>47,191,471</b>	<b>46,535,650</b>	<b>43,166,723</b>	<b>100,903,931</b>	<b>96,051,647</b>	<b>88,411,988</b>
<b>Net position, June 30.....</b>	<b>\$ 57,684,297</b>	<b>\$ 53,712,460</b>	<b>\$ 49,515,997</b>	<b>\$ 53,045,884</b>	<b>\$ 47,191,471</b>	<b>\$ 46,535,650</b>	<b>\$ 110,730,181</b>	<b>\$ 100,903,931</b>	<b>\$ 96,051,647</b>

Note: 2018 Net Position has been restated to reflect prior period adjustments.

**Governmental activities:** Governmental activities prior to transfers increased the City's net position by \$3,973,231 thereby accounting for 40.43% 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 \$483,193 over the prior year.
- Other tax revenues increased by \$181,714 over the prior year, mostly in sales tax despite the impact of the coronavirus pandemic.
- Charges for services decreased by \$15,632 while operating grants increased \$214,690 and capital grants and contributions increased \$1,310,458 over the prior year.

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**Business-type activities:** Business-type activities prior to transfers increased the City of Mebane's net position by \$5,853,019, accounting for 59.57% 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:

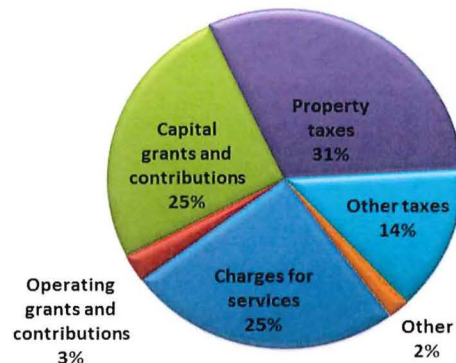
- Charges for services increased \$648,809 due to an increase in demand for these services, due to the growth in Mebane.
- Capital grants and contributions increased \$5,174,060 due to increased economic growth in the City.

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

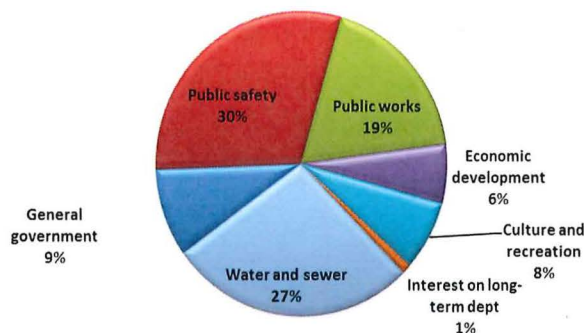
As noted earlier, the City of Mebane uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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.

**Revenues by Source - All Activities**



**Expenses by Function - All Activities**



The general fund is the chief operating fund of the City of Mebane. At the end of the current fiscal year, fund balance available in the General Fund was \$12,251,497, while total fund balance reached \$14,842,317. The City currently has an available fund balance of 67.34% of general fund expenditures, while total fund balance represents 81.58% of the same amount.

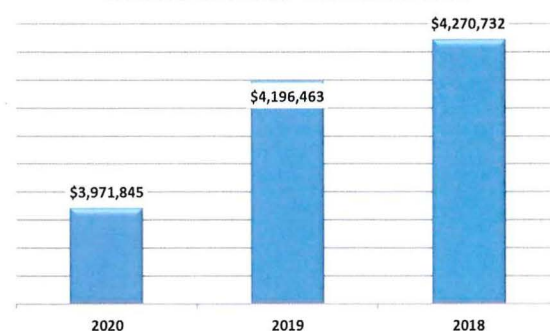
At June 30, 2020, the governmental funds of the City of Mebane reported a combined fund balance of \$14,955,477, a 4.04% increase over last year. This

increase in fund balance is due to an increase in the general fund of \$1,450,623 combined with an increase in the capital project offset by a decrease in the non-major funds of \$869,836.

**General Fund Budgetary Highlights:** During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues were more than the budgeted amounts

**Increase in Net Position - Governmental Funds**



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

**Proprietary Funds:** The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer fund at the end of the fiscal year amounted to \$8,180,804. The total increase in net position was \$560,886.

**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, 2020, totals \$110,025,690 (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 \$3,747,560 and in the water and sewer fund in the amount of \$5,400,880.
- Construction in progress in the governmental funds consisted of construction related expenses in the 1<sup>st</sup> Street Park of \$13,697, the Cates Farm Park of \$3,500, and MACC to Holt Street Greenway \$29,089.
- Construction in progress for Utility funds includes \$72,669 for Cambridge Park improvements, \$11,448 for the new effluent line and \$138,852 for the WRRF Upgrade.

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

	Governmental Activities			Business-Type Activities			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Land.....	\$ 6,980,512	\$ 6,980,512	\$ 6,317,928	\$ 520,198	\$ 520,198	\$ 178,250	\$ 7,500,710	\$ 7,500,710	\$ 6,496,178
Artwork and collections.....	68,360	46,000	31,900	-	-	-	68,360	46,000	31,900
Buildings and systems.....	12,834,576	13,177,061	12,326,652	21,650,859	22,177,370	22,812,776	34,485,435	35,354,431	35,139,428
Water and sewer systems.....	-	-	-	29,099,844	23,447,533	23,245,026	29,099,844	23,447,533	23,245,026
Improvements other than buildings	10,114,964	10,013,064	3,817,412	-	-	-	10,114,964	10,013,064	3,817,412
Machinery and equipment.....	1,775,174	1,954,736	1,557,901	1,049,187	920,648	739,403	2,824,361	2,875,384	2,297,304
Computer equipment.....	216,441	265,547	177,875	-	-	-	216,441	265,547	177,875
Infrastructure.....	22,306,612	18,791,974	15,999,224	-	-	-	22,306,612	18,791,974	15,999,224
Vehicles and motorized equipment.	2,954,627	2,944,184	3,523,159	43,463	20,018	24,444	2,998,090	2,964,202	3,547,603
Construction in progress.....	53,149	11,133	7,116,180	357,724	134,754	102,844	410,873	145,887	7,219,024
	<u>\$57,304,415</u>	<u>\$54,184,211</u>	<u>\$50,868,231</u>	<u>\$52,721,275</u>	<u>\$47,220,521</u>	<u>\$47,102,743</u>	<u>\$110,025,690</u>	<u>\$101,404,732</u>	<u>\$97,970,974</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, 2020, the City of Mebane had no bonded debt outstanding.

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

	Governmental Activities			Business-Type Activities			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
General obligation bonds. \$	-	-	-	-	-	-	-	-	-
Direct Placement Debt.....	8,371,909	9,645,099	10,257,277	3,617,917	4,042,056	4,459,195	11,989,826	13,687,155	14,716,472
Other long-term payables.	-	-	-	3,866,116	4,193,519	4,520,922	3,866,116	4,193,519	4,520,922
Compensated absences.....	465,151	429,293	406,303	76,077	68,555	65,051	541,228	497,848	471,354
OPEB.....	6,809,240	5,357,168	5,235,446	1,061,570	819,539	799,290	7,870,810	6,176,707	6,034,736
Pension related debt.....	3,452,732	2,835,516	2,035,920	405,087	332,379	207,071	3,857,819	3,167,895	2,242,991
Total.....	<u>\$19,099,032</u>	<u>\$18,267,076</u>	<u>\$17,934,946</u>	<u>\$9,026,767</u>	<u>\$9,456,048</u>	<u>\$10,051,529</u>	<u>\$28,125,799</u>	<u>\$27,723,124</u>	<u>\$27,986,475</u>

The City of Mebane's total debt increased by \$402,675 (1.45%) during the past fiscal year, primarily due to increases in OPEB of \$1,694,103, and increases in pension obligations of \$689,924, netted with scheduled principal payments of \$2,024,732 on 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 FY20, and Standard & Poor's Ratings Services last review affirmed the rating, with a stable outlook for the City of Mebane. They stated that the rating reflects their opinion of the City's favorable location, growing and diverse property base, very strong finances and low



**City of Mebane, North Carolina**  
**Management Discussion and Analysis**  
**June 30, 2020**

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direct debt. The City believes this speaks very highly of the stability and sound management practices of the City of Mebane.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for City of Mebane is \$171,628,110.

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:

- Although the City experienced the same shutdowns as the rest of the state as the result of Covid 19 restrictions, the economy in Mebane was resilient as restaurants moved to takeout and other businesses found new ways to continue operating. Sales tax receipts were 9% lower than the prior year for one month only, and exceeded prior year receipts in all other months, meeting budget for FY20.
- The City's tax base continues to grow with industrial development and expansion in the NC Industrial Center and NC Commerce Park, along with new development in Orange County. Lotus Bakeries and Airgas USA began operations at new facilities in the past year, and under construction are a major expansion of ABB, doubling their size, and a new 1.2 million square foot distribution center for Medline, a medical products company, along with a number of mixed use projects that will provide additional retail and residential space.
- New housing developments is also under construction, with both subdivisions and apartment communities continuing construction that was approved over the past few years.
- Given the positive experience of the spring, retail sales are expected to remain strong, with Tanger Outlets sustaining much of its growth.

**Budget Highlights for the Fiscal Year Ending June 30, 2021**

**Governmental Activities:** Amid the uncertainties of the pandemic, the City took a very conservative approach to budgeting for FY21. With the expectation of continued growth in the tax base, the City retained an ad valorem tax rate of \$.47 per \$100 valuation and a 3% growth in tax collections. Retail sales and state-shared revenues were budgeted to decrease based on a conservative approach to the effects of the pandemic, with an overall decrease of 1.6% in General Fund revenues.

The expenditures budget continued projects already under way like the MACC to Holt Street Greenway and parks at First Street and Cates Farm. Other planned capital was largely delayed. The budget included a cost of living increase for employees but delayed merit pay.

**Business-type Activities:** The budget for FY21 delayed a rate increase planned for water and sewer services, with the Council planning to review operations halfway through the year and revisit the decision. Water and sewer charges were budgeted to decrease slightly due to the pandemic, with overall revenues staying largely flat at .7% growth overall. The budget continued the City's dedication to maintenance of the system and to address growth, continuing the plan to issue \$6.3 million in debt to upgrade the Water Resources Recovery Facility.

**City of Mebane, North Carolina**  
**Management Discussion and Analysis**  
**June 30, 2020**

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**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

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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.

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**City of Mebane, North Carolina**  
**Statement of Net Position**  
**June 30, 2020**

**Exhibit 1**

	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents.....	\$ 13,891,189	\$ 7,586,901	\$ 21,478,090
Taxes receivables, (net).....	75,075	-	75,075
Accrued interest receivable on taxes.....	16,594	-	16,594
Accounts receivable (net).....	133,070	835,733	968,803
Due from other governments.....	2,044,951	-	2,044,951
Prepaid items.....	168,051	-	168,051
Restricted cash.....	1,170,936	1,573,791	2,744,727
Notes receivable - Mebane Mill Lofts, LLC.....	523,652	-	523,652
Capital assets (Note 2):			
Land, non-depreciable improvements, and construction in progress .....	7,102,021	877,922	7,979,943
Other capital assets, net of depreciation.....	50,202,394	51,843,353	102,045,747
Total capital assets.....	57,304,415	52,721,275	110,025,690
<b>Total assets</b> .....	<b>75,327,933</b>	<b>62,717,700</b>	<b>138,045,633</b>
<b>Deferred outflows of resources</b> .....	<b>4,717,368</b>	<b>692,831</b>	<b>5,410,199</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses.....	1,554,077	583,206	2,137,283
Accrued interest payable.....	54,223	40,063	94,286
Due to other governments.....	-	-	-
Payable from restricted assets.....	863,078	602,881	1,465,959
Noncurrent liabilities due in more than one year:			
Current portion of long-term liabilities.....	1,630,334	827,100	2,457,434
Net pension liability - LGERS.....	2,650,542	405,087	3,055,629
Net pension liability - LEOSA.....	802,190	-	802,190
Due in more than one year.....	14,015,966	7,794,580	21,810,546
Total noncurrent liabilities.....	19,099,032	9,026,767	28,125,799
<b>Total liabilities</b> .....	<b>21,570,410</b>	<b>10,252,917</b>	<b>31,823,327</b>
<b>Deferred inflows of resources</b> .....	<b>790,594</b>	<b>111,730</b>	<b>902,324</b>
<b>Net Position</b>			
Net investment in capital assets.....	48,932,506	45,237,242	94,169,748
Restricted for:			
Stabilization by State Statute.....	2,422,777	-	2,422,777
Other functions.....	113,158	-	113,158
Future system development.....	-	970,910	970,910
Unrestricted .....	6,215,856	6,837,732	13,053,588
<b>Total net position</b> .....	<b>\$ 57,684,297</b>	<b>\$ 53,045,884</b>	<b>\$ 110,730,181</b>

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

City of Mebane, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2020

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	
<b>Primary government</b>							
<b>Governmental activities</b>							
General government.....	\$ 2,508,794	\$ 11,850	\$ -	\$ -	\$ (2,496,944)	\$ -	\$ (2,496,944)
Public safety.....	8,045,419	17,532	191,759	-	(7,836,128)	-	(7,836,128)
Public works.....	4,939,677	617,855	375,559	3,747,560	(198,703)	-	(198,703)
Recreation.....	1,677,079	74,138	5,315	-	(1,597,626)	-	(1,597,626)
Economic & physical development.....	2,005,292	742,977	384,369	180,000	(697,946)	-	(697,946)
Interest on long-term debt.....	257,803	-	-	-	(257,803)	-	(257,803)
<b>Total governmental activities.....</b>	<b>19,434,064</b>	<b>1,464,352</b>	<b>957,002</b>	<b>3,927,560</b>	<b>(13,085,150)</b>	<b>-</b>	<b>(13,085,150)</b>
<b>Business-type activities:</b>							
Water and sewer.....	7,298,336	7,644,617	-	5,400,880	-	5,747,161	5,747,161
<b>Total business-type activities.....</b>	<b>7,298,336</b>	<b>7,644,617</b>	<b>-</b>	<b>5,400,880</b>	<b>-</b>	<b>5,747,161</b>	<b>5,747,161</b>
<b>Total primary government.....</b>	<b>\$ 26,732,400</b>	<b>\$ 9,108,969</b>	<b>\$ 957,002</b>	<b>\$ 9,328,440</b>	<b>(13,085,150)</b>	<b>5,747,161</b>	<b>(7,337,989)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes.....					11,378,933	-	11,378,933
Sales taxes.....					3,709,852	-	3,709,852
Franchise tax.....					1,138,279	-	1,138,279
Privilege license tax.....					955	-	955
Excise Tax.....					218,579	-	218,579
Grants & contributions not restricted to specific programs.....					31,047	-	31,047
Unrestricted investment earnings.....					153,113	89,202	242,315
Miscellaneous.....					427,624	16,655	444,279
<b>Total general revenues excluding transfers.....</b>					<b>17,058,382</b>	<b>105,857</b>	<b>17,164,239</b>
Transfers.....					(1,395)	1,395	-
<b>Total general revenues and transfers.....</b>					<b>17,056,987</b>	<b>107,252</b>	<b>17,164,239</b>
<b>Change in net position.....</b>					<b>3,971,837</b>	<b>5,854,413</b>	<b>9,826,250</b>
Net position - beginning .....					53,712,460	47,191,471	100,903,931
<b>Net position - ending.....</b>					<b>\$ 57,684,297</b>	<b>\$ 53,045,884</b>	<b>\$ 110,730,181</b>

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

**City of Mebane, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

**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>
<b>Assets</b>				
Cash and cash equivalents.....	\$ 13,311,576	\$ 34,448	\$ 545,165	\$ 13,891,189
Restricted cash.....	1,057,778	-	113,158	1,170,936
Taxes receivable, net.....	94,533	-	-	94,533
Receivable from other governments.....	2,025,493	-	-	2,025,493
Other receivables.....	133,070	-	-	133,070
Prepaid items.....	168,052	-	-	168,052
Advance to other funds.....	-	-	-	-
<b>Total assets.....</b>	<b>\$ 16,790,502</b>	<b>\$ 34,448</b>	<b>\$ 658,323</b>	<b>\$ 17,483,273</b>
<b>Liabilities, Deferred Inflows of</b>				
<b>Resources and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable.....	974,466	34,448	545,163	1,554,077
Due to other funds.....	-	-	-	-
Due to other governments.....	-	-	-	-
Payable from restricted assets.....	863,078	-	-	863,078
<b>Total liabilities.....</b>	<b>1,837,544</b>	<b>34,448</b>	<b>545,163</b>	<b>2,417,155</b>
<b>Deferred inflows of resources.....</b>	<b>110,641</b>	<b>-</b>	<b>-</b>	<b>110,641</b>
<b>Fund balances:</b>				
Nonspendable				
Prepaid assets.....	168,052	-	-	168,052
Restricted				
Stabilization by State Statute.....	2,422,768	-	-	2,422,768
Economic development.....	-	-	113,160	113,160
Assigned				
Subsequent year's expenditures.....	1,823,718	-	-	1,823,718
Unassigned.....	10,427,779	-	-	10,427,779
<b>Total fund balances.....</b>	<b>14,842,317</b>	<b>-</b>	<b>113,160</b>	<b>14,955,477</b>
<b>Total liabilities, deferred inflows of</b>				
<b>resources and fund balances.....</b>	<b>\$ 16,790,502</b>	<b>\$ 34,448</b>	<b>\$ 658,323</b>	<b>\$ 17,483,273</b>

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, 2020**

**Exhibit 3**

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

Total fund balance, governmental funds.....		\$ 14,955,477
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost.....	73,303,844	
Accumulated depreciation.....	(15,999,429)	57,304,415
Deferred outflows of resources related to pensions are not reported in the funds.....		3,633,652
Deferred outflows of resources related to OPEB are not reported in the funds.....		1,083,716
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.....	16,594	
Notes receivable.....	523,652	540,246
Earned revenues considered deferred inflows of resources in fund statements.....		107,199
Deferred inflows of resources related to pensions are not reported in the funds.....		(31,648)
Deferred inflows of resources related to OPEB are not reported in the funds.....		(755,504)
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Notes payable.....	(8,372,351)	
Compensated absences.....	(464,710)	
Net pension liability - LGERS.....	(2,650,542)	
Total pension liability - LEOSA.....	(802,190)	
OPEB liability.....	(6,809,240)	(19,099,033)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.....		(54,223)
<b>Net Position of Governmental Activities.....</b>		<b>\$ 57,684,297</b>

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

**City of Mebane, North Carolina**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

**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>
<b>Revenues</b>				
Property taxes.....	\$ 10,897,067	\$ -	\$ -	\$ 10,897,067
Other taxes and licenses.....	955	-	-	955
Unrestricted intergovernmental.....	5,433,058	-	-	5,433,058
Restricted intergovernmental.....	1,262,717	-	-	1,262,717
Permits and fees.....	811,186	-	-	811,186
Sales and services.....	576,421	-	-	576,421
Investment earnings.....	148,826	-	4,287	153,113
Miscellaneous.....	514,135	-	10,689	524,824
<b>Total revenues.....</b>	<u>19,644,365</u>	<u>-</u>	<u>14,976</u>	<u>19,659,341</u>
<b>Expenditures</b>				
Current:				
General government.....	2,265,058	-	-	2,265,058
Public safety.....	6,888,994	-	-	6,888,994
Public works.....	3,048,385	-	-	3,048,385
Recreation.....	1,343,057	-	-	1,343,057
Economic and physical development.....	1,927,454	-	-	1,927,454
Debt Service:				
Principal.....	1,272,748	-	-	1,272,748
Interest and other charges.....	264,189	-	-	264,189
Capital outlay.....	-	118,981	1,949,688	2,068,669
<b>Total Expenditures.....</b>	<u>17,009,885</u>	<u>118,981</u>	<u>1,949,688</u>	<u>19,078,554</u>
<b>Excess (deficiency) of revenues over expenditures.....</b>	<u>2,634,480</u>	<u>(118,981)</u>	<u>(1,934,712)</u>	<u>580,787</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in.....	-	356,291	827,566	1,183,857
Transfers out.....	(1,183,857)	-	-	(1,183,857)
Installment purchase obligations issued.....	-	-	-	-
<b>Total other financing sources and uses.....</b>	<u>(1,183,857)</u>	<u>356,291</u>	<u>827,566</u>	<u>-</u>
Net change in fund balances.....	1,450,623	237,310	(1,107,146)	580,787
Fund balances - beginning .....	13,391,694	(237,310)	1,220,306	14,374,690
<b>Fund balances - ending.....</b>	<u>\$ 14,842,317</u>	<u>\$ -</u>	<u>\$ 113,160</u>	<u>\$ 14,955,477</u>

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



**City of Mebane, North Carolina**

**Statement of Revenues, Expenditures and Changes in Fund Balances (continued)**

**Governmental Funds**

**For the Year Ended June 30, 2020**

**Exhibit 4**

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

Net change in fund balances - total governmental funds		\$	580,787
Governmental funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital outlay expenditures which were capitalized.....	\$	1,577,197	
Depreciation expense for governmental assets.....		(2,188,528)	(611,331)
Cost of capital asset disposed of during the year, not recognized on modified accrual basis.....			(11,754)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities.....			(142,038)
Benefit payments paid and administrative costs for LEOSSA are deferred outflows of resources on the Statement of Activities.....			6,883
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities.....			82,501
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.....		3,747,560	
Mebane Mills Lofts notes receivable principal receipts.....		(10,689)	
Change in unavailable revenue for tax revenues.....		(1,768)	3,735,103
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.....		-	
Principal payments on long-term debt.....		1,273,190	
Decrease in accrued interest payable.....		6,386	1,279,576
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.....		(35,416)	
Pension expense.....		(391,123)	
OPEB plan expense.....		(521,351)	(947,890)
<b>Total changes in net position of governmental activities .....</b>			<b>\$ 3,971,837</b>

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

**City of Mebane, North Carolina**

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

**For the Year Ended June 30, 2020**

**Exhibit 5**

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Property taxes.....	\$ 10,659,750	\$ 10,659,750	\$ 10,897,067	\$ 237,317
Other taxes and licenses.....	1,000	1,000	955	(45)
Unrestricted intergovernmental.....	5,347,770	5,347,770	5,433,058	85,288
Restricted intergovernmental.....	860,160	1,081,770	1,262,717	180,947
Permits and fees.....	808,000	808,000	811,186	3,186
Sales and services.....	570,550	570,550	576,421	5,871
Investment earnings.....	15,000	15,000	148,826	133,826
Miscellaneous.....	281,000	328,528	514,135	185,607
<b>Total revenues.....</b>	<b>18,543,230</b>	<b>18,812,368</b>	<b>19,644,365</b>	<b>831,997</b>
<b>Expenditures</b>				
Current:				
General government.....	2,714,700	2,757,212	2,265,058	492,154
Public safety.....	6,972,170	7,220,748	6,888,994	331,754
Public works.....	3,610,920	4,108,498	3,048,385	1,060,113
Recreation.....	1,651,130	1,844,519	1,343,057	501,462
Economic and physical development.....	2,364,040	2,593,368	1,927,454	665,914
Debt Service:				
Principal.....	1,503,007	1,430,007	1,272,748	157,259
Interest and other charges.....	315,462	278,218	264,189	14,029
<b>Total expenditures.....</b>	<b>19,131,429</b>	<b>20,232,570</b>	<b>17,009,885</b>	<b>3,222,685</b>
<b>Excess (deficiency) of revenues over expenditures.....</b>	<b>(588,199)</b>	<b>(1,420,202)</b>	<b>2,634,480</b>	<b>4,054,682</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in.....	-	-	-	-
Transfers out.....	(2,060,871)	(2,919,658)	(1,183,857)	1,735,801
Long-term debt obligations issued.....	1,149,070	784,070	-	(784,070)
Fund balance appropriated.....	1,500,000	3,555,790	-	(3,555,790)
<b>Total other financing sources and uses.....</b>	<b>588,199</b>	<b>1,420,202</b>	<b>(1,183,857)</b>	<b>(2,604,059)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,450,623</b>	<b>\$ 1,450,623</b>
<b>Fund balances - beginning</b>			<b>13,391,694</b>	
<b>Fund balances - ending</b>			<b>\$ 14,842,317</b>	

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, 2020**

**Exhibit 6**

	<u>Water and</u> <u>Sewer Fund</u>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents.....	\$ 7,586,901
Accounts receivable (net) - billed.....	543,920
Accounts receivable (net) - unbilled.....	288,958
Other receivables.....	2,855
Due from other governments.....	-
Prepaid items.....	-
Restricted cash.....	1,573,791
Total current assets.....	<u>9,996,425</u>
Non-current assets:	
Net pension asset.....	-
Capital assets:	
Land and other non-depreciable assets.....	877,922
Other capital assets, net of depreciation.....	51,843,353
Total capital assets.....	<u>52,721,275</u>
Total non-current assets.....	<u>52,721,275</u>
<b>Total assets.....</b>	<b><u>62,717,700</u></b>
<b>Deferred outflows of resources.....</b>	<b>692,831</b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued liabilities.....	583,206
Accrued interest payable.....	40,063
Due to other funds.....	-
Due to other governments.....	-
Payable from restricted assets.....	602,881
Compensated absences.....	68,558
Long-term debt - current.....	758,542
Total current liabilities.....	<u>2,053,250</u>
Noncurrent liabilities:	
Compensated absences.....	7,518
Net pension liability.....	405,087
Total OPEB liability.....	1,061,570
Long-term debt - noncurrent.....	6,725,492
Total noncurrent liabilities.....	<u>8,199,667</u>
<b>Total liabilities.....</b>	<b><u>10,252,917</u></b>
<b>Deferred inflows of resources.....</b>	<b>111,730</b>
<b>Net Position</b>	
Net investment in capital assets.....	45,237,242
Restricted for future system development.....	970,910
Unrestricted .....	6,837,732
<b>Total net position.....</b>	<b><u>\$ 53,045,884</u></b>

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

**City of Mebane, North Carolina**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

**Exhibit 7**

	<u>Water and Sewer Fund</u>
<b>Operating Revenues</b>	
Charges for services.....	\$ 6,119,414
Water and sewer taps.....	12,400
Connection fees.....	988,851
Miscellaneous.....	523,952
<b>Total operating revenues.....</b>	<u>7,644,617</u>
<b>Operating Expenses</b>	
Administration, meters and billing.....	838,178
Utility maintenance.....	2,466,408
Engineering.....	246,565
Water resource recovery facility.....	2,084,102
Non-departmental.....	11,111
Depreciation.....	1,551,766
<b>Total operating expenses.....</b>	<u>7,198,130</u>
<b>Operating income (loss).....</b>	<u>446,487</u>
<b>Nonoperating revenues (expenses)</b>	
Interest and investment revenue.....	89,202
Other.....	16,655
Interest expense.....	(100,206)
Amortization of bonds.....	-
<b>Total nonoperating revenues (expenses).....</b>	<u>5,651</u>
Income (loss) before contributions and transfers.....	452,138
Capital contributions.....	5,400,880
Transfers in.....	1,395
Transfers out.....	-
Change in net position.....	5,854,413
Total net position, previously reported.....	-
Restatement.....	-
Total net position - beginning.....	47,191,471
<b>Total net position - ending.....</b>	<u>\$ 53,045,884</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, 2020**

**Exhibit 8**

	<u>Water and Sewer Fund</u>
<b>Cash Flows from Operating Activities</b>	
Cash received from customers.....	\$ 7,088,462
Cash paid for goods and services.....	(2,867,421)
Cash paid to or on behalf of employees for services.....	(2,285,086)
Customer deposits received.....	133,044
Customer deposits returned.....	(75,859)
Other operating revenues.....	523,952
<b>Total cash provided (used) by operating activities.....</b>	<u>2,517,092</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Other non-operating revenues.....	-
Transfers to other funds.....	-
<b>Total cash provided (used) by non-capital financing activities.....</b>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition and construction of capital assets.....	(1,825,053)
Principal paid on bonds and notes payable.....	(751,542)
Interest paid on bonds and notes payable.....	(103,843)
<b>Total cash provided (used) by capital and related financing activities.....</b>	<u>(2,680,438)</u>
<b>Cash Flows from Investing Activities</b>	
Investment income.....	89,202
<b>Total cash provided (used) by investing activities.....</b>	<u>89,202</u>
Net increase (decrease) in cash and equivalents.....	(74,144)
Balance, beginning.....	9,234,836
<b>Balance, ending.....</b>	<u>\$ 9,160,692</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, 2020**

**Exhibit 8**

	<u>Water and</u> <u>Sewer Fund</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income (loss).....	\$ 446,487
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation.....	1,551,766
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable.....	(40,086)
Increase (decrease) in allowance for doubtful accounts.....	7,883
(Increase) decrease in prepaid items.....	-
(Increase) decrease in deferred outflows of resources for pensions.....	(167,219)
Increase (decrease) accounts payable.....	340,315
Increase (decrease) salaries payable.....	1,024
Increase (decrease) accrued vacation.....	7,522
Increase (decrease) in net pension liability.....	72,708
Increase (decrease) in deferred inflows of resources for pensions.....	(1,369)
Increase (decrease) in OPEB liability.....	242,031
Increase (decrease) in deferred inflows of resources for OPEB.....	(1,157)
Increase (decrease) in customer deposits.....	57,187
Total adjustments.....	<u>2,070,605</u>
<b>Net cash provided by operating activities.....</b>	<b><u>\$ 2,517,092</u></b>
<b>Noncash investing, capital, and financing activities:</b>	
Noncash capital contributions of capital assets.....	<u>\$ 5,400,880</u>
Unrealized gain/loss on investments.....	<u>\$ -</u>

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

**1. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

**B. Basis of Presentation**

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following non-major governmental funds:



**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2020**

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

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

**The Impact Alamance Grant Special Revenue Fund:** This fund is used to account for expenditures related to the Impact Alamance Grant.

The City reports the following major enterprise fund:

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

**C. Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

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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 fair value. The NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term Portfolios has a duration of .15 years. Because the NCCMT Government and 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.

**City of Mebane, North Carolina**  
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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.....	\$	282,889
Asset forfeiture funds.....		194,700
Unused Cares Act funds.....		16,687
Corrections unused funds.....		822
Stormwater reserves.....		562,680
CDBG- Mebane Mills Loft Capital Project Fund		
Economic Development.....		<u>113,158</u>
Total governmental activities.....		<u>1,170,936</u>

Business-type Activities

Water and Sewer Fund

Customer deposits.....		602,881
Unexpended system development fees.....		<u>970,910</u>
Total business-type activities.....		<u>1,573,791</u>
Total Restricted Cash.....	\$	<u><u>2,744,727</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.

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**Inventory and Prepaid Items**

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

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

**Capital Assets**

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

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

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

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

**Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has one item that meets this criterion, pension deferrals for the 2020 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has several items that meet the criterion for this category – prepaid taxes, property taxes receivable, and pension deferrals.

**Long-Term Obligations**

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

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

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financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Compensated Absences**

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

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

**Net Position/Fund Balances**

**Net Position**

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

**Fund Balance**

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

The governmental fund types classify fund balances as follows:

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

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

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

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

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

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

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

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

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

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

**Defined Benefit Cost-Sharing Plans**

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

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

**F. Estimates**

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



**City of Mebane, North Carolina**  
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**2. Detail Notes on All Funds**

**A. Assets**

**Deposits**

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

At June 30, 2020 the City's deposits had a carrying amount of \$18,586,057, and a bank balance of \$18,632,701. Of the bank balance, \$756,459 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, 2020 was \$400.

**Investments**

At June 30, 2020, 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>6/30/2020</u>		
NC Capital Management Trust					
- Government Portfolio.....	Fair Value Level 1		\$ 2,114,782	N/A	AAAm
NC Capital Management Trust					
- Term Portfolio.....	Fair Value Level 1		3,521,578	.15 years	Unrated
<b>Total.....</b>			<b>\$ 5,636,360</b>		

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

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

**City of Mebane, North Carolina**  
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*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, 2020, 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, 2020. 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, 2020, 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 \$16,622.

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2020 are net of the following allowances for doubtful accounts:

**Funds**

General Fund:

Taxes Receivable.....	\$	12,665
Accounts Receivable.....		-
Total.....		<u>12,665</u>
Enterprise Fund.....		<u>190,553</u>
Total.....	\$	<u><u>203,218</u></u>

**City of Mebane, North Carolina**  
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**Capital Assets**

**Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2020, was as follows:

	<u>Beginning</u>			<u>Ending</u>
<b>Governmental activities:</b>	<b>Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balances</b>
<b>Capital assets not being depreciated:</b>				
Land.....	\$ 6,980,512	\$ -	\$ -	\$ 6,980,512
Artwork and collections.....	46,000	22,360	-	68,360
Construction in progress.....	11,133	46,286	4,270	53,149
Total capital assets not being depreciated...	<u>7,037,645</u>	<u>68,646</u>	<u>4,270</u>	<u>7,102,021</u>
<b>Capital assets being depreciated:</b>				
Buildings.....	16,861,521	7,760	-	16,869,281
Other improvements.....	10,860,279	432,366	-	11,292,645
Equipment.....	3,362,488	89,607	27,738	3,424,357
Computer equipment.....	565,775	-	-	565,775
Vehicles and motorized equipment.....	8,142,646	725,505	64,267	8,803,884
Infrastructure.....	21,245,008	4,000,873	-	25,245,881
Total capital assets being depreciated.....	<u>61,037,717</u>	<u>5,256,111</u>	<u>92,005</u>	<u>66,201,823</u>
<b>Less accumulated depreciation for:</b>				
Buildings.....	3,684,460	350,245	-	4,034,705
Other improvements.....	847,215	330,466	-	1,177,681
Equipment.....	1,407,752	263,841	22,410	1,649,183
Computer equipment.....	300,228	49,106	-	349,334
Vehicles and motorized equipment.....	5,198,462	708,635	57,840	5,849,257
Infrastructure.....	2,453,034	486,235	-	2,939,269
Total accumulated depreciation.....	<u>13,891,151</u>	<u>\$2,188,528</u>	<u>\$ 80,250</u>	<u>15,999,429</u>
Total capital assets being depreciated, net...	<u>47,146,566</u>			<u>50,202,394</u>
<b>Governmental activity capital assets, net.....</b>	<b><u>\$ 54,184,211</u></b>			<b><u>\$57,304,415</u></b>

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

General government .....	\$ 108,442
Public safety .....	834,356
Public works.....	799,471
Recreation .....	438,842
Economic & physical development .....	<u>7,417</u>
Total.....	<u>\$2,188,528</u>

**City of Mebane, North Carolina**  
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**Business-type Activities**

The capital assets of the Enterprise Fund for the year ended June 30, 2020, was as follows:

	<b><u>Beginning</u></b>			<b><u>Ending</u></b>
<b>Water and Sewer Fund:</b>	<b><u>Balances</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Balances</u></b>
<b>Capital assets not being depreciated:</b>				
Land.....	\$ 520,198	\$ -	\$ -	\$ 520,198
Construction in progress.....	134,754	222,970	-	357,724
Total capital assets not being depreciated.....	<u>654,952</u>	<u>222,970</u>	<u>-</u>	<u>877,922</u>
<b>Capital assets being depreciated:</b>				
Water sources.....	13,768,562	169,048	-	13,937,610
Lift stations, pumping stations and tanks.....	8,097,539	-	-	8,097,539
Water and sewer lines.....	33,038,634	6,380,013	-	39,418,647
Land improvements.....	10,971	-	-	10,971
Water Resource Recovery Facility.....	9,124,317	12,571	-	9,136,888
Machinery and equipment.....	1,636,640	239,462	-	1,876,102
Vehicles.....	459,198	41,006	-	500,204
Total capital assets being depreciated.....	<u>66,135,861</u>	<u>6,842,100</u>	<u>-</u>	<u>72,977,961</u>
<b>Less accumulated depreciation for:</b>				
Water sources.....	3,713,669	282,420	-	3,996,089
Lift stations, pumping stations and tanks.....	1,652,635	227,026	-	1,879,661
Water and sewer lines.....	9,591,101	727,702	-	10,318,803
Land improvements.....	8,245	798	-	9,043
Water Resource Recovery Facility.....	3,449,470	197,886	-	3,647,356
Machinery and equipment.....	715,992	110,923	-	826,915
Vehicles.....	439,180	17,561	-	456,741
Total accumulated depreciation.....	<u>19,570,292</u>	<u>\$ 1,564,316</u>	<u>\$ -</u>	<u>21,134,608</u>
Total capital assets being depreciated, net.....	<u>46,565,569</u>			<u>51,843,353</u>
<b>Business-type activity capital assets, net.....</b>	<b><u>\$ 47,220,521</u></b>			<b><u>\$ 52,721,275</u></b>

During the year ended June 30, 2020, 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, 2020. At year end, the government's commitments with contractors are as follows:

<b><u>Project</u></b>	<b><u>Spent to Date</u></b>	<b><u>Remaining Contract</u></b>
Jackson St Sidewalk Project.....	\$ 5,000	\$ 4,159
New Effluent Line Engineering .....	11,448	802
Holt Street Greenway Project .....	10,744	9,256
Holt Street Greenway Project .....	10,000	10,000
Contract for I/I Study of 3rd St P/S Sewershed.....	31,978	17,522
Contract for I/I Study of 5th St P/S Sewershed.....	31,027	18,473
Contract for Old Hillsborough Water Improvoment.....	1,669	48,131
30" Effluent Line Installation.....	-	69,750
WRRF Improvements Professional Sservice.....	113,599	416,401
Total.....	<u>\$ 215,465</u>	<u>\$ 594,494</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](http://www.osc.nc.gov).

**Benefits Provided.** LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

**Contributions.** Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. City of Mebane employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City of Mebane's contractually required contribution rate for the year ended June 30, 2020, was 8.75% of compensation for law enforcement officers and 8.00% 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 \$1,497,691 for the year ended June 30, 2020.

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**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, 2020, the City reported a liability of \$3,055,629 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the City's proportion was 0.112%, which was an increase of 0.005% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$1,993,866. At June 30, 2020, 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.....	\$ 523,201	\$ -
Changes of assumptions.....	498,017	-
Net difference between projected and actual earnings on pension plan investments.....	74,531	-
Changes in proportion and differences between City contributions and proportionate share of contributions.....	1,384,955	-
City contribution subsequent to the measurement date.....	<u>1,497,691</u>	<u>-</u>
Total.....	<u>\$ 3,978,395</u>	<u>\$ -</u>

\$1,497,691 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:**

2021.....	\$ 1,071,093
2022.....	582,896
2023.....	584,858
2024.....	241,858
2025.....	-
Thereafter.....	-



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**Actuarial Assumptions.** The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2018 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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term</u>
	<u>Allocation</u>	<u>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.....	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 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

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position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<u><b>1% Decrease</b></u> <u><b>(6.00%)</b></u>	<u><b>Discount Rate</b></u> <u><b>(7.00%)</b></u>	<u><b>1% Increase</b></u> <u><b>(8.00%)</b></u>
City's proportionate share of the net pension liability (asset) .....	\$ 6,988,781	\$ 3,055,629	\$ (213,618)

***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, 2018 the Separation Allowance's membership consisted of:

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

***Summary of Significant Accounting Policies:***

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

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

***Actuarial Assumptions.*** The entry age actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 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	3.26 percent

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

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 had no benefits come due for the reporting period.

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

At June 30, 2020, the City reported a total pension liability of \$802,190. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the City recognized pension expense of \$98,319.

	<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.....	\$ 113,771	\$ -
Changes of assumptions.....	53,828	31,133
Benefit payments and administrative expenses made subsequent to the measurement date.....	-	-
Total.....	<u>\$ 167,599</u>	<u>\$ 31,133</u>

\$0 was reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2021.....	\$ 6,816
2022.....	6,816
2023.....	6,816
2024.....	4,859
2025.....	4,775
Thereafter.....	1,051

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

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*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 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(2.26%)</u>	<u>(3.26%)</u>	<u>(4.26%)</u>
Total pension liability.....	\$ 891,845	\$ 802,190	\$ 721,628

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

	<u>2020</u>
Beginning balance.....	\$ 621,186
Service cost at end of year.....	49,682
Interest of total pension liability.....	22,611
Changes of benefit terms.....	-
Differences between expected and actual experience in the measurement of the total pension liability.....	77,061
Changes of assumptions or other inputs.....	31,650
Benefit payments.....	-
Other changes.....	-
Ending balance of the total pension liability.....	<u>\$ 802,190</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, 2018 valuation were based on the results of an actuarial experience study from the period January 1, 2010 through December 31, 2014.

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

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

	<u><b>LGERS</b></u>	<u><b>LEOSSA</b></u>	<u><b>Total</b></u>
Pension Expense.....	\$ 1,993,866	\$ 98,319	\$ 2,092,185
Pension Liability.....	3,055,629	802,190	3,857,819
Proportionate share of the net pension liability.....	0.11890%	n/a	
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience.....	523,201	113,771	636,972
Changes of assumptions.....	498,017	53,828	551,845
Net difference between projected and actual earnings on plan investments .....	74,531	-	74,531
Changes in proportion and differences between contributions and proportionate share of contributions.....	1,384,955	-	1,384,955
Benefit payments and administrative costs paid subsequent to the measurement date..	1,497,691	-	1,497,691
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience.....	-	-	-
Changes of assumptions.....	-	31,133	31,133
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, 2020 were \$513,400, which consisted of \$353,235 from the City and \$160,165, 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.

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**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, 2020 were \$166,589, which consisted of \$117,880 from the City and \$48,709, 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](http://www.osc.nc.gov).

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

**Contributions.** Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City is not required to contribute to the Fund; however, as a benefit to the firefighters, the City has chosen to fund the member's contributions. Contribution provisions are established by General Statute 58- 86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2020, the State contributed \$18,302,000 to the plan. The City of Mebane's proportionate share of the State's contribution is \$27,048.

**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, 2020, 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 \$53,623. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was



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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, 2020 and at June 30, 2019 was 0%.

For the year ended June 30, 2020, the City recognized pension expense of \$18,496 and revenue of \$18,496 for support provided by the State. At June 30, 2020, 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued 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 June 30, 2019, the date of the latest actuarial valuation:

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

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**Total OPEB Liability**

The City's total OPEB liability of \$7,870,810 was measured as of June 30, 2019 and was determined by an actuarial valuation as that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Real wage growth	1.0 percent
Wage inflation	3.5 percent
Salary increases	General Employees- 3.50 to 7.75 percent, Firefighters 3.50 to 7.75 percent, Law Enforcement Officers 3.50 to 7.35 percent, including inflation
Discount rate	3.50 percent
Healthcare cost trend rates	Pre-Medicare- 7.00 percent for 2019 to 4.50 percent by 2026 Medicare- 5.00 percent for 2019 to 4.50 percent by 2021

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

**Changes in the Total OPEB Liability**

Total OPEB Liability, Balance at July 1, 2019.....	\$	6,176,707
Changes for the year		
Service cost.....		380,966
Interest.....		238,114
Changes in benefit terms.....		-
Differences between expected and actual experience.....		1,302,981
Changes in assumptions or other inputs.....		(115,846)
Benefit payments.....		(112,112)
Net changes.....		1,694,103
Total OPEB Liability, Balance at June 30, 2020.....	\$	<u>7,870,810</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

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

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

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	<u>(2.50%)</u>	<u>(3.50%)</u>	<u>(4.50%)</u>
Total OPEB liability.....	\$ 9,589,196	\$ 7,870,810	\$ 6,547,236

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*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.....	\$ 6,325,044	\$ 7,870,810	\$ 9,962,464

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$636,423. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience.....	\$ 1,169,146	\$ 6,601
Changes of assumptions.....	-	860,633
Benefit payments and administrative costs made subsequent to the measurement date.....	95,058	-
Total .....	<u>\$ 1,264,204</u>	<u>\$ 867,234</u>

\$95,058 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

**Year ended June 30:**

2021.....	\$ 17,343
2022.....	17,343
2023.....	17,343
2024.....	17,343
2025.....	17,343
Thereafter.....	215,197

**Other Employment Benefits**

The City has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions to be immaterial.

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**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.....	\$ 636,972
Pensions- change of assumptions.....	551,845
Pensions- difference between projected and actual investment earnings.....	74,531
Pensions- change in proportion and difference between employer contributions and proportionate share of contributions.....	1,384,955
Contributions to pension plan in current fiscal year.....	1,497,691
OPEB- differences between expected and actual experience.....	1,169,146
Benefit payments for OPEB made subsequent to measurement date.....	95,058
LEOSSA- benefit payments made and administrative expenses.....	-
Total.....	<u>\$ 5,410,199</u>

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

	<b><u>Statement of</u></b> <b><u>Net Position</u></b>	<b><u>General Fund</u></b> <b><u>Balance Sheet</u></b>
Pensions- differences between expected and actual experience.....	\$ -	\$ -
LEOSSA- change of assumptions.....	31,133	-
OPEB- differences between expected and actual experience.....	6,601	-
OPEB- change of assumptions.....	860,633	-
Prepaid taxes and licenses (General Fund).....	3,956	-
Taxes receivable, less penalties (General Fund).....	-	110,641
Total.....	<u>\$ 902,323</u>	<u>\$ 110,641</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, 2020, 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.

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2020**

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**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, 2020 are comprised of the following individual issues:

**General Obligation Bonds:**

There were no general obligation bonds payable at June 30, 2020.

**Installment Purchases:**

Serviced by the General Fund:

Direct placement contract payable to Bank of America, N.A. for the City Hall and Recreation Building renovation projects. Principal payments of \$106,667 plus interest are due semi-annually starting on December 27, 2008. The note bears interest at the rate of 3.52%. The City Hall and Recreation buildings are security for the debt while the debt is outstanding .....	640,000
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 .....	1,560,000
Direct placement contract payable to Piedmont Electric Membership Corporation as part of the USDA Rural Economic Development Loan (REDL) Program for the purchase of 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.....	422,667
Direct placement contract payable to Piedmont Electric Membership Corporation as part of the USDA Rural Economic Development Loan (REDL) Program for the purchase of 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 .....	327,831
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	

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2020**

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acquired with these local funds are the security for the debt while the debt is outstanding..... 4,664,000

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..... 215,937

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 ..... 328,300

Direct placement contract payable to First Bank for the Police Department Vehicles. Principal payments of \$26,647 plus interest are due semi-annually starting on October 16, 2019. The note bears interest at the rate of 2.58%. All equipment and improvements acquired with these local funds are the security for the debt while the debt is outstanding..... 213,174

**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 ..... 43,251

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 ..... 3,308,000

Direct placement contract payable to BB&T for the construction of a Sewer Pump Station, main, outfall and tunnel. Principal payments of \$66,667 plus interest are due semi-annually starting on May 1, 2008. The note bears interest at the rate of 3.85%. The property is pledged as collateral for the debt while the debt is outstanding ..... 266,667

Total long-term debt..... 11,989,827

Less: Current portion of long-term debt..... (1,627,662)

Non-current portion of long-term debt..... \$ 10,362,165

At June 30, 2020, the City of Mebane had no authorized but unissued bonds and had a legal debt margin of \$171,628,110.

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2020**

The following table summarizes the annual requirements to amortize all long-term liabilities outstanding at June 30, 2020 (excluding compensated absences, pension liabilities, OPEB liabilities, and any claims or judgments).

The

	General Obligation		Other Long-term			
	Bonds		Indebtedness		Total Debt Due	
<b>Serviced by General Fund:</b>						
Fiscal Year	Principle	Interest	Principle	Interest	Principle	Interest
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.....	-	-	608,833	122,036	608,833	122,036
2026-2030.....	-	-	2,730,333	346,802	2,730,333	346,802
2031-maturity.....	-	-	777,334	31,856	777,334	31,856
Total.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,371,909</u>	<u>\$ 1,243,737</u>	<u>\$ 8,371,909</u>	<u>\$ 1,243,737</u>
<b>Serviced by Water &amp; Sewer Fund:</b>						
Fiscal Year	Principle	Interest	Principle	Interest	Principle	Interest
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.....	-	-	330,806	50,024	330,806	50,024
2026-2030.....	-	-	1,780,222	116,935	1,780,222	116,935
2031-maturity.....	-	-	-	-	-	-
Total.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,617,917</u>	<u>\$ 461,359</u>	<u>\$ 3,617,917</u>	<u>\$ 461,359</u>

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2020**

**Changes in Long-Term Liabilities**

	<u>Balance July 1,</u>			<u>Balance June</u>	<u>Current</u>
	<u>2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>30, 2020</u>	<u>Portion of</u>
					<u>Balance</u>
<b><u>Governmental activities:</u></b>					
Direct Placement					
Installment purchase.....	\$ 9,645,099	\$ -	\$ 1,273,190	\$ 8,371,909	\$ 1,196,524
Compensated absences.....	429,293	433,810	397,952	465,151	433,810
Total OPEB liability.....	5,357,168	1,452,072	-	6,809,240	-
Net pension liability (LGERS).....	2,214,330	436,212	-	2,650,542	-
Total pension liability (LEO).....	621,186	181,004	-	802,190	-
Governmental activity					
long-term liabilities.....	<u>\$ 18,267,076</u>	<u>\$ 2,503,098</u>	<u>\$ 1,671,142</u>	<u>\$ 19,099,032</u>	<u>\$ 1,630,334</u>
<b><u>Business-type activities:</u></b>					
Direct Placement					
Installment purchase.....	\$ 4,042,056	\$ -	\$ 424,139	\$ 3,617,917	\$ 431,139
Graham/Mebane Watershed					
Agreement.....	1,911,055	-	127,403	1,783,652	127,403
Graham/Mebane Capacity					
Agreement.....	2,282,464	-	200,000	2,082,464	200,000
Net pension liability (LGERS).....	332,379	72,708	-	405,087	-
Compensated absences.....	68,555	68,558	61,036	76,077	68,558
Total OPEB liability.....	819,539	242,031	-	1,061,570	-
Business-type activity					
long-term liabilities.....	<u>\$ 9,456,048</u>	<u>\$ 383,297</u>	<u>\$ 812,578</u>	<u>\$ 9,026,767</u>	<u>\$ 827,100</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**

There are no balances due to/from other funds at June 30, 2020.

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, 2020 is as follows:

**Cash Transfers:**

**Transfer from General Fund to:**

General Capital Project Fund.....	\$ 827,566
City Park Capital Project Fund.....	356,291

**Transfer from Utility Capital Reserve Fund to:**

Utility Capital Project Fund.....	527,920
Total Cash Transfers .....	<u>\$ 1,711,777</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.



**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2020**

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Further, during the year ended June 30, 2020, the City made the following one-time transfers:

- 1) A transfer of \$827,566 from the General Fund to the General Capital Project Fund for capital improvements.
- 2) A transfer of \$356,291 from the General Fund to the City Park Capital Project Fund for capital improvements.
- 3) A transfer of \$527,920 from the Utility Capital Reserve Fund to the Utility Capital Project Fund for capital improvements.

**D. On-Behalf Payments for Fringe Benefits and Salaries**

The City has recognized as a revenue and an expenditure on-behalf payments for fringe benefits and salaries of \$19,038, 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, 2020. 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.....	\$ 57,304,415	\$ 52,721,275
less: long-term debt.....	8,371,909	7,484,033
add: unexpended debt proceeds.....	-	-
Net investment in capital assets.....	<u>\$ 48,932,506</u>	<u>\$ 45,237,242</u>

**F. Fund Balance**

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

Total fund balance – General Fund.....	\$ 15,340,514
Less: Nonspendable Prepaid Assets.....	(168,051)
Stabilization by State Statute.....	(2,422,777)
Appropriated Fund Balance in 2021 budget.....	(1,722,227)
Working Capital.....	(11,027,459)
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, 2020 were \$276,871 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 \$2,806 in general membership fees and \$6,635 in stormwater fees to the Council during the fiscal years ended June 30, 2020.

**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

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2020**

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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, 2020. Complete financial statements for the ABC Board can be obtained from the administrative offices at 603 W. Harden Street, Graham, North Carolina, 27253.

**I. Joint Operation**

The City of Mebane and the City of Graham are co-owners and operators of a water supply reservoir and water treatment plant per an Intergovernmental Watershed Agreement. Since June 22, 1973, the ownership of the assets and improvements of the joint undertaking remained at 66.7% interest for the City of Graham and 33.3% interest for the City of Mebane. Due to relative growths of the populations in units of government, the parties agreed as February 3, 2014 to adjust the capacity, treatment and operational costs, improvements, upgrades, and repairs to be borne equally by the units. At this time, the City of Mebane also agreed to pay to the City of Graham an equalizing sum of \$2,548,070 for their capital interest. The amount is to be paid in twenty annual installments of \$127,403 with the first payment due July 31, 2014. No interest is included in the agreement. The balance of the payable as of June 30, 2020 was \$1,783,652.

**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, 2020 was \$2,082,464.

**K. Summary Disclosure of Significant Contingencies**

**Federal and State Assisted Programs**

The City has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the grant monies.

**L. Significant Effects of Subsequent Events**

In accordance with ASC 855, the City evaluated subsequent events through November 19, 2020, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

# Required Supplementary Information

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

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- **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 Seven Fiscal Years \***  
**June 30, 2020**

**Local Government Employees' Retirement System**

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

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

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

**City of Mebane, North Carolina**  
**Required Supplementary Information**  
**City of Mebane's Contributions**  
**Last Seven Fiscal Years \***  
**June 30, 2020**

**Local Government Employees' Retirement System**

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

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

**City of Mebane, North Carolina**  
**Required Supplementary Information**  
**City of Mebane's Proportionate Share of Net Pension Liability**  
**Last Six Fiscal Years \***  
**June 30, 2020**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Mebane's proportionate share of the net pension liability (%).....	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
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>53,623</u>	<u>75,430</u>	<u>61,719</u>	<u>45,002</u>	<u>38,775</u>	<u>31,152</u>
Total.....	<u>\$ 53,623</u>	<u>\$ 75,430</u>	<u>\$ 61,719</u>	<u>\$ 45,002</u>	<u>\$ 38,775</u>	<u>\$ 31,152</u>
Mebane's covered payroll.....	\$ 1,534,858	\$ 1,371,047	\$ 1,289,371	\$ 1,227,668	\$ 1,268,042	\$ 945,728
Mebane's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.....	3.49%	5.50%	4.79%	3.67%	3.06%	3.29%
Plan fiduciary net position as a percentage of the total pension liability.....	89.69%	89.69%	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, 2020**

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

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

**City of Mebane, North Carolina**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**  
**June 30, 2020**

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	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total pension liability.....	\$ 802,190	\$ 621,186	\$ 574,870	\$ 427,541	\$ 400,968	\$ 258,154	\$ 238,533	\$226,153	\$224,291	\$ 267,638
Covered payroll.....	1,889,896	1,622,281	1,553,944	1,443,743	1,443,743	1,228,378	1,097,171	931,673	946,084	831,610
Total pension liability as a percentage of covered payroll..	42.45%	38.29%	36.99%	29.61%	27.77%	21.02%	21.74%	24.27%	23.71%	32.18%

**Notes to the Required Schedules**

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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, 2020**

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

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2020	3.50%
2019	3.89%
2018	3.56%

# Major Governmental Funds

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- **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, 2020 and 2019**

**Statement A-1**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>Assets</b>		
Cash and equivalents.....	\$ 13,311,576	\$ 11,573,316
Restricted cash.....	1,057,778	769,571
Taxes receivable.....	94,533	100,615
Accounts receivable.....	133,070	91,638
Prepaid items.....	168,052	46,552
Advance to other funds.....	-	87,311
Due from other governments.....	2,025,493	2,279,962
<b>Total assets.....</b>	<u>\$ 16,790,502</u>	<u>\$ 14,948,965</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
<b>Liabilities:</b>		
Accounts payable .....	\$ 974,466	\$ 759,141
Due to other governments.....	-	21,765
Payable from restricted assets.....	863,078	584,374
<b>Total liabilities.....</b>	<u>1,837,544</u>	<u>1,365,280</u>
<b>Deferred inflows of resources.....</b>	110,641	191,991
<b>Fund balances:</b>		
<b>Nonspendable:</b>		
Prepaid assets.....	168,052	46,552
<b>Restricted for:</b>		
Stabilization by State Statute.....	2,422,768	2,746,286
<b>Assigned:</b>		
Subsequent year's expenditures.....	1,823,718	1,500,000
Unassigned.....	10,427,779	9,098,856
<b>Total fund balances.....</b>	<u>14,842,317</u>	<u>13,391,694</u>
<b>Total liabilities, deferred inflows of resources and fund balances.....</b>	<u>\$ 16,790,502</u>	<u>\$ 14,948,965</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, 2020**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2019)**

**Statement A-2**

	<b>2020</b>		<b>Variance</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>2019 Actual</b>
<b>Revenues</b>				
<b>Property taxes:</b>				
Current and prior years.....	\$	\$ 10,888,946	\$	\$ 10,386,661
Penalties and interest, net of discounts.....		8,121		26,741
Total.....	10,659,750	10,897,067	237,317	10,413,402
<b>Other taxes and licenses:</b>				
Privilege licenses.....	1,000	955	(45)	1,030
<b>Unrestricted intergovernmental:</b>				
Local option sales tax.....		3,574,012		3,407,296
Telecommunications sales tax.....		74,048		89,220
Utility franchise tax.....		1,138,279		1,169,399
Video franchise fee.....		61,792		62,106
Beer and wine tax.....		59,570		57,739
ABC profit distribution.....		148,528		89,233
Tax sharing.....		352,604		198,593
Other.....		24,225		21,558
Total.....	5,346,770	5,433,058	86,288	5,095,144
<b>Restricted intergovernmental:</b>				
Powell Bill allocation.....		360,334		351,935
Controlled substance tax.....		1,074		1,171
ABC Revenue for law enforcement.....		33,070		17,761
Solid waste disposal tax.....		10,481		9,928
On-behalf of payments - fire.....		46,087		48,180
Federal equitable sharing.....		95,470		82,049
One NC Grant.....		180,000		-
Cares funding.....		27,952		-
Other grants and awards.....		29,327		10,436
Fire district tax funds.....		478,922		461,922
Total.....	1,081,770	1,262,717	180,947	983,382
<b>Permits and fees:</b>				
Building permits.....		330,523		294,134
Inspection fees.....		270,001		226,758
Planning fees.....		117,260		16,425
Street and utility inspection fees.....		84,611		45,740
Development fees.....		-		320,000
Other.....		8,791		12,547
Total.....	809,000	811,186	2,186	915,604

**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, 2020**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2019)**

**Statement A-2**

	<b>2020</b>		<b>Variance</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>2019 Actual</b>
<b>Revenues (continued)</b>				
<b>Sales and services:</b>				
Recreation department fees.....	\$	\$ 79,588	\$	\$ 97,893
Sanitation fees.....		467,833		364,294
Cemetery plot sales.....		29,000		32,500
Total.....	570,550	576,421	5,871	494,687
<b>Investment earnings.....</b>	15,000	148,826	133,826	120,310
<b>Miscellaneous:</b>				
Material sales.....		1,768		5,353
Rent.....		71,687		60,488
Other grants and awards.....		316,300		-
Other.....		124,380		40,859
Total.....	328,528	514,135	185,607	106,700
<b>Total revenues.....</b>	18,812,368	19,644,365	831,997	18,130,259
<b>Expenditures</b>				
<b>General government:</b>				
City Council:				
Salaries and employee benefits.....		63,477		58,912
Other operating expenditures.....		18,718		19,668
Total.....	82,660	82,195	465	78,580
Administration:				
Salaries and employee benefits.....		678,558		625,532
Other operating expenditures.....		171,613		161,641
Capital outlay.....		-		-
Total.....	994,243	850,171	144,072	787,173
Finance:				
Salaries and employee benefits.....		279,101		268,486
Other operating expenditures.....		211,899		217,803
Capital outlay.....		-		23,325
Total.....	594,650	491,000	103,650	509,614
Information Technology:				
Salaries and employee benefits.....		103,025		68,261
Other operating expenditures.....		161,790		124,848
Capital outlay.....		5,040		2,759
Total.....	302,763	269,855	32,908	195,868

**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, 2020**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2019)**

**Statement A-2**

	<u>2020</u>		<u>Variance</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2019 Actual</u>
			<u>(Negative)</u>	
<b>Expenditures (continued)</b>				
<b>General government:</b>				
Non-departmental:				
Salaries and employee benefits.....	\$	\$ 102,302	\$	\$ 85,074
Other operating expenditures.....		469,535		523,302
Total.....	782,896	571,837	211,059	608,376
Total general government.....	2,757,212	2,265,058	492,154	2,179,611
<b>Public safety:</b>				
Police:				
Salaries and employee benefits.....		3,149,666		2,983,045
Maintenance.....		104,675		125,385
Other operating expenditures.....		498,050		476,071
Capital outlay.....		237,097		257,986
Total.....	4,294,948	3,989,488	305,460	3,842,487
Fire:				
Salaries and employee benefits.....		2,446,591		2,178,171
Maintenance.....		130,525		125,900
Other operating expenditures.....		261,171		335,857
Capital outlay.....		61,219		62,370
Total.....	2,925,800	2,899,506	26,294	2,702,298
Total public safety.....	7,220,748	6,888,994	331,754	6,544,785
<b>Public works:</b>				
Public works:				
Salaries and employee benefits.....		685,475		575,576
Maintenance.....		144,109		536,498
Other operating expenditures.....		254,542		302,261
Capital outlay.....		29,427		24,352
Total.....	1,801,571	1,113,553	688,018	1,438,687
Public facilities:				
Salaries and employee benefits.....		311,379		281,755
Maintenance.....		248,324		240,859
Other operating expenditures.....		105,659		107,019
Capital outlay.....		193,022		-
Total.....	1,044,152	858,384	185,768	629,633

**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, 2020**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2019)**

**Statement A-2**

	<b>2020</b>		<b>Variance</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>2019 Actual</b>
<b>Expenditures (continued)</b>				
Sanitation:				
Salaries and employee benefits.....		\$ 427,211		\$ 416,041
Maintenance.....		106,754		152,397
Tipping fees.....		424,008		356,617
Other operating expenditures.....		107,248		120,250
Capital outlay.....		11,227		-
Total.....	<u>1,262,775</u>	<u>1,076,448</u>	<u>186,327</u>	<u>1,045,305</u>
Total public works.....	<u>4,108,498</u>	<u>3,048,385</u>	<u>1,060,113</u>	<u>3,113,625</u>
<b>Recreation:</b>				
Parks and recreation:				
Salaries and employee benefits.....		703,227		830,179
Maintenance.....		205,219		202,331
Other operating expenditures.....		271,168		303,072
Capital outlay.....		163,443		109,738
Total.....	<u>1,844,519</u>	<u>1,343,057</u>	<u>501,462</u>	<u>1,445,320</u>
Total recreation.....	<u>1,844,519</u>	<u>1,343,057</u>	<u>501,462</u>	<u>1,445,320</u>
<b>Economic and physical development:</b>				
Planning:				
Salaries and employee benefits.....		230,629		232,707
Maintenance.....		8,413		4,582
Professional services.....		29,108		-
Downtown Revitalization Grant.....		-		31,968
Other operating expenditures.....		47,604		38,219
Capital outlay.....		-		-
Total.....	<u>489,529</u>	<u>315,754</u>	<u>173,775</u>	<u>307,476</u>
Inspections:				
Salaries and employee benefits.....		407,857		336,374
Maintenance.....		2,250		2,562
Professional services.....		522		-
Other operating expenditures.....		26,797		26,275
Capital outlay.....		-		-
Total.....	<u>588,036</u>	<u>437,426</u>	<u>150,610</u>	<u>365,211</u>
Engineering:				
City Engineer contracted services.....		107,011		76,231
Professional services.....		370,817		195,316
Total.....	<u>477,830</u>	<u>477,828</u>	<u>2</u>	<u>271,547</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, 2020**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2019)**

**Statement A-2**

	<b>2020</b>		<b>Variance</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>2019 Actual</b>
<b>Expenditures (continued)</b>				
Economic development:				
Other operating expenditures.....	\$	\$ 696,446	\$	\$ 310,836
Total.....	1,037,973	696,446	341,527	310,836
Total economic and physical development.....	2,593,368	1,927,454	665,914	1,255,070
<b>Debt Service:</b>				
Principal Retirement.....	1,430,007	1,272,748	157,259	1,347,620
Interest and other charges.....	278,218	264,189	14,029	285,412
Total debt service.....	1,708,225	1,536,937	171,288	1,633,032
<b>Total expenditures.....</b>	<b>20,232,570</b>	<b>17,009,885</b>	<b>3,222,685</b>	<b>16,171,443</b>
<b>Excess (deficiency) of revenues over expenditures.....</b>	<b>(1,420,202)</b>	<b>2,634,480</b>	<b>4,054,682</b>	<b>1,958,816</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in.....	-	-	-	-
Transfers out.....	(2,919,658)	(1,183,857)	1,735,801	(1,500,000)
Proceeds from long-term debt obligations issued.....	784,070	-	(784,070)	735,468
<b>Total other financing sources (uses).....</b>	<b>(2,135,588)</b>	<b>(1,183,857)</b>	<b>951,731</b>	<b>(764,532)</b>
Fund balance appropriated.....	3,555,790	-	(3,555,790)	-
Net change in fund balances.....	\$ -	1,450,623	\$ 1,450,623	1,194,284
Fund balances - beginning .....		13,391,694		12,197,410
<b>Fund balances - ending.....</b>		<b>\$ 14,842,317</b>		<b>\$ 13,391,694</b>



**City of Mebane, North Carolina**  
**Comparative Balance Sheets**  
**Capital Project Fund - City Park Project**  
**June 30, 2020 and 2019**

**Statement A-3**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>Assets</b>		
Cash and equivalents.....	\$ 34,448	\$ -
Restricted cash.....	-	-
<b>Total assets.....</b>	<u>\$ 34,448</u>	<u>\$ -</u>
<b>Liabilities and Fund Balances</b>		
Liabilities:		
Accounts payable .....	\$ 34,448	\$ 149,999
Due to other funds.....	-	87,311
<b>Total liabilities.....</b>	<u>34,448</u>	<u>237,310</u>
<b>Fund balances:</b>		
Assigned for		
City Park Capital Outlay.....	-	(237,310)
<b>Total fund balances.....</b>	<u>-</u>	<u>(237,310)</u>
<b>Total liabilities and fund balances.....</b>	<u>\$ 34,448</u>	<u>\$ -</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, 2020

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>
<b>Revenues</b>					
Investment earnings.....	\$ 102,758	\$ 145,142	\$ -	\$ 145,142	\$ 42,384
Parks and Recreation Trust Fund Grant.....	335,000	355,802	-	355,802	20,802
Miscellaneous grants.....	150,000	185,000	-	185,000	35,000
<b>Total revenues.....</b>	<b>587,758</b>	<b>685,944</b>	<b>-</b>	<b>685,944</b>	<b>98,186</b>
<b>Expenditures</b>					
Professional services.....	746,081	715,585	-	715,585	30,496
Land purchase.....	662,584	662,584	-	662,584	-
Capital outlay - buildings.....	1,025,883	1,023,913	(9,432)	1,014,481	11,402
Construction.....	7,157,136	6,811,088	128,413	6,939,501	217,635
Utility construction.....	710,870	567,932	-	567,932	142,938
Equipment.....	-	266,410	-	266,410	(266,410)
<b>Total expenditures.....</b>	<b>10,302,554</b>	<b>10,047,512</b>	<b>118,981</b>	<b>10,166,493</b>	<b>136,061</b>
<b>Revenue over (under) expenditures.....</b>	<b>(9,714,796)</b>	<b>(9,361,568)</b>	<b>(118,981)</b>	<b>(9,480,549)</b>	<b>234,247</b>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in:					
From General Fund for					
capital improvements.....	3,091,326	2,726,326	356,291	3,082,617	(8,709)
From Utility Fund for					
capital improvements.....	793,470	567,932	-	567,932	(225,538)
Installment purchase obligations					
issued.....	5,830,000	5,830,000	-	5,830,000	-
<b>Total other financing sources (uses).....</b>	<b>9,714,796</b>	<b>9,124,258</b>	<b>356,291</b>	<b>9,480,549</b>	<b>(234,247)</b>
<b>Revenues and other sources over (under)</b>					
<b>expenditures and other uses.....</b>	<b>\$ -</b>	<b>\$ (237,310)</b>	<b>237,310</b>	<b>\$ -</b>	<b>\$ -</b>
Fund balance, July 1.....			(237,310)		
<b>Fund balance, June 30.....</b>			<b>\$ -</b>		

# Non-Major Governmental Funds

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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.

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- **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, 2020**

**Statement B-1**

	<u>Special</u>		<u>Total</u>
	<u>Revenue Fund</u>	<u>Capital Project</u>	<u>Nonmajor</u>
	<u>- CDBG -</u>	<u>Fund - General</u>	<u>Governmental</u>
	<u>Mebane Mills</u>	<u>Fund</u>	<u>Funds</u>
	<u>Loft</u>		
<b>Assets</b>			
Cash and cash equivalents .....	\$ -	\$ 545,165	\$ 545,165
Restricted cash.....	113,158	-	113,158
<b>Total assets.....</b>	<u>\$ 113,158</u>	<u>\$ 545,165</u>	<u>\$ 658,323</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities:</b>			
Accounts payable.....	\$ -	\$ 545,163	\$ 545,163
<b>Total liabilities .....</b>	<u>-</u>	<u>545,163</u>	<u>545,163</u>
<b>Fund balances:</b>			
Restricted			
Economic development.....	113,158	-	113,158
Assigned			
Capital improvements.....	-	2	2
<b>Total fund balances.....</b>	<u>113,158</u>	<u>2</u>	<u>113,160</u>
<b>Total liabilities and fund balances.....</b>	<u>\$ 113,158</u>	<u>\$ 545,165</u>	<u>\$ 658,323</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, 2020**

**Statement B-2**

	<u>Special</u> <u>Revenue</u>		<u>Total</u>
	<u>Fund - CDBG -</u>	<u>Capital</u>	<u>Nonmajor</u>
	<u>Mebane Mills</u>	<u>Project Fund -</u>	<u>Governmental</u>
	<u>Loft</u>	<u>General Fund</u>	<u>Funds</u>
<b>Revenues</b>			
Program revenue.....	\$ 10,689	\$ -	\$ 10,689
Interest earnings.....	4,287	-	4,287
Impact Alamance grant.....	-	-	-
<b>Total revenues.....</b>	<u>14,976</u>	<u>-</u>	<u>14,976</u>
<b>Expenditures</b>			
Capital outlay - other.....	-	1,949,688	1,949,688
Capital outlay - equipment.....	-	-	-
<b>Total expenditures.....</b>	<u>-</u>	<u>1,949,688</u>	<u>1,949,688</u>
<b>Excess (deficiency) of revenues</b>			
<b>over expenditures</b>	<u>14,976</u>	<u>(1,949,688)</u>	<u>(1,934,712)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers from other funds.....	-	827,566	827,566
Transfers to other funds.....	-	-	-
Appropriated fund balance.....	-	-	-
<b>Total Other Financing Sources (Uses).....</b>	<u>-</u>	<u>827,566</u>	<u>827,566</u>
Net change in fund balances.....	14,976	(1,122,122)	(1,107,146)
Fund balances - beginning.....	98,182	1,122,124	1,220,306
<b>Fund balances - ending.....</b>	<u>\$ 113,158</u>	<u>\$ 2</u>	<u>\$ 113,160</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, 2020**

**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>
<b>Revenues</b>					
CDBG.....	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
Program revenue- principal receipts.....	-	65,696	10,689	76,385	76,385
Program revenue- interest receipts.....	-	31,858	3,237	35,095	35,095
Investment earnings.....	-	628	1,050	1,678	1,678
<b>Total revenues.....</b>	<u>250,000</u>	<u>348,182</u>	<u>14,976</u>	<u>363,158</u>	<u>113,158</u>
<b>Expenditures</b>					
Pedestrian improvements.....	56,700	56,700	-	56,700	-
Historic preservation.....	145,645	145,645	-	145,645	-
Other activities.....	27,655	27,655	-	27,655	-
Administration.....	20,000	20,000	-	20,000	-
<b>Total expenditures.....</b>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
<b>Revenue over (under) expenditures.....</b>	<u>-</u>	<u>98,182</u>	<u>14,976</u>	<u>113,158</u>	<u>113,158</u>
Net change in fund balance.....	<u>\$ -</u>	<u>\$ 98,182</u>	<u>14,976</u>	<u>\$ 113,158</u>	<u>\$ 113,158</u>
Fund balance, July 1.....			<u>98,182</u>		
<b>Fund balance, June 30.....</b>			<u>\$ 113,158</u>		

City of Mebane, North Carolina

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

Capital Project Fund - General Fund

For the Year Ended June 30, 2020

Statement B-4

	<u>Budget</u>		<u>Variance</u>	
	<u>Authorization</u>	<u>Actual</u>	<u>Positive</u>	<u>2019 Actual</u>
			<u>(Negative)</u>	
<b>Revenues</b>				
Impact Alamance Grant- Cates Farm.....	\$ -	\$ -	\$ -	\$ 250,000
<b>Total revenues.....</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>250,000</u>
<b>Expenditures</b>				
Art.....	35,730	18,090	17,640	4,270
Holt St Greenway.....	1,223,470	29,089	1,194,381	-
Bike and Ped maintenance.....	53,700	6,662	47,038	-
Miscellaneous contracted services.....	-	-	-	-
3rd Street Alleyway- drainage maint.....	150,000	121,575	28,425	-
Streets maintenance.....	-	1,067,980	(1,067,980)	-
Streets capital construction.....	1,144,044	-	1,144,044	-
Sidewalk construction.....	316,864	253,313	63,551	151,536
Public works vehicles.....	363,781	361,041	2,740	-
Police capital equipment.....	-	-	-	469,430
Fire vehicles.....	88,438	88,438	-	-
Capital Outlay - Cates Farm Park.....	309,461	3,500	305,961	2,640
<b>Total expenditures.....</b>	<u>3,685,488</u>	<u>1,949,688</u>	<u>1,735,800</u>	<u>627,876</u>
<b>Revenue over (under) expenditures.....</b>	<u>(3,685,488)</u>	<u>(1,949,688)</u>	<u>(1,735,800)</u>	<u>(377,876)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in:				
From General Fund for				
capital improvements.....	2,563,366	827,566	1,735,800	1,500,000
Appropriated fund balance.....	1,122,122	-	1,122,122	-
<b>Total other financing sources (uses).....</b>	<u>3,685,488</u>	<u>827,566</u>	<u>2,857,922</u>	<u>1,500,000</u>
<b>Revenues and other sources over (under)</b>				
<b>expenditures and other uses.....</b>	<u>\$ -</u>	<u>(1,122,122)</u>	<u>\$ 1,122,122</u>	<u>1,122,124</u>
Fund balance, July 1.....		1,122,124		-
<b>Fund balance, June 30.....</b>		<u>\$ 2</u>		<u>\$ 1,122,124</u>

# Proprietary Funds

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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.

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- **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, 2020 and 2019**

**Statement C-1**

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<b>Assets</b>		
Current assets:		
Cash and equivalents.....	\$ 7,586,901	\$ 8,102,532
Restricted cash.....	1,573,791	1,132,304
Accounts Receivable, net - billed.....	543,920	558,934
Accounts Receivable, net - unbilled.....	288,958	243,547
Other receivables.....	2,855	1,049
Due from other governments.....	-	-
Prepaid items.....	-	-
Total current assets.....	<u>9,996,425</u>	<u>10,038,366</u>
Non-current assets:		
Capital assets:		
Land and other non-depreciable assets.....	877,922	648,757
Other capital assets, net of depreciation.....	51,843,353	46,565,569
Total capital assets.....	<u>52,721,275</u>	<u>47,214,326</u>
Total non-current assets.....	<u>52,721,275</u>	<u>47,214,326</u>
<b>Total assets.....</b>	<b><u>62,717,700</u></b>	<b><u>57,252,692</u></b>
<b>Deferred outflows of resources.....</b>	<b>692,831</b>	<b>525,612</b>
<b>Total assets and deferred outflows of resources.....</b>	<b><u>\$ 63,410,531</u></b>	<b><u>\$ 57,778,304</u></b>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 583,206	\$ 241,867
Accrued interest payable.....	40,063	43,700
Due to other governments.....	-	191,461
Payable from restricted assets.....	602,881	545,696
Compensated absences.....	68,558	51,816
Long-term debt - current.....	758,542	751,542
Total current liabilities.....	<u>2,053,250</u>	<u>1,826,082</u>
Noncurrent liabilities:		
Compensated absences.....	7,518	16,738
Net pension liability.....	405,087	332,379
Other postemployment benefits.....	1,061,570	819,539
Long-term debt - noncurrent.....	6,725,492	7,484,034
Total noncurrent liabilities.....	<u>8,199,667</u>	<u>8,652,690</u>
<b>Total liabilities.....</b>	<b><u>10,252,917</u></b>	<b><u>10,478,772</u></b>
<b>Deferred inflows of resources.....</b>	<b>111,730</b>	<b>114,256</b>
<b>Net Position</b>		
Net investment in capital assets.....	45,237,242	38,984,945
Restricted for future system development.....	970,910	586,608
Unrestricted .....	6,837,732	7,619,918
<b>Total net position.....</b>	<b><u>53,045,884</u></b>	<b><u>47,191,471</u></b>
<b>Total liabilities, deferred outflows of resources, and net position.....</b>	<b><u>\$ 63,410,531</u></b>	<b><u>\$ 57,784,499</u></b>

**City of Mebane, North Carolina**  
**Combining Statement of Net Position**  
**Proprietary Funds - By Subfund**  
**June 30, 2020**

**Statement C-2**

	<u>Operating</u>	<u>System</u> <u>Development</u> <u>Capital</u> <u>Reserve Fund</u>	<u>Capital</u> <u>Project Fund -</u> <u>Utility</u>	<u>WRRF</u> <u>Upgrade</u> <u>Capital</u> <u>Project Fund</u>	<u>Total</u>
	<u>Fund</u>				
<b>Assets</b>					
Current assets:					
Cash and equivalents.....	\$ 6,408,924	\$ -	\$ 708,576	\$ 469,401	\$ 7,586,901
Restricted cash.....	602,881	970,910	-	-	1,573,791
Accounts receivable, net - billed.....	543,920	-	-	-	543,920
Accounts receivable, net - unbilled.....	288,958	-	-	-	288,958
Other receivables.....	2,855	-	-	-	2,855
Due from other governments.....	-	-	-	-	-
Prepaid items.....	-	-	-	-	-
Non-capital eliminations.....	510,821	-	(510,821)	-	-
Total current assets.....	<u>8,358,359</u>	<u>970,910</u>	<u>197,755</u>	<u>469,401</u>	<u>9,996,425</u>
Non-current assets:					
Capital assets:					
Land and other non-depreciable assets.....	877,922	-	-	-	877,922
Other capital assets, net of depreciation.....	51,843,353	-	-	-	51,843,353
Total capital assets.....	<u>52,721,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,721,275</u>
Total non-current assets.....	<u>52,721,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,721,275</u>
<b>Total assets.....</b>	<b><u>61,079,634</u></b>	<b><u>970,910</u></b>	<b><u>197,755</u></b>	<b><u>469,401</u></b>	<b><u>62,717,700</u></b>
<b>Deferred outflows of resources.....</b>	<b><u>692,831</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>692,831</u></b>
<b>Total assets and deferred outflows</b>					
<b>of resources.....</b>	<b><u>\$ 61,772,465</u></b>	<b><u>\$ 970,910</u></b>	<b><u>\$ 197,755</u></b>	<b><u>\$ 469,401</u></b>	<b><u>\$ 63,410,531</u></b>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable and accrued liabilities.....	\$ 557,953	\$ -	\$ -	\$ 25,253	\$ 583,206
Accrued interest payable.....	40,063	-	-	-	40,063
Due to other governments.....	-	-	-	-	-
Payable from restricted assets.....	602,881	-	-	-	602,881
Compensated absences.....	68,558	-	-	-	68,558
Long-term debt - current.....	758,542	-	-	-	758,542
Total current liabilities.....	<u>2,027,997</u>	<u>-</u>	<u>-</u>	<u>25,253</u>	<u>2,053,250</u>
Noncurrent liabilities:					
Compensated absences.....	7,518	-	-	-	7,518
Net pension liability.....	405,087	-	-	-	405,087
Other postemployment benefits.....	1,061,570	-	-	-	1,061,570
Long-term debt - noncurrent.....	6,725,492	-	-	-	6,725,492
Total noncurrent liabilities.....	<u>8,199,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,199,667</u>
<b>Total liabilities.....</b>	<b><u>10,227,664</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>25,253</u></b>	<b><u>10,252,917</u></b>
<b>Deferred inflows of resources.....</b>	<b><u>111,730</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>111,730</u></b>
<b>Net Position</b>					
Net investment in capital assets.....	45,237,242	-	-	-	45,237,242
Restricted for future system development.....	-	970,910	-	-	970,910
Unrestricted .....	6,195,829	-	197,755	444,148	6,837,732
<b>Total net position.....</b>	<b><u>51,433,071</u></b>	<b><u>970,910</u></b>	<b><u>197,755</u></b>	<b><u>444,148</u></b>	<b><u>53,045,884</u></b>
<b>Total liabilities, deferred outflows</b>					
<b>of resources, and net position.....</b>	<b><u>\$ 61,772,465</u></b>	<b><u>\$ 970,910</u></b>	<b><u>\$ 197,755</u></b>	<b><u>\$ 469,401</u></b>	<b><u>\$ 63,410,531</u></b>

City of Mebane, North Carolina  
Combining Schedule of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds - By Subfund  
June 30, 2020

Statement C-3

	<u>Operating</u> <u>Fund</u>	<u>System</u> <u>Development</u> <u>Capital</u> <u>Reserve Fund</u>	<u>Capital</u> <u>Project Fund -</u> <u>Utility</u>	<u>WRRF</u> <u>Upgrade</u> <u>Capital</u> <u>Project Fund</u>	<u>Eliminations</u>	<u>Total</u>
<b>Operating Revenues</b>						
Charges for services.....	\$ 6,119,414	\$ -	\$ -	\$ -	\$ -	\$ 6,119,414
Water and sewer taps.....	12,400	-	-	-	-	12,400
Connection fees.....	86,330	902,521	-	-	-	988,851
Miscellaneous.....	523,952	-	-	-	-	523,952
<b>Total operating revenues.....</b>	<b>6,742,096</b>	<b>902,521</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,644,617</b>
<b>Operating Expenses</b>						
Administration, meters and billing.....	838,178	-	-	-	-	838,178
Utility maintenance.....	2,466,408	-	-	-	-	2,466,408
Engineering.....	246,565	-	-	-	-	246,565
Water resource recovery facility.....	2,084,102	-	-	-	-	2,084,102
Non-departmental.....	11,111	-	-	-	-	11,111
Depreciation.....	1,551,766	-	-	-	-	1,551,766
<b>Total operating expenses.....</b>	<b>7,198,130</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,198,130</b>
<b>Operating income (loss).....</b>	<b>(456,034)</b>	<b>902,521</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>446,487</b>
<b>Nonoperating revenues (expenses)</b>						
Interest and investment revenue.....	79,501	9,701	-	-	-	89,202
Other.....	16,655	-	-	-	-	16,655
Interest expense.....	(100,206)	-	-	-	-	(100,206)
Amortization of bonds.....	-	-	-	-	-	-
<b>Total nonoperating revenues (expenses).....</b>	<b>(4,050)</b>	<b>9,701</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,651</b>
Income (loss) before contributions and transfers.....	(460,084)	912,222	-	-	-	452,138
Capital contributions.....	5,400,880	-	-	-	-	5,400,880
Expense transfer from projects.....	1,360,505	-	(1,221,653)	(138,852)	-	-
Transfers in.....	1,395	-	527,920	-	(527,920)	1,395
Transfers out.....	-	(527,920)	-	-	527,920	-
Change in net position.....	6,302,696	384,302	(693,733)	(138,852)	-	5,854,413
Total net position - beginning.....	45,130,375	586,608	891,488	583,000	-	47,191,471
<b>Total net position - ending.....</b>	<b>\$ 51,433,071</b>	<b>\$ 970,910</b>	<b>\$ 197,755</b>	<b>\$ 444,148</b>	<b>\$ -</b>	<b>\$ 53,045,884</b>

**City of Mebane, North Carolina**  
**Schedule of Revenues and Expenditures - Budget to Actual**  
**Water and Sewer Fund**  
**For the Fiscal Year Ended June 30, 2020**  
**(With Comparative Totals for the Fiscal Year Ended June 30, 2019)** **Statement C-4**

	<u>2020</u>		<u>Variance</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2019 Actual</u>
			<u>(Negative)</u>	
<b>Revenues</b>				
<b>Charges for services:</b>				
Water sales.....	\$	\$ 2,987,707	\$	\$ 2,914,079
Sewer charges.....		3,094,179		2,839,163
Water and sewer taps.....		12,400		35,470
Total.....	<u>6,160,520</u>	<u>6,094,286</u>	<u>(66,234)</u>	<u>5,788,712</u>
<b>Other operating revenues:</b>				
Other operating revenues.....		610,285		574,289
Total.....	<u>317,250</u>	<u>610,285</u>	<u>293,035</u>	<u>574,289</u>
<b>Other nonoperating revenues:</b>				
Other.....		16,655		75,489
Interest and investment earnings.....		79,501		60,554
Total.....	<u>49,000</u>	<u>96,156</u>	<u>47,156</u>	<u>136,043</u>
<b>Total revenues.....</b>	<b><u>6,526,770</u></b>	<b><u>6,800,727</u></b>	<b><u>273,957</u></b>	<b><u>6,499,044</u></b>
<b>Expenditures</b>				
<b>Administration, meters and billing:</b>				
Salaries and employee benefits.....		673,566		650,530
Supplies.....		23,621		49,385
Other operating expenditures.....		134,557		79,480
Total.....	<u>972,040</u>	<u>831,744</u>	<u>140,296</u>	<u>779,395</u>
<b>Utility maintenance:</b>				
Salaries and employee benefits.....		883,543		767,803
Chemicals.....		95,100		80,201
Supplies.....		110,486		99,469
Maintenance.....		195,843		130,733
Purchases of water .....		780,621		642,444
Highway 119 project expenses.....		-		-
Other operating expenditures.....		311,473		360,120
Total.....	<u>2,927,141</u>	<u>2,377,066</u>	<u>550,075</u>	<u>2,080,770</u>
<b>Engineering:</b>				
City Engineer contracted services.....		38,267		67,052
Other operating expenditures.....		208,298		171,529
Total.....	<u>273,280</u>	<u>246,565</u>	<u>26,715</u>	<u>238,581</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, 2020**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2019)**

**Statement C-4**

	<u>2020</u>		<u>Variance</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2019 Actual</u>
			<u>(Negative)</u>	
<b>Expenditures (continued)</b>				
<b>Water resource recovery facility:</b>				
Salaries and employee benefits.....		\$ 690,736		\$ 701,958
Chemicals.....		82,754		118,572
Supplies.....		36,813		52,181
Maintenance.....		460,814		458,962
Other operating expenditures.....		245,428		217,481
Total.....	<u>1,675,521</u>	<u>1,516,545</u>	<u>158,976</u>	<u>1,549,154</u>
<b>Non-departmental:</b>				
Other operating expenditures.....		11,111		11,498
Total.....	<u>62,000</u>	<u>11,111</u>	<u>50,889</u>	<u>11,498</u>
<b>Debt Service:</b>				
Principal Retirement.....	977,877	751,542	226,335	744,142
Interest and other charges.....	243,843	103,843	140,000	116,321
Total.....	<u>1,221,720</u>	<u>855,385</u>	<u>366,335</u>	<u>860,463</u>
<b>Capital outlay:</b>				
Miscellaneous water.....	898,148	709,605	188,543	663,496
Miscellaneous sewer.....	204,000	106,391	97,609	64,307
Total.....	<u>1,102,148</u>	<u>815,996</u>	<u>286,152</u>	<u>727,803</u>
<b>Total expenditures.....</b>	<u>8,233,850</u>	<u>6,654,412</u>	<u>1,579,438</u>	<u>6,247,664</u>
<b>Excess (deficiency) of revenues</b>				
<b>over expenditures.....</b>	<u>(1,707,080)</u>	<u>146,315</u>	<u>1,853,395</u>	<u>251,380</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in.....	-	-	-	-
Transfers out.....	-	-	-	(1,650,932)
<b>Total other financing sources (uses).....</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,650,932)</u>
<b>Fund balance appropriated.....</b>	<u>1,707,080</u>	<u>-</u>	<u>(1,707,080)</u>	<u>-</u>
<b>Revenues and other sources over</b>				
<b>expenditures and other uses.....</b>	<u>\$ -</u>	<u>\$ 146,315</u>	<u>\$ 146,315</u>	<u>\$ (1,399,552)</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, 2020**  
**(With Comparative Totals for the Fiscal Year Ended June 30, 2019)** **Statement C-4**

	<u>2020</u>		<u>Variance</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2019 Actual</u>
			<u>(Negative)</u>	
<b>Reconciliation from budgetary basis</b>				
<b>(modified accrual) to full accrual:</b>				
<b>Revenues and other sources over</b>				
<b>expenditures and other uses.....</b>		\$ 146,315		\$ (1,399,552)
<b>Reconciling items:</b>				
Principal retirement.....		751,542		744,142
Capital outlays.....		815,996		727,803
Increase (decrease) in receivable allowance.....		(7,881)		(5,975)
Increase (decrease) in unbilled receivables.....		45,411		4,970
(Increase) decrease in accrued interest				
payable.....		3,637		3,788
(Increase) decrease in vacation pay.....		(7,522)		(3,504)
Increase (decrease) in deferred outflows				
of resources - pensions.....		(508)		177,351
(Increase) decrease in net pension liability.....		(72,708)		(125,308)
(Increase) decrease in deferred inflows				
of resources - pensions.....		1,369		4,884
Increase (decrease) in deferred outflows				
of resources - OPEB.....		167,727		5,132
(Increase) decrease in deferred inflows				
of resources - OPEB.....		1,157		(38,820)
(Increase) decrease in OPEB liability.....		(242,031)		(20,249)
Depreciation.....		(1,551,766)		(1,488,275)
Amortization of deferred loss				
on refunding.....		-		(6,840)
Capital contributions.....		5,400,880		226,820
Interest income from Water and Sewer				
Capital Project Funds.....		9,701		2,782
Capital asset transfers from				
other funds.....		1,394		625,234
Restricted income from System Development				
Capital Reserve Fund.....		902,521		633,826
Net Transfers to (from) Capital Project funds....		(510,821)		587,612
Total reconciling items.....		5,708,098		2,055,373
<b>Change in net position.....</b>		<u>\$ 5,854,413</u>		<u>\$ 655,821</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, 2020**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2019)**

**Statement C-5**

	<b>2020</b>		<b>Variance</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Positive</b>	<b>2019 Actual</b>
			<b>(Negative)</b>	
<b>Revenues</b>				
<b>Charges for services:</b>				
System Development Fees- Water.....	\$	\$ 238,192	\$	\$ 567,176
System Development Fees- Sewer.....		664,329		66,650
Total.....	<u>480,000</u>	<u>902,521</u>	<u>422,521</u>	<u>633,826</u>
<b>Other nonoperating revenues:</b>				
Interest and investment earnings.....	-	9,701		2,782
Total.....	<u>-</u>	<u>9,701</u>	<u>9,701</u>	<u>2,782</u>
<b>Total revenues.....</b>	<u>480,000</u>	<u>912,222</u>	<u>432,222</u>	<u>636,608</u>
<b>Excess (deficiency) of revenues</b>				
<b>over expenditures.....</b>	<u>480,000</u>	<u>912,222</u>	<u>432,222</u>	<u>636,608</u>
<b>Other Financing Sources (Uses)</b>				
Transfers to other funds:				
Utility Capital Project Fund.....	(527,920)	(527,920)	-	(50,000)
Appropriated fund balance.....	<u>47,920</u>	<u>-</u>	<u>(47,920)</u>	<u>-</u>
<b>Total other financing sources (uses).....</b>	<u>(480,000)</u>	<u>(527,920)</u>	<u>(47,920)</u>	<u>(50,000)</u>
<b>Revenues and other sources over</b>				
<b>expenditures and other uses.....</b>	<u>\$ -</u>	<u>\$ 384,302</u>	<u>\$ 384,302</u>	<u>\$ 586,608</u>

**City of Mebane, North Carolina**

**Schedule of Revenues and Expenditures - Budget to Actual**

**Capital Project Fund - Utility**

**For the Fiscal Year Ended June 30, 2020**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2019)**

**Statement C-6**

	<u>2020</u>		<u>Variance</u>	
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>2019 Actual</u>
			<u>(Negative)</u>	
<b>Expenditures</b>				
Oversizing sewer lines.....	\$	\$ 695,399	\$	\$ 20,000
Meter changeout project.....		510,821		495,388
Effluent outfall.....		-		-
WRRF floodwall.....		-		6,195
<b>Total expenditures.....</b>	<u>1,357,920</u>	<u>1,206,220</u>	<u>151,700</u>	<u>521,583</u>
<b>Excess (deficiency) of revenues</b>				
<b>over expenditures.....</b>	<u>(1,357,920)</u>	<u>(1,206,220)</u>	<u>151,700</u>	<u>(521,583)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out):				
From Water and Sewer Fund for				
utility capital improvements.....	-	-	-	500,000
From Utility Capital Reserve Fund				
for utility capital improvements.....	527,920	527,920	-	50,000
To Water and Sewer Fund				
for current expenditures.....	-	-	-	(495,388)
Appropriated fund balance.....	<u>830,000</u>	<u>-</u>	<u>(830,000)</u>	<u>-</u>
<b>Total other financing sources (uses).....</b>	<u>1,357,920</u>	<u>527,920</u>	<u>(830,000)</u>	<u>54,612</u>
<b>Revenues and other sources over (under)</b>				
<b>expenditures and other uses.....</b>	<u>\$ -</u>	<u>\$ (678,300)</u>	<u>\$ (678,300)</u>	<u>\$ (466,971)</u>



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, 2020

Statement C-7

		<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u> <u>(Negative)</u>
<b>Expenditures</b>					
Professional services.....	\$ 27,000	\$ -	\$ -	\$ -	\$ 27,000
Design and engineering.....	530,000	-	138,852	138,852	391,148
Contingency.....	26,000	-	-	-	26,000
<b>Total expenditures.....</b>	<u>583,000</u>	<u>-</u>	<u>138,852</u>	<u>138,852</u>	<u>444,148</u>
<b>Revenue over (under) expenditures.....</b>	<u>(583,000)</u>	<u>-</u>	<u>(138,852)</u>	<u>(138,852)</u>	<u>444,148</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in:					
From Water and Sewer Fund for					
utility capital improvements.....	583,000	583,000	-	583,000	-
<b>Total other financing sources (uses).....</b>	<u>583,000</u>	<u>583,000</u>	<u>-</u>	<u>583,000</u>	<u>-</u>
<b>Revenues and other sources over (under)</b>					
<b>expenditures and other uses.....</b>	<u>\$ -</u>	<u>\$ 583,000</u>	<u>\$ (138,852)</u>	<u>\$ 444,148</u>	<u>\$ 444,148</u>

# Additional Financial Data

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

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- **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, 2020**

**Schedule D-1**

<u>Fiscal Year</u>	<u>Uncollected Balance 6/30/2019</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance 6/30/2020</u>
2019-2020.....	\$ -	\$ 10,854,564	\$ 10,817,844	\$ 36,720
2018-2019.....	56,253	-	24,025	32,228
2017-2018.....	8,198	-	4,276	3,922
2016-2017.....	4,641	-	1,220	3,421
2015-2016.....	6,663	-	1,590	5,073
2014-2015.....	5,364	-	1,736	3,628
2013-2014.....	6,310	-	1,252	5,058
2012-2013.....	6,347	-	536	5,811
2011-2012.....	5,236	-	503	4,733
2010-2011.....	9,130	-	2,526	6,604
2009-2010.....	6,012	-	6,012	-
	<u>\$ 114,154</u>	<u>\$ 10,854,564</u>	<u>\$ 10,861,520</u>	107,198
Less: Allowance for uncollectible accounts (General Fund).....				12,665
<b>Ad valorem taxes receivable - net.....</b>				<u><u>\$ 94,533</u></u>
<b>Reconciliation with revenues:</b>				
Ad valorem taxes - General Fund.....				\$ 10,897,067
Add (subtract):				
Penalties and interest, net of discounts.....				(8,121)
Amount written off for tax year 2009-2010.....				6,012
Refunds and other adjustments.....				(33,438)
<b>Total collections and credits.....</b>				<u><u>\$ 10,861,520</u></u>

City of Mebane, North Carolina  
Analysis of Current Tax Levy  
City - Wide Levy  
For the Fiscal Year Ended June 30, 2020

Schedule D-2

	City - Wide			Total Levy	
	<u>Total Property</u> <u>Valuation</u>	<u>Rate</u>	<u>Amount of</u> <u>Levy</u>	<u>Property</u> <u>Excluding</u> <u>Registered</u> <u>Motor</u> <u>Vehicles</u>	<u>Registered</u> <u>Motor</u> <u>Vehicles</u>
<b>Tax levy:</b>					
Real property .....	\$ 1,627,662,514	0.47	\$ 7,650,014	\$ 7,650,014	\$ -
Personal property .....	648,540,774	0.47	3,048,142	2,326,942	721,200
Public service companies.....	19,264,439	0.47	90,543	90,543	-
Subtotals.....	<u>2,295,467,727</u>		<u>10,788,699</u>	<u>10,067,499</u>	<u>721,200</u>
Less: Homestead exemptions.....	<u>(243,533)</u>	0.47	<u>(1,145)</u>	<u>(1,145)</u>	<u>-</u>
<b>Totals.....</b>	<b><u>\$ 2,295,224,194</u></b>		<b><u>10,787,554</u></b>	<b><u>10,066,354</u></b>	<b><u>721,200</u></b>
Advertising, interest cost and late filing fees.....			<u>29,770</u>	<u>29,770</u>	<u>-</u>
Gross levy.....			<u>10,817,324</u>	<u>10,096,124</u>	<u>721,200</u>
Release and adjustments.....			<u>37,240</u>	<u>37,240</u>	<u>-</u>
Net levy.....			<u>10,854,564</u>	<u>10,133,364</u>	<u>721,200</u>
Uncollected taxes at June 30, 2020.....			<u>36,720</u>	<u>33,910</u>	<u>2,810</u>
<b>Current year taxes collected.....</b>			<b><u>\$ 10,817,844</u></b>	<b><u>\$ 10,099,454</u></b>	<b><u>\$ 718,390</u></b>
 <b>Current levy collection percentage.....</b>			<u>99.66%</u>	<u>99.67%</u>	<u>99.61%</u>

**City of Mebane, North Carolina**  
**Analysis of Current Tax Levy**  
**City - Wide Levy**  
**For the Fiscal Year Ended June 30, 2020**

**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.....	\$ 1,627,662,516	\$ -
Personal Property.....	627,236,944	21,303,830
Public service companies (Note 2).....	19,264,439	-
Total Assessed Valuation.....	<u>2,274,163,899</u>	<u>21,303,830</u>
Tax Rate per \$100.....	<u>0.47</u>	<u>0.47</u>
	<u>10,688,570</u>	<u>100,129</u>
Levy.....		<u>\$ 10,788,699</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, 2020**

**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	\$ 543,366	5.04%
Wal-Mart.....	Retail.....	94,423,751	\$ 443,792	4.11%
Liggett Group - One Hundred				
Maple, LLC.....	Tobacco Manufacturing.....	73,162,429	\$ 343,863	3.19%
Nypro, Inc. (a Jabil Company).....	Plastics Manufacturing.....	55,612,163	\$ 261,377	2.42%
Tanger Piedmont, LLC.....	Retail.....	43,621,343	\$ 205,020	1.90%
Cambro Manufacturing Co.....	Restaurant Supplier.....	37,321,576	\$ 175,411	1.63%
Keystone at Mebane Oaks, LLC.....	Apartment Complex.....	34,636,522	\$ 162,792	1.51%
Morinaga America Foods, Inc.....	Japanese confectionery.....	32,041,625	\$ 150,596	1.40%
Sandvik, Inc.....	Metal Cutting.....	29,909,160	\$ 140,573	1.30%
Gregory Poole Equipment				
Company.....	Equipment Sales and Leasing.....	29,372,478	\$ 138,051	1.28%
		<u>\$ 545,710,781</u>	<u>\$ 2,564,842</u>	<u>23.78%</u>

## Statistical Section

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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.

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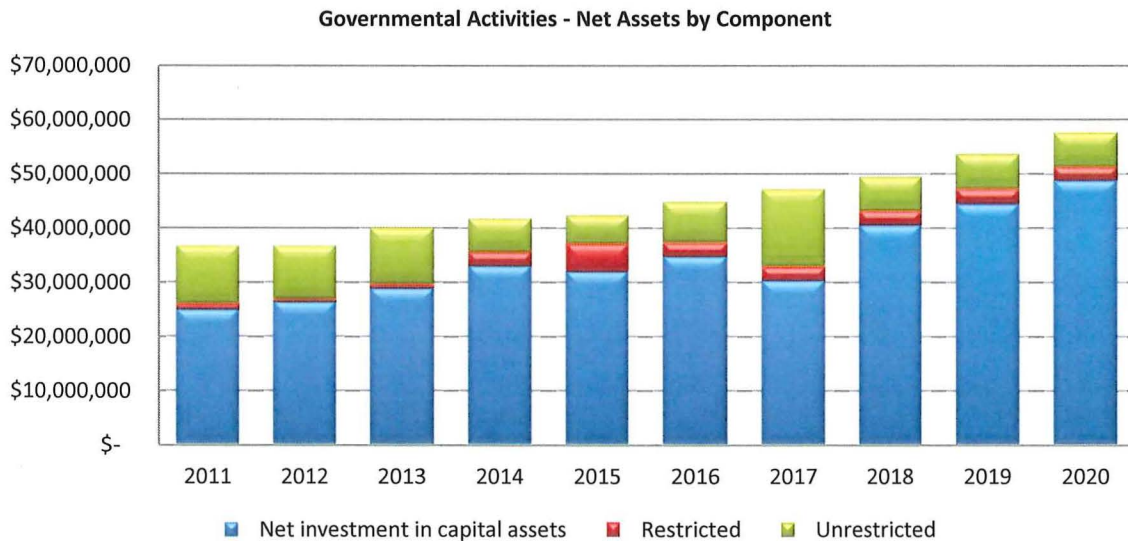
- **Financial Trends** – These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- **Revenue Capacity** – These schedules contain information to help the reader assess the government's most significant local 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,				
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Governmental activities</b>					
Net investment in capital assets.....	\$ 24,920,842	\$ 26,347,904	\$ 28,863,807	\$ 33,039,857	\$ 32,011,821
Restricted.....	1,110,038	497,614	755,213	2,594,241	5,225,747
Unrestricted.....	10,682,320	9,863,083	10,432,825	6,195,064	5,185,319
<b>Total governmental activities net position.....</b>	<b>\$ 36,713,200</b>	<b>\$ 36,708,601</b>	<b>\$ 40,051,845</b>	<b>\$ 41,829,162</b>	<b>\$ 42,422,887</b>
<b>Business-type activities</b>					
Net investment in capital assets.....	\$ 25,132,355	\$ 25,760,951	\$ 29,700,671	\$ 31,622,606	\$ 33,155,614
Restricted.....	-	-	-	-	-
Unrestricted.....	9,154,905	10,903,051	8,348,062	6,415,219	5,635,431
<b>Total business-type activities net position.....</b>	<b>\$ 34,287,260</b>	<b>\$ 36,664,002</b>	<b>\$ 38,048,733</b>	<b>\$ 38,037,825</b>	<b>\$ 38,791,045</b>
<b>Primary government</b>					
Net investment in capital assets.....	\$ 50,053,197	\$ 52,108,855	\$ 58,564,478	\$ 64,662,463	\$ 65,167,435
Restricted.....	1,110,038	497,614	755,213	2,594,241	5,225,747
Unrestricted.....	19,837,225	20,766,134	18,780,887	12,610,283	10,820,750
<b>Total primary government activities net position.....</b>	<b>\$ 71,000,460</b>	<b>\$ 73,372,603</b>	<b>\$ 78,100,578</b>	<b>\$ 79,866,987</b>	<b>\$ 81,213,932</b>





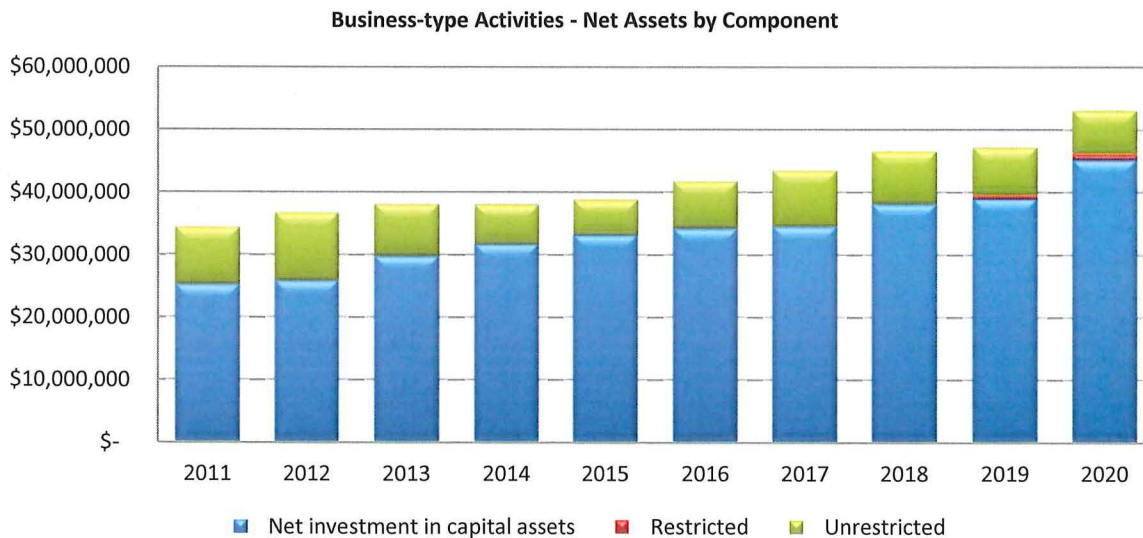
**City of Mebane, North Carolina**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 1**  
**Page 2 of 2**

	Fiscal Year Ending June 30,				
	2016	2017	2018	2019	2020
<b>Governmental activities</b>					
Net investment in capital assets.....	\$ 34,801,671	\$ 30,319,096	\$ 40,610,954	\$ 44,539,110	\$ 48,932,506
Restricted.....	2,589,616	2,615,433	2,757,579	2,844,468	2,535,935
Unrestricted.....	7,502,406	14,338,635	6,147,464	6,328,882	6,215,856
<b>Total governmental activities net position.....</b>	<b>\$ 44,893,693</b>	<b>\$ 47,273,164</b>	<b>\$ 49,515,997</b>	<b>\$ 53,712,460</b>	<b>\$ 57,684,297</b>
<b>Business-type activities</b>					
Net investment in capital assets.....	\$ 34,178,396	\$ 34,527,281	\$ 38,122,626	\$ 38,984,945	\$ 45,237,242
Restricted.....	-	-	-	586,608	970,910
Unrestricted.....	7,589,047	8,948,578	8,413,024	7,619,918	6,837,732
<b>Total business-type activities net position.....</b>	<b>\$ 41,767,443</b>	<b>\$ 43,475,859</b>	<b>\$ 46,535,650</b>	<b>\$ 47,191,471</b>	<b>\$ 53,045,884</b>
<b>Primary government</b>					
Net investment in capital assets.....	\$ 68,980,067	\$ 64,846,377	\$ 78,733,580	\$ 83,524,055	\$ 94,169,748
Restricted.....	2,589,616	2,615,433	2,757,579	3,431,076	3,506,845
Unrestricted.....	15,091,453	23,287,213	14,560,488	13,948,800	13,053,588
<b>Total primary government activities net position.....</b>	<b>\$ 86,661,136</b>	<b>\$ 90,749,023</b>	<b>\$ 96,051,647</b>	<b>\$ 100,903,931</b>	<b>\$ 110,730,181</b>

**Notes:**

(1) 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				
	2011	2012	2013	2014	2015
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government.....	\$ 1,753,985	\$ 1,854,901	\$ 2,143,420	\$ 2,133,862	\$ 2,130,084
Public safety.....	3,863,952	4,107,505	4,571,950	4,400,496	4,929,504
Public works.....	2,800,765	2,802,874	2,879,581	3,887,001	3,848,791
Cultural and recreation.....	1,091,761	1,167,086	1,224,727	1,179,235	1,163,723
Economic and physical development.....	202,085	402,748	207,551	1,137,040	584,532
Interest on long-term debt.....	176,371	150,948	132,923	151,011	178,086
<b>Total governmental activities expenses.....</b>	<b>9,888,919</b>	<b>10,486,062</b>	<b>11,160,152</b>	<b>12,888,645</b>	<b>12,834,720</b>
<b>Business-type activities:</b>					
Water and sewer.....	3,923,837	3,913,101	3,901,404	4,493,195	4,288,957
<b>Total Business-type activities.....</b>	<b>3,923,837</b>	<b>3,913,101</b>	<b>3,901,404</b>	<b>4,493,195</b>	<b>4,288,957</b>
<b>Total primary government expenses.....</b>	<b>13,812,756</b>	<b>14,399,163</b>	<b>15,061,556</b>	<b>17,381,840</b>	<b>17,123,677</b>
<b>Program revenues</b>					
<b>Governmental activities:</b>					
<b>Charges for services:</b>					
General government.....	54,800	58,255	58,381	60,900	45,470
Public safety.....	209,242	104,563	130,897	12,986	13,964
Public works.....	318,183	318,717	316,398	355,012	338,920
Cultural and recreation.....	79,972	75,649	74,518	75,170	77,245
Economic and physical development.....	-	-	-	222,071	287,110
Operating grants and contributions.....	321,016	338,677	397,732	667,594	498,060
Capital grants and contributions.....	1,698,372	858,449	2,013,681	912,272	2,157,849
<b>Total governmental activities program revenue.....</b>	<b>2,681,585</b>	<b>1,754,310</b>	<b>2,991,607</b>	<b>2,306,005</b>	<b>3,418,618</b>
<b>Business-type activities:</b>					
Charges for services.....	3,942,483	4,322,571	4,732,814	5,041,627	5,316,218
Capital grants and contributions.....	471,250	284,300	1,051,250	203,400	196,230
<b>Total business-type activities program revenue.....</b>	<b>4,413,733</b>	<b>4,606,871</b>	<b>5,784,064</b>	<b>5,245,027</b>	<b>5,512,448</b>
<b>Total primary government program revenue.....</b>	<b>7,095,318</b>	<b>6,361,181</b>	<b>8,775,671</b>	<b>7,551,032</b>	<b>8,931,066</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities.....	(7,207,334)	(8,731,752)	(8,168,545)	(10,582,640)	(9,416,102)
Business-type activities.....	489,896	693,770	1,882,660	751,832	1,223,491
<b>Total primary government net expense.....</b>	<b>(6,717,438)</b>	<b>(8,037,982)</b>	<b>(6,285,885)</b>	<b>(9,830,808)</b>	<b>(8,192,611)</b>
<b>General revenues and other changes in net position</b>					
<b>Governmental activities:</b>					
Taxes.....					
Property taxes, levied for general purpose.....	6,805,448	7,376,275	7,640,328	8,054,225	8,572,861
Other taxes.....	2,617,082	2,973,118	3,297,348	3,519,938	4,105,041
Grants and contributions not restricted to specific programs.....	4,770	3,045	4,000	7,000	4,500
Unrestricted investment earnings.....	22,532	14,422	11,943	2,096	4,083
Miscellaneous.....	793,917	10,293	40,670	(7,678)	60,600
Special item: Conveyance of land for economic development.....	-	-	-	-	(2,691,591)
Transfers.....	-	(1,650,000)	517,500	784,376	393,092
<b>Total governmental activities.....</b>	<b>10,243,749</b>	<b>8,727,153</b>	<b>11,511,789</b>	<b>12,359,957</b>	<b>10,448,586</b>
<b>Business-type activities:</b>					
Unrestricted investment earnings.....	14,608	31,212	9,706	5,801	259
Miscellaneous.....	6,659	1,760	9,865	15,835	15,559
Transfers.....	-	1,650,000	(517,500)	(784,376)	(393,092)
<b>Total business-type activities.....</b>	<b>21,267</b>	<b>1,682,972</b>	<b>(497,299)</b>	<b>(762,740)</b>	<b>(377,274)</b>
<b>Total primary government.....</b>	<b>10,265,016</b>	<b>10,410,125</b>	<b>11,013,860</b>	<b>11,597,217</b>	<b>10,071,312</b>
<b>Change in Net Position</b>					
Governmental activities.....	3,036,415	(4,599)	3,343,244	1,777,317	1,032,484
Business-type activities.....	511,163	2,376,742	1,384,731	(10,908)	846,217
<b>Change in primary government net position.....</b>	<b>\$ 3,547,578</b>	<b>\$ 2,372,143</b>	<b>\$ 4,727,975</b>	<b>\$ 1,766,409</b>	<b>\$ 1,878,701</b>

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

**Table 2**  
**(Page 2 of 2)**

	Fiscal Year Ending June 30				
	2016	2017	2018	2019	2020
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government.....	\$ 2,058,889	\$ 2,023,497	\$ 2,227,259	\$ 2,262,074	\$ 2,508,794
Public safety.....	5,521,196	6,132,593	6,567,770	7,070,899	8,045,419
Public works.....	4,169,363	3,907,270	3,885,804	3,803,467	4,939,677
Cultural and recreation.....	1,288,321	1,195,553	1,301,845	1,900,889	1,677,079
Economic and physical development.....	1,415,831	461,389	1,879,946	1,269,525	2,005,292
Interest on long-term debt.....	156,676	174,166	300,632	281,751	257,803
<b>Total governmental activities expenses.....</b>	<b>14,610,276</b>	<b>13,894,468</b>	<b>16,163,256</b>	<b>16,588,605</b>	<b>19,434,064</b>
<b>Business-type activities:</b>					
Water and sewer.....	4,926,465	6,139,854	6,039,261	6,762,948	7,298,336
<b>Total Business-type activities.....</b>	<b>4,926,465</b>	<b>6,139,854</b>	<b>6,039,261</b>	<b>6,762,948</b>	<b>7,298,336</b>
<b>Total primary government expenses.....</b>	<b>19,536,741</b>	<b>20,034,322</b>	<b>22,202,517</b>	<b>23,351,553</b>	<b>26,732,400</b>
<b>Program revenues</b>					
<b>Governmental activities:</b>					
Charges for services:					
General government.....	213,347	58,291	60,580	1,100	11,850
Public safety.....	13,905	21,135	19,941	21,350	17,532
Public works.....	420,613	401,609	422,237	501,353	617,855
Cultural and recreation.....	85,535	86,690	87,018	92,443	74,138
Economic and physical development.....	374,248	427,814	391,359	863,738	742,977
Operating grants and contributions.....	448,823	574,891	934,764	742,312	957,002
Capital grants and contributions.....	972,045	639,266	3,380,460	2,617,102	3,927,560
<b>Total governmental activities program revenue.....</b>	<b>2,528,516</b>	<b>2,209,696</b>	<b>5,296,359</b>	<b>4,839,398</b>	<b>6,348,914</b>
<b>Business-type activities:</b>					
Charges for services.....	7,399,492	6,491,915	6,676,309	6,995,810	7,644,619
Capital grants and contributions.....	1,376,780	465,220	2,508,340	226,820	5,400,880
<b>Total business-type activities program revenue.....</b>	<b>8,776,272</b>	<b>6,957,135</b>	<b>9,184,649</b>	<b>7,222,630</b>	<b>13,045,499</b>
<b>Total primary government program revenue.....</b>	<b>11,304,788</b>	<b>9,166,831</b>	<b>14,481,008</b>	<b>12,062,028</b>	<b>19,394,413</b>
<b>Net (Expense)/Revenue</b>					
Governmental activities.....	(12,081,760)	(11,684,772)	(10,866,897)	(11,749,207)	(13,085,150)
Business-type activities.....	3,849,807	817,281	3,145,388	459,682	5,747,163
<b>Total primary government net expense.....</b>	<b>(8,231,953)</b>	<b>(10,867,491)</b>	<b>(7,721,509)</b>	<b>(11,289,525)</b>	<b>(7,337,987)</b>
<b>General revenues and other changes in net position</b>					
<b>Governmental activities:</b>					
Taxes.....					
Property taxes, levied for general purpose.....	8,859,077	9,751,487	10,279,056	10,895,740	11,378,933
Other taxes.....	4,188,891	4,299,798	4,563,646	4,885,951	5,067,665
Grants and contributions not restricted					
to specific programs.....	12,509	3,050	3,050	4,050	31,047
Unrestricted investment earnings.....	6,399	25,200	129,302	180,725	153,113
Miscellaneous.....	41,404	69,609	164,578	36,506	427,623
Special item: Conveyance of land for economic development.....	-	-	-	-	-
Transfers.....	965,000	-	(2,003)	(57,302)	(1,394)
<b>Total governmental activities.....</b>	<b>14,073,280</b>	<b>14,149,144</b>	<b>15,137,629</b>	<b>15,945,670</b>	<b>17,056,987</b>
<b>Business-type activities:</b>					
Unrestricted investment earnings.....	2,244	6,344	28,295	63,336	89,202
Miscellaneous.....	22,773	784,791	193,241	75,501	16,654
Transfers.....	(965,000)	-	2,003	57,302	1,394
<b>Total business-type activities.....</b>	<b>(939,983)</b>	<b>791,135</b>	<b>223,539</b>	<b>196,139</b>	<b>107,250</b>
<b>Total primary government.....</b>	<b>13,133,297</b>	<b>14,940,279</b>	<b>15,361,168</b>	<b>16,141,809</b>	<b>17,164,237</b>
<b>Change in Net Position</b>					
Governmental activities.....	1,991,520	2,464,372	4,270,732	4,196,463	3,971,837
Business-type activities.....	2,909,824	1,608,416	3,368,927	655,821	5,854,413
<b>Change in primary government net position.....</b>	<b>\$ 4,901,344</b>	<b>\$ 4,072,788</b>	<b>\$ 7,639,659</b>	<b>\$ 4,852,284</b>	<b>\$ 9,826,250</b>

**Notes:**

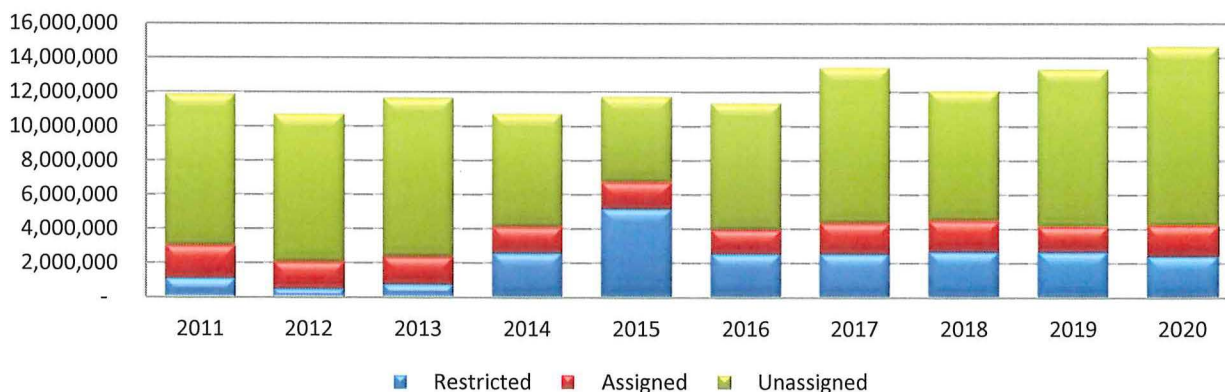
(1) 2018 included a prior period restatement of \$2,337,035; 2017 includes a prior period statement of \$15,099; 2016 includes a prior period restatement of \$545,860; 2015 includes a prior period restatement of \$(531,756); 2011 includes a prior period restatement of \$230,000;

**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				
	2011	2012	2013	2014	2015
<b>General Fund</b>					
Nonspendable.....	\$ -	\$ -	\$ -	\$ 20,511	\$ 27,361
Restricted.....	1,110,040	497,614	755,213	2,566,389	5,183,933
Committed.....	-	-	-	-	-
Assigned.....	1,888,098	1,556,073	1,586,386	1,543,138	1,549,082
Unassigned.....	8,865,523	8,636,871	9,309,149	6,612,572	4,991,002
<b>Total general fund.....</b>	<b>\$ 11,863,661</b>	<b>\$ 10,690,558</b>	<b>\$ 11,650,748</b>	<b>\$ 10,742,610</b>	<b>\$ 11,751,378</b>
<b>All Other Governmental Funds</b>					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	-	-	-	27,852	41,814
Committed.....	-	-	-	-	-
Assigned.....	(350)	(4,500)	316,850	1,925,422	1,181,066
Unassigned.....	-	-	-	-	-
<b>Total all other governmental funds.....</b>	<b>\$ (350)</b>	<b>\$ (4,500)</b>	<b>\$ 316,850</b>	<b>\$ 1,953,274</b>	<b>\$ 1,222,880</b>
<b>Total Governmental Funds</b>					
Nonspendable.....	\$ -	\$ -	\$ -	\$ 20,511	\$ 27,361
Restricted.....	1,110,040	497,614	755,213	2,594,241	5,225,747
Committed.....	-	-	-	-	-
Assigned.....	1,887,748	1,551,573	1,903,236	3,468,560	2,730,148
Unassigned.....	8,865,523	8,636,871	9,309,149	6,612,572	4,991,002
<b>Total governmental funds.....</b>	<b>\$ 11,863,311</b>	<b>\$ 10,686,058</b>	<b>\$ 11,967,598</b>	<b>\$ 12,695,884</b>	<b>\$ 12,974,258</b>

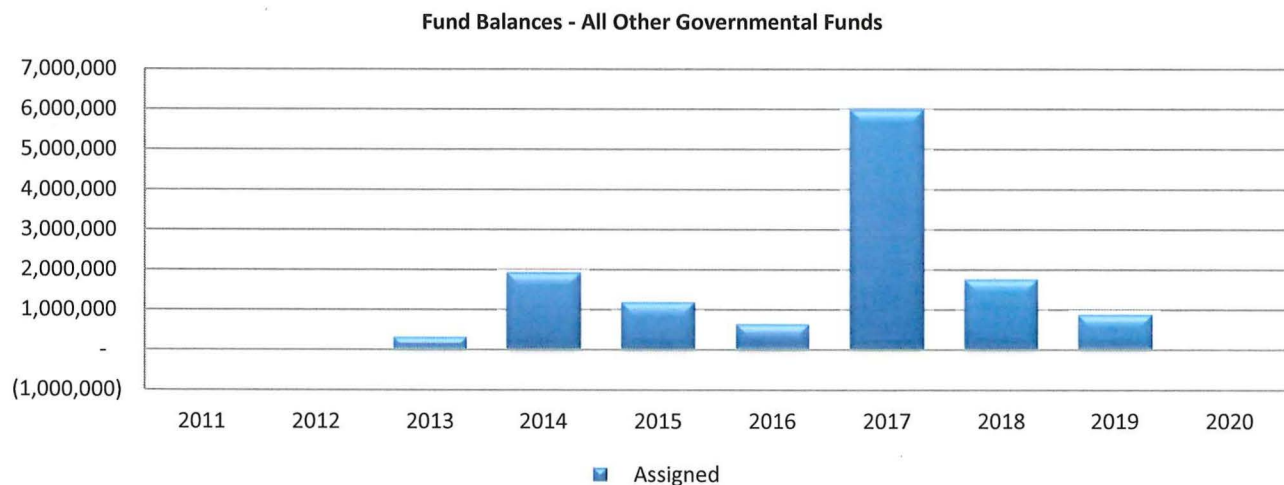
**Fund Balances - General Fund**



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

**Table 3**  
**Page 2 of 2**

	Fiscal Year Ending June 30				
	2016	2017	2018	2019	2020
<b>General Fund</b>					
Nonspendable.....	\$ 116,295	\$ 51,005	\$ 131,945	\$ 46,552	\$ 168,052
Restricted.....	2,533,840	2,545,731	2,673,951	2,658,975	2,422,768
Committed.....	-	-	-	-	-
Assigned.....	1,419,254	1,803,854	1,828,000	1,500,000	1,823,718
Unassigned.....	7,377,790	9,083,988	7,563,514	9,186,167	10,427,779
<b>Total general fund.....</b>	<b>\$ 11,447,179</b>	<b>\$ 13,484,578</b>	<b>\$ 12,197,410</b>	<b>\$ 13,391,694</b>	<b>\$ 14,842,317</b>
<b>All Other Governmental Funds</b>					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	55,776	69,702	83,628	98,182	113,160
Committed.....	-	-	-	-	-
Assigned.....	640,198	5,986,376	1,757,022	884,814	-
Unassigned.....	-	-	-	-	-
<b>Total all other governmental funds.....</b>	<b>\$ 695,974</b>	<b>\$ 6,056,078</b>	<b>\$ 1,840,650</b>	<b>\$ 982,996</b>	<b>\$ 113,160</b>
<b>Total Governmental Funds</b>					
Nonspendable.....	\$ 116,295	\$ 51,005	\$ 131,945	\$ 46,552	\$ 168,052
Restricted.....	2,589,616	2,615,433	2,757,579	2,757,157	2,535,928
Committed.....	-	-	-	-	-
Assigned.....	2,059,452	7,790,230	3,585,022	2,384,814	1,823,718
Unassigned.....	7,377,790	9,083,988	7,563,514	9,186,167	10,427,779
<b>Total governmental funds.....</b>	<b>\$ 12,143,153</b>	<b>\$ 19,540,656</b>	<b>\$ 14,038,060</b>	<b>\$ 14,374,690</b>	<b>\$ 14,955,477</b>





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

**Table 4**  
**Page 1 of 2**

	Fiscal Year Ending June 30				
	2011	2012	2013	2014	2015
<b>Revenues</b>					
Ad valorem taxes.....	\$ 6,527,203	\$ 6,963,505	\$ 7,322,698	\$ 7,705,045	\$ 8,207,631
Other taxes and licenses.....	19,855	19,253	189,355	199,935	190,058
Unrestricted intergovernmental.....	3,184,785	3,183,950	3,136,030	3,323,889	5,033,302
Restricted intergovernmental.....	641,518	686,429	695,117	1,497,810	893,277
Permits and fees.....	239,333	115,955	136,214	244,104	320,358
Sales and services.....	364,014	378,424	382,049	416,084	392,832
Investment earnings.....	22,532	14,422	11,943	17,190	1,746
Miscellaneous.....	107,047	86,011	112,033	94,753	260,119
<b>Total revenues.....</b>	<b>11,106,287</b>	<b>11,447,949</b>	<b>11,985,439</b>	<b>13,498,810</b>	<b>15,299,323</b>
<b>Expenditures</b>					
General government.....	1,600,612	1,676,324	1,950,508	2,087,742	2,094,055
Public safety.....	4,298,873	3,872,971	4,157,723	5,091,637	4,901,955
Public works.....	3,125,067	3,102,904	2,818,822	3,708,213	3,708,075
Cultural and recreation.....	1,074,413	1,152,466	1,110,864	1,195,637	1,318,029
Economic and physical development.....	178,908	204,146	505,146	3,832,902	703,466
Debt service:					
Principal.....	707,641	613,255	426,667	426,667	833,854
Interest and other charges.....	181,520	155,859	135,000	119,484	182,646
Capital outlay.....	42,060	197,277	116,669	1,437,893	2,138,037
<b>Total expenditures.....</b>	<b>11,209,094</b>	<b>10,975,202</b>	<b>11,221,399</b>	<b>17,900,175</b>	<b>15,880,117</b>
<b>Excess (deficiency) of revenues over</b>					
<b>(under) expenditures.....</b>	<b>(102,807)</b>	<b>472,747</b>	<b>764,040</b>	<b>(4,401,365)</b>	<b>(580,794)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds.....	(64,144)	(1,650,000)	(245,000)	(245,000)	(1,450,000)
Transfers from other funds.....	64,144	-	762,500	1,029,376	1,843,092
Issuance of debt.....	-	-	-	4,345,275	-
<b>Total other financing sources (uses).....</b>	<b>-</b>	<b>(1,650,000)</b>	<b>517,500</b>	<b>5,129,651</b>	<b>393,092</b>
<b>Net change in fund balances.....</b>	<b>(102,807)</b>	<b>(1,177,253)</b>	<b>1,281,540</b>	<b>728,286</b>	<b>(187,702)</b>
Fund balances, beginning.....	11,966,118	11,863,311	10,686,058	11,967,598	12,695,884
Prior period adjustment.....	-	-	-	-	466,076
Fund balances, beginning as restated.....	11,966,118	11,863,311	10,686,058	11,967,598	13,161,960
<b>Fund balances, ending.....</b>	<b>\$ 11,863,311</b>	<b>\$ 10,686,058</b>	<b>\$ 11,967,598</b>	<b>\$ 12,695,884</b>	<b>\$ 12,974,258</b>
<b>Debt service as a percentage</b>					
<b>of noncapital expenditures.....</b>	<b>9.3%</b>	<b>7.7%</b>	<b>5.5%</b>	<b>4.6%</b>	<b>8.2%</b>

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

**Table 4**  
**Page 2 of 2**

	Fiscal Year Ending June 30				
	2016	2017	2018	2019	2020
<b>Revenues</b>					
Ad valorem taxes.....	\$ 8,436,102	\$ 9,349,863	\$ 9,851,605	\$ 10,413,402	\$ 10,897,067
Other taxes and licenses.....	795	960	1,005	1,030	955
Unrestricted intergovernmental.....	4,191,306	4,427,170	4,866,039	5,095,144	5,433,058
Restricted intergovernmental.....	880,010	904,619	1,265,968	1,589,184	1,262,717
Permits and fees.....	606,212	482,809	411,580	915,604	811,186
Sales and services.....	433,014	444,814	462,033	494,687	576,421
Investment earnings.....	6,363	25,200	129,302	180,725	153,113
Miscellaneous.....	155,294	270,538	322,138	167,614	524,824
<b>Total revenues.....</b>	<b>14,709,096</b>	<b>15,905,973</b>	<b>17,309,670</b>	<b>18,857,390</b>	<b>19,659,341</b>
<b>Expenditures</b>					
General government.....	2,151,509	1,997,039	2,244,898	2,179,611	2,265,058
Public safety.....	5,414,023	6,171,044	6,526,581	6,544,785	6,888,994
Public works.....	3,733,538	3,268,769	3,400,679	3,113,625	3,048,385
Cultural and recreation.....	1,466,564	1,056,609	1,828,941	1,445,320	1,343,057
Economic and physical development.....	1,466,432	703,062	1,878,174	1,255,070	1,927,454
Debt service:					
Principal.....	835,083	836,338	1,316,286	1,347,620	1,272,748
Interest and other charges.....	161,067	139,372	306,592	285,412	264,189
Capital outlay.....	1,276,985	634,567	5,739,986	3,652,717	2,068,669
<b>Total expenditures.....</b>	<b>16,505,201</b>	<b>14,806,800</b>	<b>23,242,137</b>	<b>19,824,160</b>	<b>19,078,554</b>
<b>Excess (deficiency) of revenues over</b>					
<b>(under) expenditures.....</b>	<b>(1,796,105)</b>	<b>1,099,173</b>	<b>(5,932,467)</b>	<b>(966,770)</b>	<b>580,787</b>
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds.....	(856,734)	(60,000)	(1,726,812)	(1,500,000)	(1,183,857)
Transfers from other funds.....	1,821,734	60,000	1,724,810	2,067,932	1,183,857
Issuance of debt.....	-	6,298,330	431,873	735,468	-
<b>Total other financing sources (uses).....</b>	<b>965,000</b>	<b>6,298,330</b>	<b>429,871</b>	<b>1,303,400</b>	<b>-</b>
<b>Net change in fund balances.....</b>	<b>(831,105)</b>	<b>7,397,503</b>	<b>(5,502,596)</b>	<b>336,630</b>	<b>580,787</b>
Fund balances, beginning.....	12,974,258	12,143,153	19,540,656	14,038,060	14,374,690
Prior period adjustment.....	-	-	-	-	-
Fund balances, beginning as restated.....	12,974,258	12,143,153	19,540,656	14,038,060	14,374,690
<b>Fund balances, ending.....</b>	<b>\$ 12,143,153</b>	<b>\$ 19,540,656</b>	<b>\$ 14,038,060</b>	<b>\$ 14,374,690</b>	<b>\$ 14,955,477</b>
<b>Debt service as a percentage</b>					
<b>of noncapital expenditures.....</b>	<b>7.0%</b>	<b>7.4%</b>	<b>10.3%</b>	<b>10.2%</b>	<b>8.8%</b>

**Notes:**

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

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

**Table 5**

<u>Fiscal</u> <u>Year</u>	<u>Real Property</u>	<u>Personal</u> <u>Property</u>	<u>Public Service</u> <u>Companies</u>	<u>Less Tax-</u> <u>Exempt</u> <u>Property</u>	<u>Total Taxable</u> <u>Assessed Value</u>	<u>Total</u> <u>Direct</u> <u>Tax</u> <u>Rate</u>	<u>Estimated Actual</u> <u>Taxable Value</u>	<u>Ratio of</u> <u>Assessed</u> <u>Value to</u> <u>Estimated</u> <u>Actual</u> <u>Value</u>
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%
2020	1,627,662,514	648,540,774	19,264,439	(243,533)	2,295,224,194	0.47	2,449,836,538	93.7%

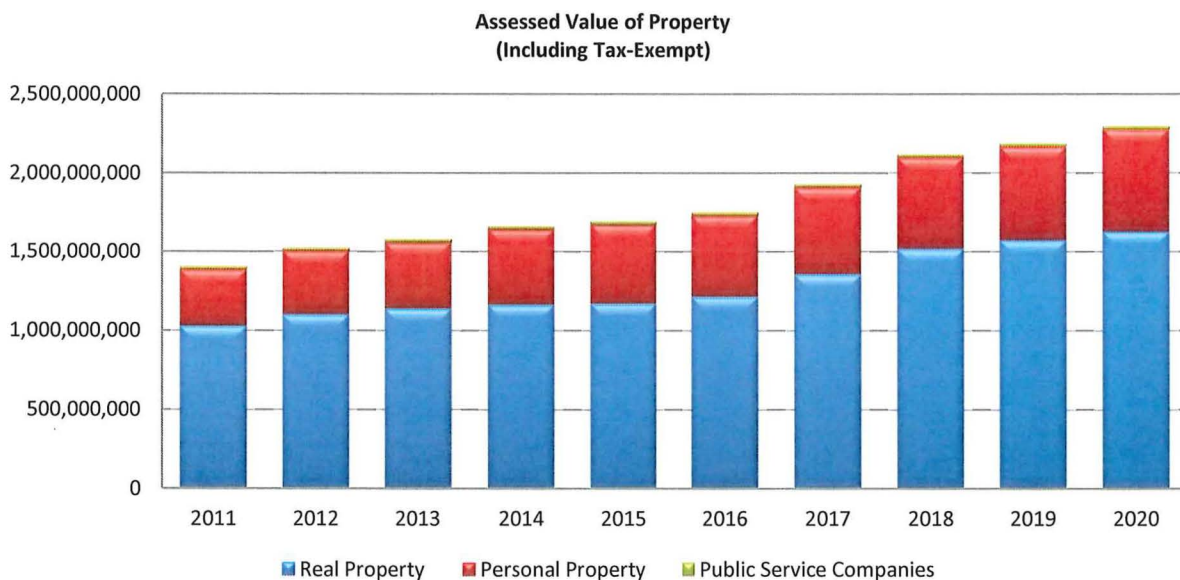
**Sources:**

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<sup>(1)</sup></u>	<u>Orange County<sup>(2)</sup></u>	<u>Alamance County</u>	<u>Orange County</u>
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
2020.....	0.47	0.670	0.868	1.140	1.338

**Sources:**

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

<sup>(2)</sup> Orange County Tax Department.

**Notes:**

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

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

**Table 7**

Taxpayer	2020			2011		
			Percentage			Percentage
			of Total			of Total
	<u>Taxable</u>		<u>Taxable</u>	<u>Taxable</u>		<u>Taxable</u>
	<u>Assessed Value</u>	<u>Rank</u>	<u>Assessed</u>	<u>Assessed Value</u>	<u>Rank</u>	<u>Assessed</u>
	(1)		Value			Value
GKN Automotive Components.....	\$ 115,609,734	1	5.04%	\$ 90,973,558	1	6.50%
Walmart Stores Inc.....	94,423,751	2	4.11%	17,060,709	6	1.24%
Liggett Group - One Hundred Maple.....	73,162,429	3	3.19%	58,412,244	2	4.20%
Nypro, Inc. (a Jabil Company).....	55,612,163	4	2.42%	12,547,597	10	0.95%
Tanger Piedmont, LLC.....	43,621,343	5	1.90%	(2)		
Cambro Manufacturing Co.....	37,321,576	6	1.63%	(2)		
Keystone at Mebane Oaks LLC.....	34,636,522	7	1.51%	(2)		
Morinaga American Foods Inc.....	32,041,625	8	1.40%	(2)		
Sandvik Inc.....	29,909,160	9	1.30%	47,543,722	3	3.40%
Gregory Poole Equipment Company.....	29,372,478	10	1.28%	(2)		
Mebane Packaging / Meadwestvaco.....	(2)			22,671,185	4	1.60%
Armacell LLC/Armstrong				21,207,994	5	1.50%
Kingsdown Inc.	(2)			15,254,593	7	1.11%
Oakland/Fieldstone/Club Mill Creek.....	(2)			12,774,785	9	0.90%
Spring Forest, LLC.....	(2)			13,251,550	8	0.90%
Total.....	<u>\$545,710,781</u>		<u>23.78%</u>	<u>\$311,697,937</u>		<u>22.30%</u>

**Source:**

Alamance County Tax Department.

**Notes:**

<sup>(1)</sup> Assessed valuation represents taxes assessed and due in the fiscal year ended June 30, 2020.

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

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

**Table 8**

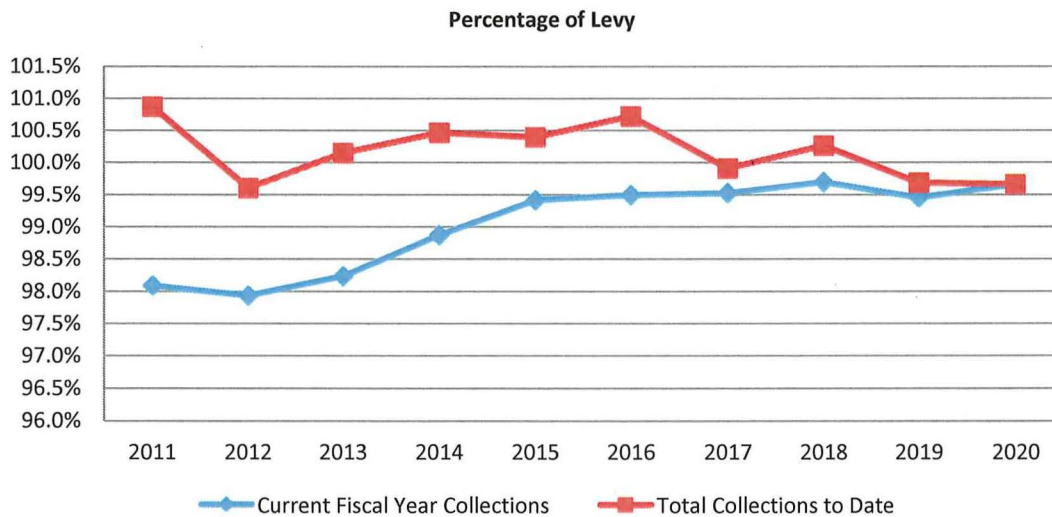
Fiscal Year	Fiscal Year of the Levy			Total Collections to Date		
	Taxes Levied for the Fiscal		Percentage of Levy	Collections in Subsequent		Percentage of Levy
	Year <sup>(1)</sup>	Amount		Years	Amount	
2011.....	6,517,986	6,393,383	98.1%	180,966	6,574,349	100.9%
2012.....	7,062,935	6,917,103	97.9%	117,923	7,035,026	99.6%
2013.....	7,354,497	7,224,810	98.2%	140,377	7,365,187	100.1%
2014.....	7,764,524	7,677,173	98.9%	123,113	7,800,286	100.5%
2015.....	8,223,909	8,175,886	99.4%	79,972	8,255,858	100.4%
2016.....	8,528,175	8,485,223	99.5%	103,900	8,589,123	100.7%
2017.....	9,288,710	9,244,828	99.5%	35,252	9,280,080	99.9%
2018.....	9,815,332	9,785,748	99.7%	55,246	9,840,994	100.3%
2019.....	10,383,208	10,326,956	99.5%	24,025	10,350,981	99.7%
2020.....	10,854,564	10,817,844	99.7%	-	10,817,844	99.7%

**Sources:**

Alamance County Tax Department.

**Notes:**

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



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

**Table 9**

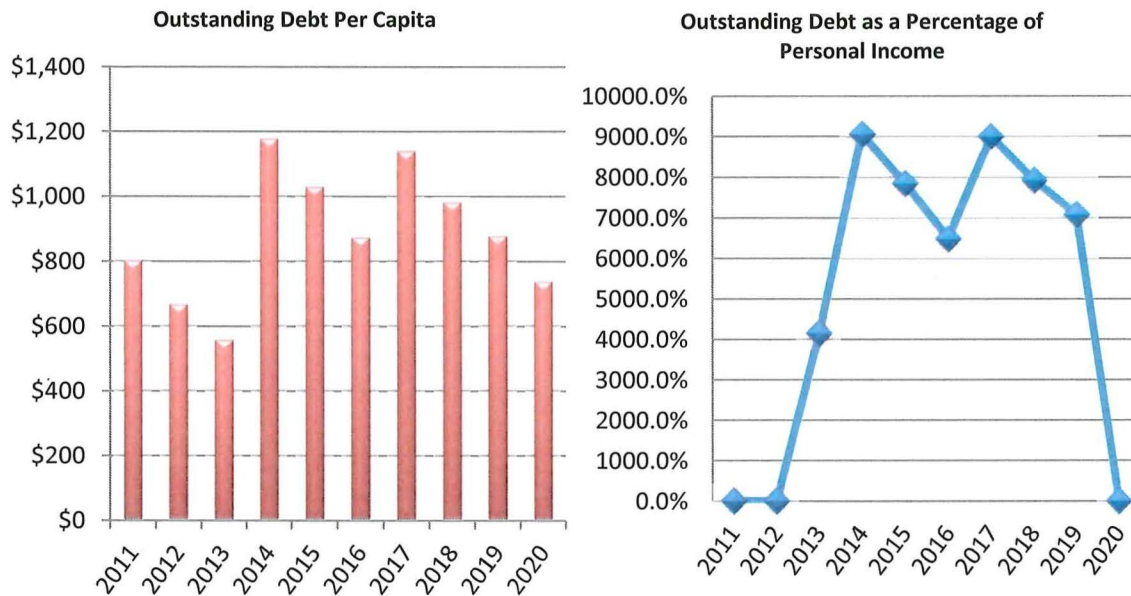
Fiscal Year	Governmental	Business-type Activities		Total	Percentage of	
	Activities				Personal	Per Capita <sup>(1)</sup>
	Installment	General	Installment		Income <sup>(1)</sup>	
	Financing <sup>(2)</sup>	Obligation	Financing <sup>(2)</sup>			
		Bonds				
2011.....	4,469,919	785,000	4,102,225	9,357,144	#VALUE!	804
2012.....	3,856,669	680,000	3,437,758	7,974,427	#VALUE!	666
2013.....	3,430,002	570,000	2,758,161	6,758,163	4133.4%	557
2014.....	7,348,610	455,000	6,788,750	14,592,360	9063.6%	1,180
2015.....	6,514,756	335,000	6,162,611	13,012,367	7848.2%	1,032
2016.....	5,679,678	215,000	5,272,472	11,167,150	6477.5%	874
2017.....	11,141,683	95,000	4,869,335	16,106,018	9012.9%	1,141
2018.....	10,257,277	-	4,459,195	14,716,472	7924.9%	983
2019.....	9,645,099	-	4,042,056	13,687,155	7073.5%	878
2020.....	8,371,909	-	3,617,917	11,989,826	2.3%	737
k						

k

**Notes:**

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

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



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

**Table 10**

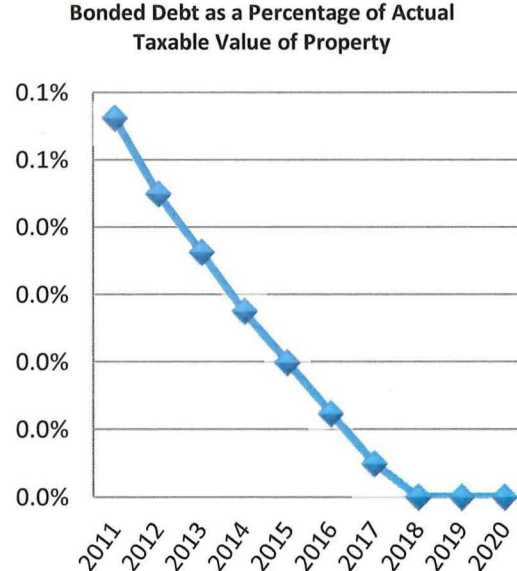
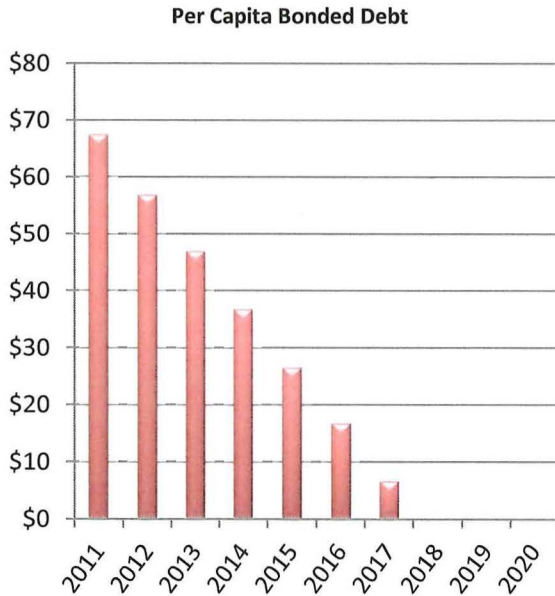
<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Percentage of Actual</u>	
		<u>Taxable Value of Property <sup>(1)</sup></u>	<u>Per Capita Bonded Debt <sup>(2)</sup></u>
2011.....	785,000	0.06%	67
2012.....	680,000	0.04%	57
2013.....	570,000	0.04%	47
2014.....	455,000	0.03%	37
2015.....	335,000	0.02%	27
2016.....	215,000	0.01%	17
2017.....	95,000	0.00%	7
2018.....	-	0.00%	-
2019.....	-	0.00%	-
2020.....	-	0.00%	-

**Notes:**

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

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

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



**City of Mebane, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2020**

**Table 11**

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable</u> <sup>(1)</sup>	<u>Estimated</u> <u>Share of Direct</u> <u>and</u> <u>Overlapping</u> <u>Debt</u>
Alamance County general obligation debt.....	\$ 33,155,000	13.23%	\$ 4,386,012
Orange County general obligation debt.....	131,000,000	1.95%	<u>2,558,627</u>
Subtotal, overlapping debt.....			6,944,639
City of Mebane debt.....			<u>8,371,909</u>
Total direct and overlapping debt.....			<u>\$ 15,316,548</u>

**Sources:**

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

**Notes:**

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

<sup>(1)</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City of Mebane's boundaries and dividing it by each unit's total taxable assessed value. Taxable assessed property values as of June 30, 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 Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Legal Debt Margin as a Percent of Debt Limit</u>
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%
2020.....	183,617,936	11,989,826	171,628,110	93.5%

**Notes:**

**Legal Debt Margin Calculation for Fiscal Year 2018:**

Assessed valuation.....	\$ 2,295,224,194	
Statutory limit percentage.....	8.0%	
Debt limit - 8.0% of assessed value.....		\$ 183,617,936
Gross debt:		
Total bonded debt.....	-	
Authorized and unissued bonds.....	-	
Lease financing agreements.....	11,989,826	
Total gross debt.....	11,989,826	
Less: statutory deductions.....	-	
Total amount of debt applicable to debt limit (net debt).....		11,989,826
<b>Legal Debt Margin.....</b>		<b>\$ 171,628,110</b>

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

**Table 13**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>(2) Median value</u>		<u>Median Age (4)</u>	<u>Unemployment</u>	
		<u>oF owner - occupied housing</u>	<u>Median Family Income</u>		<u>Rate (5)</u>	
2011.....	11,642	N/A	50,700	33.9	7.1%	
2012.....	11,965	N/A	* 51,675	35.4	6.5%	
2013.....	12,128	<b>163,500</b>	* 53,166	35.8	6.2%	
2014.....	12,366	<b>161,000</b>	* 52,586	35.8	* 6.3%	
2015.....	12,613	* <b>165,800</b>	* 53,029	35.8	* 5.7%	
2016.....	12,774	* <b>172,400</b>	* 53,029	35.8	* 4.7%	
2017.....	14,117	* <b>178,700</b>	* 54,430	35.9	* 4.0%	*
2018.....	14,973	* <b>185,700</b>	* 56,037	35.8	* 4.0%	*
2019.....	15,589	* <b>193,500</b>	* 60,851	34.8	* 3.7%	*
2020.....	16,262	* <b>195,800</b>	* 54,157	34.2	* 4.4%	*

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>	2020 <sup>(1)</sup>			2011 <sup>(2)</sup>		
	<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.....	659	1	9.12%	500	1	10.3%
Walmart Distribution.....	625	2	8.65%	*		(3)
ABB (General Electric).....	581	3	8.04%	315	4	6.5%
AKG of America.....	355	4	4.91%	350	3	7.2%
Liggett Group LLC.....	263	5	3.64%	250	7	5.2%
Armacell.....	250	6	3.46%	250	6	5.2%
Jabil (Nypro).....	250	7	3.46%	250	8	5.2%
Sports Endeavors.....	161	8	2.23%	280	5	5.8%
Morinaga .....	134	9	1.85%	*		(3)
Sanfvik.....	116	10	1.60%	*		(3)
Cambro.....	90	*	1.25%	*		(3)
Kingsdown.....	84	*	1.16%	150	10	3.1%
Prescient.....	78	*	1.08%	*		(3)
Lotus.....	60	*	0.83%	*		(3)
West Rock (Meadwestvaco).....		*		400	2	8.3%
Walter Kiddie.....		*		200	9	4.1%
Total.....	<u>3,706</u>		<u>51.28%</u>	<u>2,945</u>		<u>60.9%</u>

**Sources:**

(1) Human Resource Directors- Phone or Email

(2) Alamance County Area Chamber of Commerce data for closest year available

(3) Not available

\* Not in top ten this year

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

**Table 15**

<b>Function / Department</b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
<b>General Government:</b>										
Mayor & City Council.....	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
City Manager.....	1.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
City Clerk.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance.....	3.0	2.0	2.0	2.0	3.0	3.0	4.0	4.0	5.0	5.0
Human Resources.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Tax Collector.....	2.0	2.0	1.0	1.0	1.0	1.0	-	-	-	-
City Attorney.....	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Information Technology.....	-	-	-	-	1.0	1.0	1.0	1.0	1.0	2.0
Public Buildings.....	2.0	2.0	2.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0
<b>Public Safety:</b>										
Police Department.....	30.0	30.0	31.0	31.0	32.0	35.0	35.5	40.0	40.0	40.0
Fire Department.....	15.0	16.0	16.0	16.0	25.0	25.0	25.0	25.0	28.0	29.0
<b>Economic and Physical Development:</b>										
Planning.....	1.0	1.0	1.0	1.0	1.0	2.0	2.0	2.0	2.0	2.0
Inspections.....	4.0	3.0	3.0	4.0	4.0	4.0	5.0	4.0	4.0	5.0
<b>Public Works:</b>										
Streets.....	6.0	7.0	9.0	-	-	-	-	-	-	-
Sanitation.....	5.0	5.0	7.0	7.0	7.0	8.0	8.0	8.0	8.0	8.0
Public Works.....	5.0	5.0	5.0	12.0	12.0	12.0	13.0	12.0	14.0	14.0
<b>Culture and Recreation:</b>										
Recreation.....	5.0	5.0	5.0	5.0	5.0	5.0	5.0	7.0	7.0	7.0
Arts and Community Center.....	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Water and Sewer:</b>										
Billing and Metering.....	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Water distribution and maintenance.....	3.0	3.0	2.0	2.0	2.0	3.0	3.0	3.0	5.0	5.0
<b>Waste Collection and Treatment:</b>										
Pretreatment - industrial monitoring.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Wastewater Treatment Plant.....	6.0	6.0	5.0	5.0	5.0	5.0	5.0	5.0	6.0	5.0
Laboratory.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sewer mains and lift stations.....	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<b>Total.....</b>	<b><u>105.5</u></b>	<b><u>106.5</u></b>	<b><u>109.5</u></b>	<b><u>110.5</u></b>	<b><u>122.5</u></b>	<b><u>128.5</u></b>	<b><u>131.0</u></b>	<b><u>136.5</u></b>	<b><u>145.5</u></b>	<b><u>147.5</u></b>

**Sources:**

City of Mebane staff

**Notes:**

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

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

**Table 16**

<u>Function</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>	<u>2020</u>
<b>General Government</b>										
Finance Department										
Vendor checks issued.....	1,545	2,675	3,003	2,952	3,029	3,095	3,104	3,299	3,668	3,613
Human Resources										
Workers' compensation lost time (days).....	2	155	52	122	-	-	-	-	23	-
Employee turnover rate.....	6%	3%	7%	3%	5%	9%	5%	9%	4%	6%
<b>Public Safety</b>										
Fire Protection										
Incident calls.....	873	1,812	732	823	773	840	909	918	921	919
Structure fires.....	37	168	303	211	15	19	26	34	21	25
Inspections.....	442	103	177	190	186	394	363	250	545	233
Child passenger seat inspections.....	49	197	242	191	154	204	193	237	190	217
Police Protection										
Physical arrests.....	240	552	653	568	501	377	438	482	506	436
Citations issued.....	544	1,073	1,489	1,226	1,028	926	1,585	1,522	1,846	1,720
Response to calls/officer initiated activity.....	5,625	13,163	15,363	14,942	14,685	16,968	16,363	17,220	19,764	21,718
Traffic accidents.....	198	593	583	528	491	620	790	628	809	642
<b>Public Works</b>										
Street resurfacing (miles).....	1.48	3.19	0.54	2.67	1.48	1.48	1.51	1.32	2.20	1.56
Refuse collected (tons annually).....	NA	3,200	3,267	3,390	3,585	3,880	4,073	4,278	4,594	4,950
Homes receiving service.....	NA	4,581	4,522	3,965	4,756	4,527	4,717	5,354	4,965	5,243
Recyclables collected (tons annually).....	NA	946	1,063	1,112	1,100	841	862	864	831	1,265
<b>Economic &amp; Physical Development</b>										
Inspections										
Residential inspections conducted.....	2,722	3,247	3,460	5,914	5,212	6,477	7,348	4,765	7,032	7,357
Commercial inspections conducted.....	724	490	332	785	1,462	8,499	9,710	5,449	5,291	2,761
Total inspections conducted.....	3,446	3,737	3,792	6,699	6,674	14,976	17,058	10,214	12,323	10,118
Certificates of occupancy issued.....	74	136	125	131	154	166	216	102	206	207
Building permits issued.....	455	245	277	228	155	191	143	171	196	259
<b>Cultural &amp; Recreation</b>										
Recreation										
Athletics participants.....	NA	2,458	3,140	2,693	2,653	2,744	2,679	2,679	2,923	1,623
<b>Water Distribution</b>										
Accounts.....	4,174	4,302	4,454	4,566	4,744	4,934	5,227	5,471	5,717	5,972
Average daily consumption (mgd).....	1.321	1.150	1.290	1.350	1.400	1.510	1.880	1.760	1.710	1.707
<b>Wastewater Treatment</b>										
Accounts.....	3,836	3,974	4,125	4,263	4,424	4,587	4,898	5,034	5,170	5,395
Average daily treatment (mgd).....	1.082	1.000	1.100	1.340	1.202	1.359	1.373	1.290	1.690	1.570

**Sources:**

Various City departments

**Notes:**

"NA" indicates "not available"

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

**Table 17**

<b>Function</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Public Safety</b>										
Fire Protection										
Stations.....	2	2	2	2	3	3	3	3	3	3
Fire trucks.....	11	12	12	13	13	13	13	13	13	13
Police Protection										
Stations.....	1	1	1	1	1	1	1	1	1	1
Patrol units.....	27	30	32	32	30	29	31	39	36	36
<b>Public Works</b>										
Miles of streets.....	50.4	51.0	52.2	52.4	54.0	54.3	54.7	56.6	58.0	60.1
Maintenance vehicles.....	93	58	56	56	58	58	51	45	29	31
Miles of sidewalks (linear feet).....	38.2	42.9	43.0	43.0	50.1	50.8	54.2	55.3	57.5	59.8
Refuse collection trucks.....	6	5	5	6	6	6	6	6	6	6
<b>Cultural &amp; Recreation</b>										
Number of parks .....	6	6	6	6	6	6	6	7	8	9
Park acreage.....	275	275	275	275	275	275	308	308	328	328
Trails (miles).....	3	3	3	3	3	3	3	3	5	5
Playgrounds.....	5	5	5	5	5	5	5	3	4	5
Baseball/softball diamonds.....	6	6	6	6	6	6	6	6	6	6
Soccer fields.....	8	10	10	10	10	10	10	10	7	7
<b>Water and Sewer</b>										
Miles of gravity sewer lines.....	81.8	88.1	88.7	89.1	94.3	97.8	98.6	100.1	113.4	118.8
Miles of water lines.....	91.6	100.1	103.1	104.6	111.3	111.3	114.9	117.2	117.8	122.2
Miles of sewer force mains.....	16.5	17.3	18.7	18.5	18.3	21.9	18.3	18.5	24.2	27.8
Miles of storm sewer.....	55.9	57.0	57.0	57.6	58.5	61.1	61.8	64.9	65.0	67.6

**Source:**

Various City departments

**Notes:**

"NA" indicates "not available"

# Compliance Section

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

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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**
- **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, 2020, and the related notes to the financial statements, which collectively comprises the City of Mebane's basic financial statements and have issued our report thereon dated November 19, 2020.

**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

November 19, 2020



**STOUT  
STUART  
McGOWEN  
& KING LLP**

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Management*

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**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, 2020. 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, 2020.

### **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 MC GOWEN & KING LLP

November 19, 2020

CITY OF MEBANE, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2020

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Section I. Summary of Auditor's Results

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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

CITY OF MEBANE, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2020

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Section II. Financial Statement Findings

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None reported.

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Section III. State Award Findings and Questioned Costs

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None reported.

CITY OF MEBANE, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2020

None Reported

**City of Mebane, North Carolina**  
**Schedule of Expenditures of Federal and State Awards**  
**For The Year Ended June 30, 2020**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass-through) Expenditures	State Expenditures	Passed Through to Subrecipient
<b>Federal Awards:</b>					
<b>Cash Programs:</b>					
<u>U.S. Dept. of Justice</u>					
Direct Program:					
Federal Equitable Sharing Funds	16.922	na	\$ 95,470	\$ -	\$ -
<u>U.S. Dept. of Treasury</u>					
Passed-through the Office of State Budget and Management:					
NC Pandemic Recovery Office					
Passed-through Alamance County Coronavirus Relief Fund	21.019		44,639	-	-
Passed-through Orange County Coronavirus Relief Fund	21.019		9,971	-	-
<u>U.S. Dept. of Transportation</u>					
Passed-through the North Carolina Dept. of Transportation:					
Passed-through the City of Burlington Highway Planning and Construction Grants:					
State Planning and Research	20.205-5		2,438	-	-
Total assistance - federal programs			152,518	-	-
<b>Cash Assistance:</b>					
<u>N.C. Department of Transportation:</u>					
Powell Bill.....	na	2000001817	-	360,334	-
<u>N.C. Department of Commerce</u>					
One NC Fund.....	na		-	180,000	-
Total assistance - state programs.....			-	540,334	-
Total assistance.....			\$ 152,518	\$ 540,334	\$ -

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.
3. City of Mebane has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
4. City of Mebane received notice of funding from the Coronavirus Relief Fund (21.019) from Alamance County for \$187,040 and from Orange County for \$55,474. City of Mebane has a plan to spend these funds approved by OSBM. According to the Office of State Budget and Management, the State's pass-through agency, municipalities are considered subrecipients of the Counties. However, under the state statute, municipalities are not liable to the County for any misused or misspent funds. CRF must be spent during the period March 1, 2020 to December 30, 2020.