

**Town of Chapel Hill, North Carolina
Annual Comprehensive Financial Report
For the fiscal year ended June 30, 2021**

Prepared by:

Town of Chapel Hill
Business Management Department

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MANAGER'S OFFICE
Town of Chapel Hill
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Chapel Hill, NC 27514-5705

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November 3, 2021

To the Honorable Mayor, Town Council and
Citizens of the Town of Chapel Hill
Town of Chapel Hill, North Carolina

Mayor and Council:

The Annual Comprehensive Financial Report (ACFR) of the Town of Chapel Hill for the fiscal year ended June 30, 2021 (FY 2020-21) is hereby submitted. North Carolina general statutes require each unit of local government to publish within four months after the close of the fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles and audited by a firm of licensed certified public accountants in accordance with generally accepted auditing standards. To the best of our knowledge and belief, the enclosed data accurately presents the financial position and the results of operations of the Town as measured by the financial activity of its various funds. This report reflects the sound fiscal policies our elected officials have established to achieve their annual priorities for programs, services and capital improvements. The town's strong financial position is demonstrated by the highest credit rating attainable in the national bond markets.

Management of the Town of Chapel Hill, North Carolina, is responsible for the integrity and objectivity of financial statements and other representations contained in this annual report. The town's annual financial report, prepared in accordance with generally accepted accounting principles ("GAAP") for units of local government, consists of management's representations concerning the financial position and results of operations for the fiscal year ended June 30, 2021.

The town engaged Martin Starnes and Associates, CPAs, P.A., independent auditors, to perform an audit of the town's reported financial position and results of operations contained in the government-wide and fund financial statements and notes to the financial statements.

Their audit consists of an objective outside review in order to provide reasonable rather than absolute assurance that the financial statements are free from material misstatements. Working with the town's professional financial staff, they reviewed and made appropriate tests of data included in the financial statements, and evaluated the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements of the Town of Chapel Hill for the fiscal year ended June 30, 2021 are presented in conformity with generally accepted accounting principles. The report of the independent auditors is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Town of Chapel Hill was part of a broader, federally mandated “Single Audit” designed to meet the special needs of financial grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the town’s internal controls and compliance with legal requirements, with emphasis on administration of federal grants.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The town’s MD&A can be found immediately following the report of the independent auditors.

The town’s system of internal accounting controls is designed to provide reasonable assurance that assets are safeguarded, that transactions are executed in accordance with state statutes, authorization of the Town Council and GAAP, and that financial records are a reliable basis for preparation of both interim and annual financial statements. To provide a reasonable basis for making these representations, management of the Town of Chapel Hill has established a comprehensive internal control framework that is designed both to protect the Town’s assets from loss, theft, or misuses and to compile sufficient reliable information for the preparation of the Town of Chapel Hill’s financial statements in conformity with GAAP. The system requires selection and training of qualified personnel, an organizational structure that provides appropriate delegation of authority and separation of responsibilities, financial policies and procedures and their dissemination throughout the town organization. Because the cost of internal controls should not outweigh their benefits, the Town of Chapel Hill’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge, this financial report is complete and reliable in all material respects.

This report includes all activities considered to be controlled by or dependent on the Town of Chapel Hill as well as its component unit. Those activities consist of the full range of municipal services contemplated by statute or the Town Charter. These services include public safety (fire and police), streets, sanitation, recreation, library, planning and zoning, inspections, general administration, parking, transportation, stormwater and housing. The Town’s financial statements also present the financial position and results of operations of Orange Water and Sewer Authority (OWASA), its only component unit. OWASA is a separate, legal entity for which the town is financially accountable because the Town Council appoints a majority of the OWASA Board of Directors. Additional information on the component unit may be found in the notes to the financial statements.

The annual budget serves as the foundation for the Town of Chapel Hill’s financial planning and control. All departments of the Town are required to submit requests for appropriation to the Town Manager in February of each year. These requests serve as the starting point for developing a proposed budget which is formally presented to the Council in April or early May. The Council is required to hold public hearings on the proposed budget and to adopt a final budget by June 30. Formal budgetary accounting is employed for all funds as a management

control required by North Carolina General Statutes. Budgets are legally enacted by passage of an Annual Budget Ordinance and Project Budget Ordinances which may be formally amended as required. The Town Manager is authorized to transfer budget appropriations within departments and between departments within major functional areas, but changes to major functional areas and total budgets of any fund require approval by the Town Council.

Budgetary control is maintained at the major functional level. Neither an operational expenditure nor an encumbrance is processed when the transaction would result in a department overrun. Open encumbrances are a component of restricted fund balances at June 30, 2021.

The signature and authorization of the Town's Business Management Director are required on all expenditure documents before checks are processed. Payroll is authorized by department heads and controlled by the budgeted position list maintained in the computerized payroll system.

The diverse nature of governmental operations and the necessity of assuring legal compliance preclude recording and summarizing all governmental financial transactions and balances in a single accounting entity. Therefore, from an accounting and financial management viewpoint, a governmental unit is a combination of several distinctly different fiscal and accounting entities, each having a separate set of accounts and functioning independently of each other. Each accounting entity is accounted for in a separate "fund". A fund is defined as a fiscal accounting entity with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

Profile of the Town of Chapel Hill

The Town is located principally in Orange County with a small section extending into Durham County in the north central portion of North Carolina on the Piedmont Plateau, approximately equidistant between Washington, D.C. and Atlanta, Georgia. The area's topography is characterized by rolling hills. The Town, which was chartered in 1819, presently covers an area of 21.7 square miles, serves an official population of 63,634 and is the home of the University of North Carolina at Chapel Hill.

The Town is empowered by statute to levy an annual ad valorem tax on the appraised value of all taxable real and tangible personal property within its boundaries. Orange and Durham Counties are the other units levying such taxes within the corporate limits of the Town. The Town is also enabled by statute to extend its corporate limits by annexation.

The Town operates under a council-manager form of government. Policy-making and legislative authority are vested in the governing Town Council consisting of a mayor and eight other members. The Town Council appoints the members of various advisory boards and

commissions, the Town Manager, and Town Attorney. The Mayor presides over Council meetings and has full voting privileges.

The Mayor and all Council members are elected at large. Council members serve four-year terms. The Mayor and four Council members are elected every two years. All municipal elections are non-partisan. The Town Manager is the chief administrative officer of the Town. The Manager is a professional administrator who serves at the pleasure of the Town Council for an indefinite term.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Chapel Hill operates.

Local economy. The Town of Chapel Hill is a part of the Triangle region of North Carolina, which includes the Research Triangle Park, a major complex of research and research-oriented manufacturing facilities. The Town, Orange County and the Research Triangle Park area continue to experience growth and are considered to be among the most desirable areas of the country to live and work. Chapel Hill has been named the “most livable city” and the Town frequently appears in national “best place to live” listings.

The economy of the Town is characterized by a high degree of institutional and public sector activity, plus office, commercial and service-oriented businesses. The University of North Carolina at Chapel Hill and the University of North Carolina Health Care System are the largest employers in the Town, providing about 31,000 jobs. These institutions contribute significantly to the low unemployment rate in the Town and Orange County when compared to the rest of the state. The Town's unemployment rate has been below State and national rates over the last five years.

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. As a result, economic uncertainties arose which had a significant potential to negatively impact Town revenues and operations. The Town immediately took action to help protect our resources and prepare for the unknown by implementing a hiring freeze, closely monitoring expenditures, conservatively budgeting FY 2021 revenues, and reducing the FY 2021 capital and maintenance budget. COVID-19 may continue to impact various parts of the Town's FY 2022 operations and fiscal results, the full scope of which is still unknown.

Long-term financial planning. The Town began several new capital projects which affect Town borrowings and will impact future debt payments.

The Town issued \$3.205 million in two-thirds bonds for public safety equipment (\$550,000), parks and recreation projections (\$1,155,000), and streets and sidewalks improvements (\$1,500,000).

Voters approved a \$10.0 million GO bond referendum that was on the ballot in the November 2018 election. The following bond order was approved by voters and adopted by Council:

- Affordable Housing \$10.0 million

The Town issued \$4.755 million in April 2021 under this bond order.

Voters approved a \$40.3 million GO bond referendum that was on the ballot in the November 2015 election. The following bond orders were approved by voters and adopted by Council:

- Streets and Sidewalks \$16.2 million
- Trails and Greenways 5.0 million
- Recreation Facilities 8.0 million
- Solid Waste Facilities 5.2 million
- Stormwater Improvements 5.9 million
- Total \$40.3 million

The bond orders included projects that have been prioritized through the Town's internal review process, various master planning processes, special studies, facility assessments and importance ranking in the Town's biennial community survey. The voters approved the referendum passing all five bond orders by wide margins. The Town now has the authority to issue these bonds within 7 years of the date of the referendum.

In preparation for the referendum the Council increased the portion of the property tax dedicated to debt service by a penny for FY15. This increase provides capacity to pay the additional debt service for the 2015 general obligation bonds.

In April 2018, the Town issued \$12.5 million of these general obligation bonds as follows: \$2.7 million for stormwater improvements, \$4.3 million for recreation facilities and \$5.5 million for streets and sidewalks.

In February 2017, the Town issued \$9.0 million of these general obligation bonds as follows: \$5.0 million for greenways and trails, \$3.0 million for streets and sidewalks and \$1.0 million for parks projects. In February 2017, the Town also issued \$1.46 million in 2/3 bonds for the purchase of a ladder fire truck and for emergency communication equipment. The Town also issued \$6.408 million in installment notes payable for the purchase of 14 buses.

In June 2012, the Town sold \$28.8 million in Limited Obligation Bonds (LOBs), taking advantage of favorable interest rates to both refinance existing debt and to borrow additional funds to meet the obligations for the I40 West project. The LOBs refunded the existing certificates of participation for construction of the Town Operation Center and Wallace Parking Deck, as well as two installment purchase agreements for building parks projects. The LOBs include \$6.7 million of new debt to pay for the Town's portion of the parking structure in the I40 West mixed-use development, capital repairs of the Wallace Deck and renovations to the Town Operations Center.

In 2011-12, the Town engaged the community in the creation of a new comprehensive plan, Chapel Hill 2020. The 2020 process brought together all stakeholders, including people who live, work, invest or play in the town, through a year-long series of discussions to provide input into the development of a guiding document that articulates the comprehensive vision and direction of the Town. The Town Council adopted Chapel Hill 2020 in June 2012, and directed a refinement of several small area plans and the Town's land development regulations as the first implementation phase of the new comprehensive plan. The implementation of 2020 which began in FY2013, included a series of small area focus plans and the launch of proposed revisions to the Land Use Management Ordinance (LUMO). These revisions include: rezoning for the Ephesus-Fordham area, Central West Small Area planning, a NC-DOT grant-funded bicycle plan, two development agreement negotiations (Glen Lennox and Obey Creek), the LUMO review, reconsideration of the Town's advisory board structure, and work on the Town's housing policies and community engagement practices. These efforts are anticipated to span several years, bringing the Town's community vision, regulations, and policies into closer alignment.

In 2018, the Town Council established strategic goal areas to add specificity and short-term focus to the Chapel Hill 2020 Comprehensive Plan. Strategic Work Plans were created by staff to identify actions and projects that will make progress toward Council Goals.

As part of a comprehensive effort to encourage growth and redevelopment in an area of Town where commercial activity has stagnated, the Town has initiated the Ephesus Fordham District Renewal Project. Beginning in 2010 the Town began work on a Small Area Plan (SAP) for the district that would encourage redevelopment and improve transportation related issues.

The Plan, which was adopted in June 2011, set forth a number of implementation goals to help improve overall conditions in the area. Using the SAP as a guide, comprehensive rezoning of the district was adopted in May of 2014. This includes the creation of a new Redevelopment Zoning District. In order to remediate conditions that create barriers to redevelopment the Town has committed to making public improvements in the area that include \$8.8 million of roadway improvements and \$1.2 million of stormwater improvements.

The Town combined the financing of the \$10 million of Ephesus Fordham public improvements with other capital projects including a major renovation of Town Hall. The Ephesus Fordham portion of the financing amount will be issued in two parts, the first part in the amount of \$4,394,000 was issued in FY16.

Financial Policies. The Town's management has relied upon sound financial policies and procedures to manage the operations of the Town to weather unforeseen events and the prospect of economic shortfalls while maintaining core service levels and providing for Council priorities.

- Maintaining an adequate fund balance has helped the Town to weather the prospect of revenue shortfalls without an interruption of Town services.
- The dedication of a portion of the tax rate to debt service in FY 2009, along with the opportunity to pay off existing debt during the delay in issuing the remainder of the authorized general obligation bonds, allowed the Debt Fund to meet debt service needs from fund balance.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Chapel Hill for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

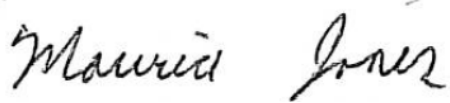
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

In addition, the Town also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for 2020-21. In order to qualify for the Distinguished Budget Presentation Award, the Town's budget document was judged to be proficient in all required categories, as a policy document, a financial plan, an operations guide, and a communications device.

The presentation of this report could not have been accomplished without the efficient and dedicated services of the entire finance staff of the Business Management Department and the various employees from other departments. We would like to express our appreciation to all members of the Department, other employees, and to the independent certified public accountants, Martin Starnes and Associates, CPA's, P.A. who assisted and contributed to its preparation.

We would also like to thank the Mayor and members of the Town Council for their interest and support in planning and conducting the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Maurice Jones".

Maurice Jones
Town Manager

A handwritten signature in cursive script that reads "Amy Oland".

Amy Oland
Business Management Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Chapel Hill
North Carolina**

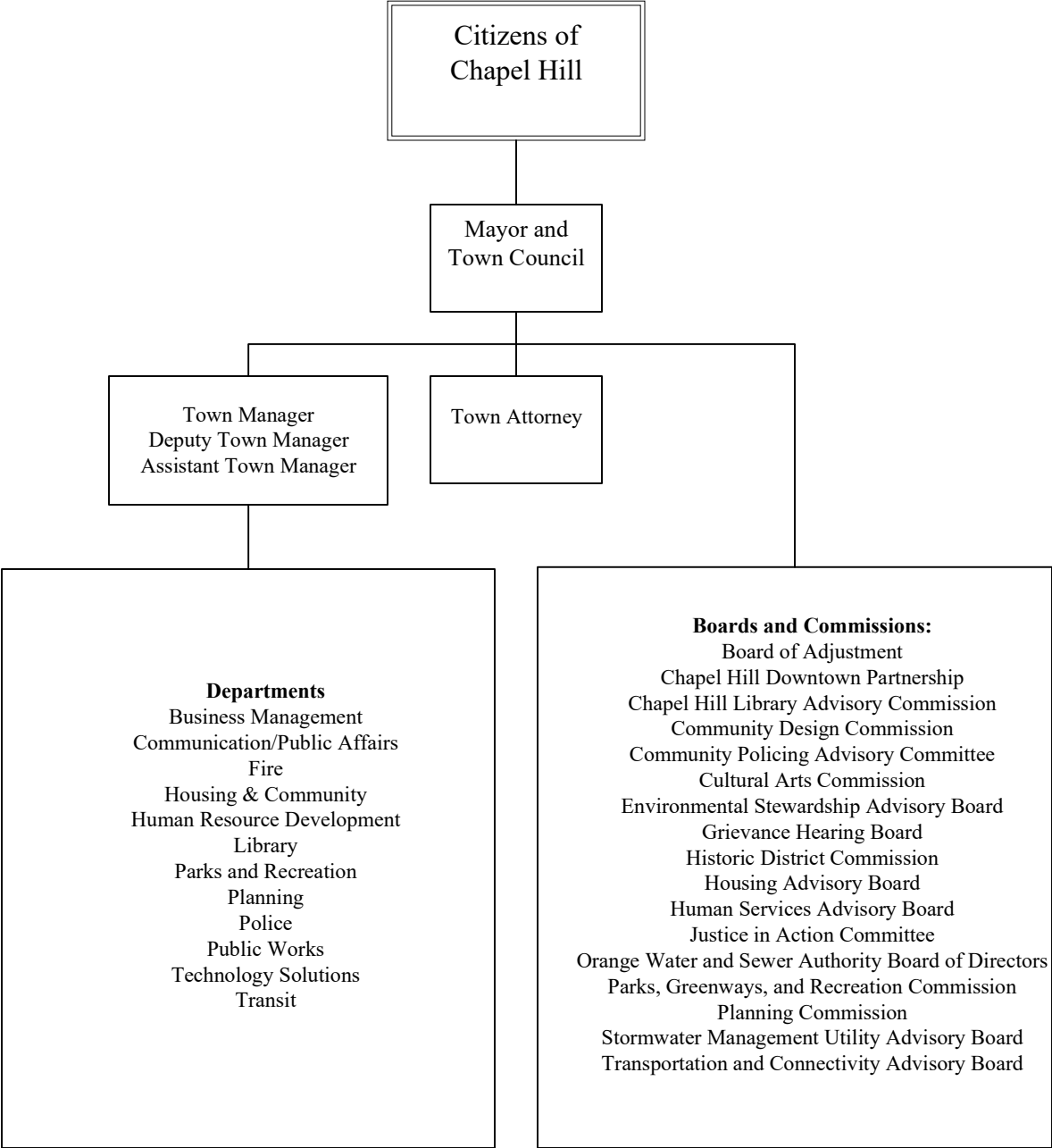
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

TOWN OF CHAPEL HILL ORGANIZATION CHART



**TOWN OF CHAPEL HILL, NORTH CAROLINA
THE TOWN GOVERNING BODY AND OFFICIALS
JUNE 30, 2021
MEMBERS OF THE GOVERNING BODY**

Mayor

Pam Hemminger

Mayor pro tem

Michael Parker

Council Members

Jessica Anderson

Allen Buansi

Hongbin Gu

Tai Huynh

Amy Ryan

Karen Stegman

Administrative and Financial Staff

Maurice Jones

Town Manager

Mary Jane Nirdlinger

Assistant Town Manager

Loryn Clark

Assistant Town Manager

Amy Oland

Business Management Director

Ann Anderson

Town Attorney

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Independent Auditor's Report

To the Honorable Mayor, Town Council and
Citizens of the Town of Chapel Hill
Town of Chapel Hill, North Carolina

Report On the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Chapel Hill, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town'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 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 from 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 the 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Chapel Hill, North Carolina, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Employee Payroll, and the Other Postemployment Benefit's Schedules of Changes in the Net OPEB Liability and Related Ratios, Town Contributions, and Investment Returns be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Chapel Hill's basic financial statements. The introductory section, combining and individual fund financial statements, budget and actual schedules, other schedules, supplemental ad valorem tax schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Financial Data Schedule is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis 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* the State Single Audit Implementation Act and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, other schedules, supplemental ad valorem tax schedules, Financial Data Schedule and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate 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. In our opinion, the combining and individual fund financial statements, budget and actual schedules, other schedules, supplemental ad valorem tax schedules, Financial Data Schedule 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.

The introductory section and statistical tables have not been subject to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2021 on our consideration of the Town of Chapel Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Chapel Hill's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Chapel Hill's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 3, 2021

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Management's Discussion and Analysis

Our discussion is intended as an overview of the financial performance of the Town of Chapel Hill for the fiscal year ended June 30, 2021. The financial statements and notes included in this report present the financial position and operations of governmental and business activities of the town. During the fiscal year, the Town continued its sound current and long-range policies for financial management. These policies are intended to:

- expand and diversify sources of revenue other than property taxes;
- maintain relatively low-property tax rates;
- facilitate capital improvements by maintaining adequate resources and reasonable financing capacity;
- enhance management techniques to improve productivity and efficiency;
- provide professional public services that are efficient and effective; and
- continue Town-funded affordable housing initiatives to supplement federal housing programs.

Town policies encourage the use of local revenue to provide basic services instead of depending upon uncertain federal and state sources. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal and description of the Town as a social and economic unit and financial statements and notes thereto.

Financial Highlights

Highlights of the Town's fiscal year ended June 30, 2021, include:

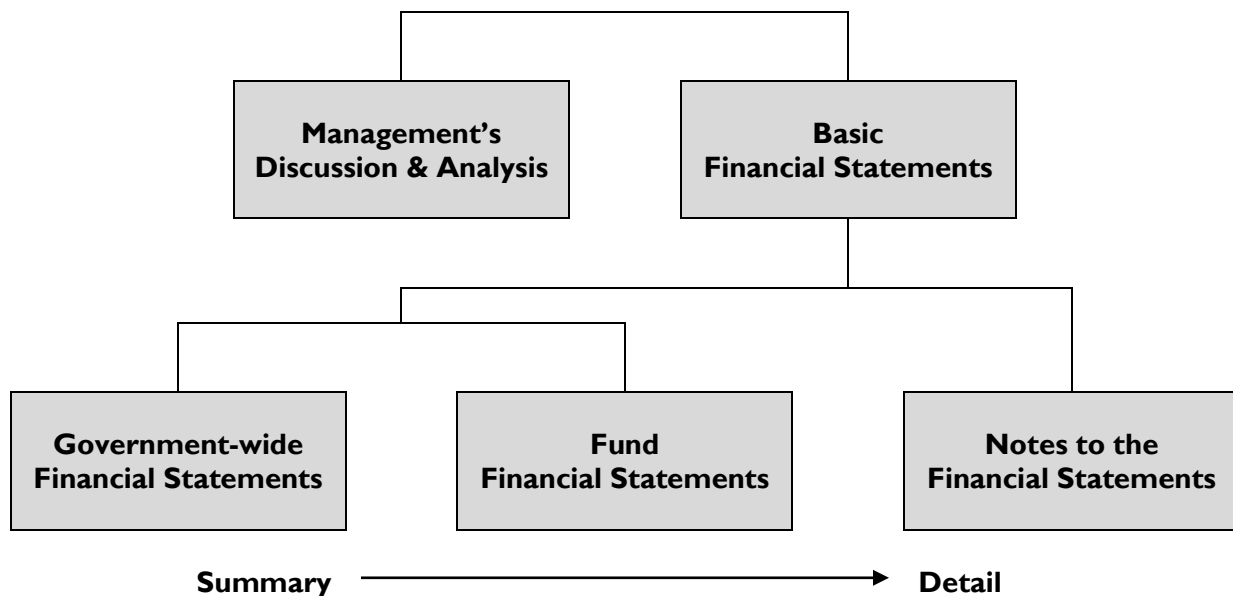
- The assets and deferred outflows of resources of the Town of Chapel Hill exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$131.9 million (net position).
- The government's total net position increased by about \$11.6 million, the total of a \$6.2 million increase in governmental activities net position and a \$5.4 million increase in business-type activities net position. These increases are largely the result of the large decrease in the net OPEB liability and lapsed salary savings due to a hiring freeze and operational cost savings.
- At June 30, 2021, total net position was \$131.9 million which is made up of \$115.4 million invested in capital assets, \$15.0 restricted net position which has been reserved for specific purposes, and a remaining balance of \$1.5 million that is unrestricted. Restrictions for Stabilization by State Statute accounts for \$11.7 million of net position, largely representing debt fund (\$1.1 million), outstanding purchase orders for ongoing Town operating costs (\$1.9 million), and the remaining representing receivables due to the Town.
- In March 2020, the World Health Organization declared the spread of a Coronavirus Disease (COVID-19) worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the Town, COVID-19 may continue to impact various parts of the fiscal 2021-22 operations and financial results. Management believes the Town is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

Management's Discussion and Analysis

- As of the close of the current fiscal year, Chapel Hill's governmental funds reported combined ending fund balances of approximately \$62.9 million, an increase of \$12.0 million in comparison with the prior year. This net increase is a result of the \$7.96 million general obligation borrowing and significant lapsed salary savings due to a hiring freeze.
- Unassigned fund balance of the General Fund (totaling approximately \$21.0 million) continues to meet working capital requirements and a policy of reserving at least 12% of total expenditures. Legal provisions and financial policies of the Town restrict fund balance in other funds for the purposes of those funds.
- The Town's total long-term liabilities decreased by \$17.7 million to \$126.7 million as a result of the net impact of the large decrease in the net OPEB liability (due to actuarially determined retiree healthcare projected cost savings) and annual debt payments made offset by the increases in the total pension liabilities for LEOSSA and LGERS and \$7.96 million general obligation issuance.
- There was no change in the Town's property tax rate of 54.4 cents in FY 2021.
- Property taxes supported 51.4% of the governmental services to citizens and the community in fiscal year 2021.
- The Town of Chapel Hill maintained its AAA bond rating from Moody's Investors Service and Standard and Poor's.

Overview of the Financial Statements

Required Components of Annual Comprehensive Financial Report



Management's Discussion and Analysis

Basic Financial Statements

This discussion and analysis serves as an introduction to Chapel Hill's basic financial statements, which consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements as shown above. The basic financial statements present two different views of the Town 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 Town of Chapel Hill, including a statistical section. This report includes all funds of the Town as well as a component unit, which is described below. Note A in the financial report includes a further discussion of the reporting entity and descriptions of funds.

The final section of the financial statements is the federally mandated "Single Audit", which is prepared to comply with the Single Audit Act of 1996 and the State Single Audit Implementation Act. Reports on internal control and compliance, along with a schedule of financial assistance, are presented to reflect federal, state and local participation in various projects and programs as adopted by the Town Council.

Government-wide Financial Statements

The first two statements (Exhibits 1 and 2) are government-wide financial statements that are designed to provide a broad overview of the Town's financial position and operations, in a manner similar to a private-sector business. These statements include one component unit, the Orange Water and Sewer Authority (OWASA). This entity, although legally separate from the Town, is included in the financial statements because the Town Council has appointment authority over OWASA's governing board.

The statement of net position presents the Town's and OWASA's assets, liabilities, and deferred inflows and outflows, with the difference between the three categories reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town and its component unit is improving. The statement of activities presents information on how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement, which may result in cash flows in future fiscal periods, such as uncollected taxes and earned but unused vacation leave.

Government-wide statements are divided into governmental and business-type activities of the Town and activities of the component unit. Governmental activities include most of the Town's basic services such as environmental and development, public safety, leisure activities, and general administration. Property taxes and state and federal grants finance most of these activities. Business-type activities include transit, parking, housing and stormwater services.

Fund Financial Statements

The fund financial statements (Exhibits 3 through 12) provide more detail about the Town's most significant activities. Funds are used to maintain control over resources that are to be segregated for specific activities or purpose. Fund accounting ensures and reflects compliance with finance-related legal requirements, such as the General Statutes, grantor provisions and the Town's budget ordinance. Fund Financial Statements are divided into governmental, proprietary and fiduciary fund statements.

Management's Discussion and Analysis

Governmental Funds are used to account for basic services and are reported as governmental activities in the government-wide financial statements. Governmental funds use an accounting method called modified accrual accounting. This method provides a short-term spending focus. 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.

Proprietary Funds may report two types of activities: enterprise and internal service activities. *Enterprise Funds* are used to report business-type activities that are presented in the government-wide financial statements. Chapel Hill uses enterprise funds to account for transit services, parking, public housing and stormwater management. *Internal Service Funds* are used to account for accumulation and allocation of costs internally among other funds of the Town. The Town uses internal service funds to account for the central garage, the purchase of vehicles, and the purchases of computer equipment and software. Because these operations predominantly benefit governmental rather than business-type activities, the internal service funds have been included within the governmental activities in the government-wide financial statements.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. The Town uses a fiduciary fund to account for the Town's contributions for healthcare coverage provided to qualified retirees.

Notes to the Financial Statements 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 are on pages 39 through 85 of this report.

Supplemental Information includes certain required information concerning the Town's progress in funding its obligation to provide separation allowance for law enforcement officers and other postemployment benefits. Required supplementary information can be found beginning on page 87 of this report.

Combining Schedules facilitate comparison and present information at the individual fund level that demonstrates how they are combined to accumulate totals used in the fund financial statements.

Budgetary Statements are required by the General Statutes and can be found in this part of the financial report. The Town adopts an annual budget for its General Fund and other governmental funds, as required by the General Statutes. The budget is a legally adopted document that incorporates input from citizens, management, and the Town Council about which services to provide and how to pay for them. The budget also authorizes the Town to obtain funds from identified sources to finance current period activities. The budgetary statements demonstrate compliance with the budget ordinance and performance of services planned at budget adoption. The budgetary comparison statements use the budgetary basis of accounting and are presented using the same format, language and classifications as the legal budget document. The statements show four columns: the original budget as adopted by the Council, the final budget as amended, the actual resources, charges to appropriations and ending balances and the difference or variance between the final budget and the actuals.

Management's Discussion and Analysis

Government-Wide Financial Analysis

Figure 2 below is a summary of net position for the Town of Chapel Hill at June 30, 2021 (as shown in Exhibit 1) with comparative data from June 30, 2020.

Town of Chapel Hill's Net Position						
Figure 2						
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 75,747,344	\$ 58,030,465	\$ 42,282,554	\$ 36,524,623	\$ 118,029,898	\$ 94,555,088
Capital assets	118,767,089	121,796,924	43,764,966	45,283,287	162,532,055	167,080,211
Total assets	194,514,433	179,827,389	86,047,520	81,807,910	280,561,953	261,635,299
Total deferred outflows of resources	11,040,079	8,627,270	3,525,803	3,072,088	14,565,882	11,699,358
Current liabilities	19,262,927	12,421,609	3,190,398	2,562,692	22,453,325	14,984,301
Non-current liabilities	96,440,553	107,083,073	20,977,659	28,295,359	117,418,212	135,378,432
Total liabilities	115,703,480	119,504,682	24,168,057	30,858,051	139,871,537	150,362,733
Deferred inflows of resources	16,553,961	1,816,398	6,813,580	827,426	23,367,541	2,643,824
Net position:						
Net investment in capital assets	78,071,289	76,894,871	37,340,846	40,492,920	115,412,135	117,387,791
Restricted for:						
Stabilization by State Statute	11,737,825	20,638,822	-	-	11,737,825	20,638,822
Capital projects	1,942,289	3,133,135	-	-	1,942,289	3,133,135
Inspections	321,808	216,250	-	-	321,808	216,250
Public housing	113,836	122,862	-	-	113,836	122,862
Other functions	840,511	189,054	-	-	840,511	189,054
Unrestricted	(19,730,487)	(34,061,415)	21,250,840	12,701,601	1,520,353	(21,359,814)
Total net position	\$ 73,297,071	\$ 67,133,579	\$ 58,591,686	\$ 53,194,521	\$ 131,888,757	\$ 120,328,100

The assets and deferred outflow of resources of the Town of Chapel Hill exceeded liabilities and deferred inflows of resources by \$131.9 million as of June 30, 2021. The Town's net position increased by a total of \$11.6 million, the total of a \$6.2 million increase in governmental activities net position and a \$5.4 million increase in business-type activities net position.

The largest portion of net position (about \$115.4 million) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related outstanding debt. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Chapel Hill's 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.

A large portion of the Town of Chapel Hill's net position (about \$15.0 million) represents resources that are subject to external restrictions on how they may be used, leaving a remaining balance of \$1.5 million in unrestricted net position.

Management's Discussion and Analysis

The Town of Chapel Hill implemented GASB Statement 75 in FY 2018. The implementation of the statement required the Town to record the net other postemployment liability on the face of the financial statements rather than in the footnotes.

The Town implemented GASB Statement 74 in FY 2017. The implementation of the statement required the Town to disclose information related to the Other Postemployment Benefit for healthcare benefits that the Town has set aside in an established OPEB trust.

The Town of Chapel Hill implemented GASB Statement 68 in FY 2015. Under this statement, the Town is allocated its proportionate share of the Local Government Employees' Retirement System's net pension asset (liability), deferred outflows of resources, deferred inflows of resources, and pension expense. Decisions regarding the allocations are made by the administrators of the plan, not the Town's management.

Governmental activities. Governmental activities show an increase in net position of about \$6.2 million. This increase is largely due to the decrease in the net OPEB liability offset by the increases in the net pension liability for LGERS and LEO.

Business-type activities: Business-type activities show an increase in net position of about \$5.4 million. The Transit fund had a \$5.2 million increase in net position from personnel savings due to the hiring freeze and operating savings. The Parking Facilities Fund had an \$86,000 decrease as a result of lower than anticipated parking fee collections due to COVID-19 and the Town offering free parking to help stimulate business downtown. The Stormwater Management Fund which increased \$0.7 million in net position due to reductions in personnel costs and capital project delays. The Housing Operating Fund had a decrease in net position of \$460,000 due to lower than anticipated HUD and rent revenues.

Figure 3 presents a summary of government-wide activity (as presented in Exhibit 2) for the year ended June 30, 2021, with comparative data for June 30, 2020.

Management's Discussion and Analysis

Town of Chapel Hill's Changes in Net Position
Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 6,613,399	\$ 7,099,114	\$ 6,392,595	\$ 7,535,022	\$ 13,005,994	\$ 14,634,136
Operating grants and contributions	6,539,239	4,395,539	23,323,561	21,850,000	29,862,800	26,245,539
Capital grants and contributions	1,800,911	3,781,558	191,377	2,901,812	1,992,288	6,683,370
General revenues:						
Taxes	58,964,009	56,052,887	5,072,837	4,954,584	64,036,846	61,007,471
Grants and contributions not restricted to specific programs	5,135,158	5,181,112	-	-	5,135,158	5,181,112
Investment earnings	15,581	283,172	11,534	115,810	27,115	398,982
Other	1,752,601	1,911,226	51,781	88,775	1,804,382	2,000,001
Total revenues	80,820,898	78,704,608	35,043,685	37,446,003	115,864,583	116,150,611
Expenses:						
General government	14,509,659	13,540,168	-	-	14,509,659	13,540,168
Environment and development	26,281,322	28,656,379	-	-	26,281,322	28,656,379
Public safety	19,640,367	24,550,231	-	-	19,640,367	24,550,231
Leisure activities	12,520,360	13,074,746	-	-	12,520,360	13,074,746
Interest expense	1,696,386	2,186,743	-	-	1,696,386	2,186,743
Transportation	-	-	23,390,455	26,422,046	23,390,455	26,422,046
Parking facilities	-	-	1,229,514	1,736,615	1,229,514	1,736,615
Stormwater management	-	-	2,412,559	2,185,848	2,412,559	2,185,848
Housing operations	-	-	2,623,304	2,584,785	2,623,304	2,584,785
Total expenses	74,648,094	82,008,267	29,655,832	32,929,294	104,303,926	114,937,561
Increase (decrease) in net position before transfers	6,172,804	(3,303,659)	5,387,853	4,516,709	11,560,657	1,213,050
Transfers	(9,312)	1,337,390	9,312	(1,337,390)	-	-
Increase (decrease) in net position	6,163,492	(1,966,269)	5,397,165	3,179,319	11,560,657	1,213,050
Net position, July 1	67,133,579	69,099,848	53,194,521	50,015,202	120,328,100	119,115,050
Net position, June 30	\$ 73,297,071	\$ 67,133,579	\$ 58,591,686	\$ 53,194,521	\$ 131,888,757	\$ 120,328,100

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Chapel Hill's governmental funds is on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Chapel Hill's financing requirements.

Management's Discussion and Analysis

At June 30, 2021, the governmental funds of Chapel Hill reported a combined fund balance of about \$62.9 million, an increase of \$12.0 million or 23.4% from last year.

The General Fund is the chief operating fund of Chapel Hill. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$21.0 million, with total fund balance of \$34.4 million. The fund balance available for appropriation according to the statutory calculation is 41.62% of expenditures for FY21, and the Town Council target policy requires that we maintain at least a fund balance of 22% of expenditures in case of unforeseen needs. Unassigned fund balance represents 61.1% of total fund balance. Total fund balance, which includes reserves and designated amounts, represents 57.9% of total 2020-21 General Fund expenditures and other uses. The total fund balance increased by about \$7.0 million.

The Debt Service Fund, funded by a portion of the property tax rate and committed by the Council to making debt payments, had a planned decrease in fund balance of \$2.3 million, as a result of the \$3.4 million transfer to the Capital Projects Ordinance Fund to cover advance expenditures for the planned 2021 Limited Obligation Bonds that will be issued in August 2021 for the East Rosemary Parking Deck and Elliott Road Reconstruction Project.

The Capital Projects Ordinance Fund reflects a \$7.0 million increase in fund balance, representing the net effect of the new \$7.96 million in general obligation bonds offset by the spending down of bond funds related to the 2017 and 2018 bond issuances and completion of those related projects.

The American Rescue Plan Fund represents \$5.3 million in cash that was received in May 2021 but deferred as the Town is developing a long-term strategy for how to best spend this money.

General Fund Budgetary Highlights: During the fiscal year, the Town 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.

Conservative budgeting principles along with higher than anticipated sales tax revenues helped more than cover shortfalls in occupancy taxes and department fees. The total was a difference of \$1.9 million more than budgeted.

Expenditures were about \$9.1 million less than budgeted. About \$5.9 million represents lapsed salary and benefit savings from vacant positions due to a hiring freeze. About \$1 million represents purchase orders and commitments at year end that, with the approval of Council, are carried forward to the subsequent fiscal year. The Town also plans for actual revenues to exceed expenditures by \$2.5 million each year to become a part of appropriated fund balance in the following year.

Proprietary Funds. Chapel Hill's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Enterprise Funds at the end of the fiscal year were \$17.7 million for the Transit Fund, \$3.2 million for the Housing Operating Fund and \$3.7 million for the Stormwater Management Fund. The Parking Facilities Fund shows a deficit in unrestricted net position of \$3.4 million with \$3.6 million invested in capital assets, net of related debt. Other factors concerning the finances of these funds are addressed in the discussion of the Town of Chapel Hill's business-type activities.

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital assets. Figure 4 represents the Town of Chapel Hill's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities. As of June 30, 2021, capital assets totaled \$162.5 million compared with \$167.1 million in the prior fiscal year. These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles and other equipment.

Major capital asset transactions during the year include the following: Elliott Road extension, Estes Drive bike lanes, Bolin Creek trail, Bolin Creek storage basin, East Rosemary Parking Deck, and bus purchases.

	Governmental		Business-type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Land	\$ 39,426,813	\$ 37,109,580	\$ 7,341,298	\$ 7,341,298	\$ 46,768,111	\$ 44,450,878
Easements	345,246	345,246	3,000	3,000	348,246	348,246
Land improvements	24,018,905	19,029,100	3,241,634	3,146,789	27,260,539	22,175,889
Infrastructure	3,222,851	4,699,680	-	-	3,222,851	4,699,680
Buildings and building improvements	34,010,785	37,749,062	11,769,652	13,029,676	45,780,437	50,778,738
Equipment	981,446	1,221,259	460,860	501,737	1,442,306	1,722,996
Vehicles	4,444,797	5,360,257	17,544,252	20,484,418	21,989,049	25,844,675
Construction in progress	12,316,246	16,282,740	3,404,270	776,369	15,720,516	17,059,109
Total	\$ 118,767,089	\$121,796,924	\$ 43,764,966	\$ 45,283,287	\$ 162,532,055	\$167,080,211

Additional information on the Town's capital assets can be found in Note E, Capital Assets beginning on page 55 of the Basic Financial Statements

Long-term Debt. As shown in Figure 5, as of June 30, 2021 the Town of Chapel Hill had total outstanding bonded debt, backed by the full faith and credit of the Town, of \$38,559,000. The Town also had \$10,325,000 of debt in limited obligation bonds to refund certificates of participation for funding construction of the Town Operations Center and construction of the Wallace Parking Deck, to refund installment notes for parks construction projects and to fund Parking projects and renovations to the Town Operations Center. In order to sustain the Town's bus fleet, the Town borrowed \$6.408 million in FY 2017 in an installment financing for the purchase of 14 buses. The remaining principal balance \$4,019,000. The Town's total debt of about \$126.7 million also includes the net other postemployment liability of \$32.2 million as required by GASB 75 and total pension liability of \$7.3 million for the law enforcement special separation allowance as required by GASB 73 and \$20.5 for LGERS. For more information on these GASB statements and their effect on the Town's financial statements, please refer to pages 71-83 of the Notes to the Financial Statements.

Management's Discussion and Analysis

Town of Chapel Hill Outstanding Debt Figure 5

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds	\$ 36,264,000	\$ 30,851,000	\$ 2,295,000	\$ 2,430,000	\$ 38,559,000	\$ 33,281,000
Limited obligation bonds	10,325,000	12,305,000	-	-	10,325,000	12,305,000
Installment notes payable	6,958,000	7,718,365	4,019,000	4,641,000	10,977,000	12,359,365
Orange County loan payable	123,146	123,146	-	-	123,146	123,146
Bond premium	2,786,058	2,289,552	110,120	116,598	2,896,178	2,406,150
Total pension liability for LEO	7,320,909	5,341,805	-	-	7,320,909	5,341,805
Net pension liability for LGERS	14,508,590	11,295,587	5,994,299	4,681,945	20,502,889	15,977,532
Compensated absences	3,066,836	2,872,687	791,595	782,924	3,858,431	3,655,611
Net other postemployment liability	22,885,759	41,972,490	9,266,220	16,994,249	32,151,979	58,966,739
Total	\$104,238,298	\$114,769,632	\$ 22,476,234	\$ 29,646,716	\$126,714,532	\$144,416,348

The Town's total debt from governmental activities decreased by \$10.5 million or 9.2%, to \$104.2 million during the past fiscal year. The decrease represents the net effect of the increases to the total pension liability for LEO, and net pension liability for LGERS, offset by the large decrease to the net other postemployment liability and payments made during the year toward general obligation bonds and limited obligation bonds, installment notes payable and other debt.

Business-type debt decreased by about \$7.2 million to \$22.5 million, resulting from increases to the net pension liability for LGERS, offset by the large decrease to the net other postemployment liability and payments made during the year toward general obligation bonds, installments notes payable and other debt.

As mentioned in the financial highlights section of this document, at June 30, 2021 the Town of Chapel Hill maintained its Aaa bond rating from Moody's Investor Service and Standard and Poor's Corporation. The Town of Chapel Hill is among a small number of municipalities its size in the country that maintains such a high financial rating. This achievement assists the Town to keep low interest cost on outstanding debt.

In November 2015, the Town held a general obligation bond referendum in the amount of \$40,300,000 that was approved by its citizens. In February 2017, the Town issued \$9 million in general obligation bonds as follows: \$5 million for greenways and trails, \$3 million for streets and sidewalks and \$1 million for general park improvements. In April 2018, the Town issued \$12.5 million in general obligation bonds as follows: \$5.5 million for streets and sidewalks, \$4.3 million for park facilities and \$2.7 million for stormwater.

In November 2018, the Town held a general obligation bond referendum in the amount of \$10,000,000 that was approved by its citizens for affordable housing. In April 2021, the Town issued \$4.755 million in general obligation bonds for affordable housing projects in the community.

In April 2021, the Town issued \$3.205 million in two-thirds bonds for public safety equipment, parks and recreation improvements, and streets and sidewalk projects.

Management's Discussion and Analysis

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Chapel Hill is about \$615 million, which is well above the town's outstanding debt for general obligation bonds of approximately \$38.6 million plus the \$24.045 million authorized but unissued, which combined is about 9.2% of the Town's legal debt limit.

Additional information regarding the Town of Chapel Hill's long-term debt can be found beginning on page 60 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town:

- As a result of COVID-19, economic uncertainties continue which may negatively impact Town revenues and operations in the coming year.
- The Town of Chapel Hill had an unemployment rate of about 4.1% at June 30, 2021 which is slightly lower than the state average of 4.6%. These numbers are much improved from the last year, but still higher than normal as a result of COVID-19.
- Stable property tax base with a continuing property tax collection rate in excess of 99%.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities:

General Fund revenues budgeted for FY22 total \$71.0 million, including the use of \$2.5 million in fund balance. Orange County had a revaluation where all properties were reassessed as of January 1, 2021. Real properties increased by approximately 14% and the motor vehicle and personal property valuations increased by about 2%. Town Council adopted a tax rate of 51.4 cents, which is 2 cents above the revenue neutral rate of 49.4 cents for the FY 2021-22 budget. The breakdown for 2021-2022 in cents per \$100 valuation is broken down as follows: General Fund 37.2 cents, Debt Service Fund 8.8 cents and Transit Fund 5.4 cents.

Sales taxes are budgeted at \$16.6 million, a 24.2% increase from prior year as we budgeted very conservatively not knowing the full effects of COVID-19. Licenses and permits are budgeted at \$2.8 million, a 2.5% increase from prior year budget, charges for services are budgeted at \$4.3 million, a 12.1% decrease from prior year budget and occupancy tax is budgeted at \$750,000 a 37.5% decrease from prior year budget. Appropriated fund balance is budgeted at \$2.5 million, a 5.1% increase from prior year.

General Fund expenditures of \$71.0 million represent a 7.1% increase from the budget for 2020-21. The goal of the budget is to align allocations with Council and community priorities. The goals of the budget for 2021-22 are to restore some of the services that were limited in the prior year, and to make investments in our future with our recurring revenues. The 2021-22 budget puts the Town in a strong position to recover from the immediate impacts of the COVID-19 pandemic and restores our focus on long-term priorities, especially those that will require an ongoing commitment such as climate action, social equity, and infrastructure.

Management's Discussion and Analysis

Debt service costs in 2021-22 are budgeted at \$9.7 million. The Debt Service tax rate of 8.8 cents per \$100 in valuation is expected to generate about \$8.3 million.

Other governmental activities budgeted for 2021-22 reflect a continuation of existing service levels in keeping with the budget goals for FY22.

Business-type Activities:

The Transit Fund's 2020-21 budget of \$26.3 million continues the fare-free system with an increase in contributions from the system partners, the University of North Carolina and Town of Carrboro. The Transit Fund's tax rate of 5.4 cents per \$100 in valuation is expected to generate about \$5.6 million. Overall, the Transit budget increased 4.4% over the 2020-21 budget.

The Parking Facilities Fund budget increased 4.1% overall from 2020-21 to help manage the parking facilities and lots.

Housing Operations budget remained flat compared to 2020-21.

Stormwater Management's budget remained flat compared to 2020-21.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Business Management, Town of Chapel Hill, 405 Martin Luther King Jr. Boulevard, Chapel Hill, NC 27514.

STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 40,351,298	\$ 38,486,350	\$ 78,837,648	\$ 7,176,478
Taxes receivable, net	186,161	18,582	204,743	-
Accounts receivable, net	528,857	1,240,424	1,769,281	5,260,945
Due from other governments	9,501,084	3,776,073	13,277,157	-
Internal balances	2,711,824	(2,711,824)	-	-
Inventories	75,530	1,360,247	1,435,777	1,429,256
Prepaid items	4,756	354	5,110	61,360
Restricted cash and cash equivalents	-	112,348	112,348	24,199,259
Total current assets	<u>53,359,510</u>	<u>42,282,554</u>	<u>95,642,064</u>	<u>38,127,298</u>
Non-current assets:				
Restricted cash and cash equivalents	22,387,834	-	22,387,834	310,538
Capital assets (Note E):				
Land and construction in progress	52,088,305	10,748,568	62,836,873	75,529,532
Other capital assets, net of accumulated depreciation	<u>66,678,784</u>	<u>33,016,398</u>	<u>99,695,182</u>	<u>282,277,088</u>
Total capital assets	<u>118,767,089</u>	<u>43,764,966</u>	<u>162,532,055</u>	<u>357,806,620</u>
Total non-current assets	<u>141,154,923</u>	<u>43,764,966</u>	<u>184,919,889</u>	<u>358,117,158</u>
Total assets	<u>194,514,433</u>	<u>86,047,520</u>	<u>280,561,953</u>	<u>396,244,456</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension and OPEB deferrals	11,040,079	3,525,803	14,565,882	5,659,116
Deferred charge on refunding	-	-	-	351,007
Total deferred outflows of resources	<u>11,040,079</u>	<u>3,525,803</u>	<u>14,565,882</u>	<u>6,010,123</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	4,460,783	1,560,893	6,021,676	2,439,508
Advance from grantor	5,334,249	-	5,334,249	-
Other liabilities	-	18,582	18,582	-
Liabilities payable from restricted assets	1,670,150	112,348	1,782,498	2,360,706
Current portion of long-term liabilities	7,797,745	1,498,575	9,296,320	6,247,149
Total current liabilities	<u>19,262,927</u>	<u>3,190,398</u>	<u>22,453,325</u>	<u>11,047,363</u>
Non-current liabilities:				
Net other postemployment liability	22,885,759	9,266,220	32,151,979	16,637,731
Net pension liability (LIGERS)	14,508,590	5,994,299	20,502,889	4,542,897
Total pension liability (LEOSSA)	7,320,909	-	7,320,909	-
Due in more than one year	<u>51,725,295</u>	<u>5,717,140</u>	<u>57,442,435</u>	<u>89,081,329</u>
Total non-current liabilities	<u>96,440,553</u>	<u>20,977,659</u>	<u>117,418,212</u>	<u>110,261,957</u>
Total liabilities	<u>115,703,480</u>	<u>24,168,057</u>	<u>139,871,537</u>	<u>121,309,320</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	16,812	-	16,812	-
Pension and OPEB deferrals	16,537,149	6,813,580	23,350,729	1,434,872
Total deferred inflows of resources	<u>16,553,961</u>	<u>6,813,580</u>	<u>23,367,541</u>	<u>1,434,872</u>
NET POSITION				
Net investment in capital assets	78,071,289	37,340,846	115,412,135	263,554,194
Restricted for:				
Stabilization by State Statute	11,737,825	-	11,737,825	-
Capital projects	1,942,289	-	1,942,289	-
Inspections	321,808	-	321,808	-
Public housing	113,836	-	113,836	-
Other functions	840,511	-	840,511	-
Water and sewer	-	-	-	310,538
Unrestricted	<u>(19,730,487)</u>	<u>21,250,840</u>	<u>1,520,353</u>	<u>15,645,655</u>
Total net position	<u>\$ 73,297,071</u>	<u>\$ 58,591,686</u>	<u>\$ 131,888,757</u>	<u>\$ 279,510,387</u>

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

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary Government:								
Governmental activities:								
General government	\$ 14,509,659	\$ 1,787,355	\$ -	\$ -	\$ (12,722,304)	\$ -	\$ (12,722,304)	\$ -
Environment and development	26,281,322	3,922,097	4,459,539	1,800,911	(16,098,775)	-	(16,098,775)	-
Public safety	19,640,367	399,466	1,180,817	-	(18,060,084)	-	(18,060,084)	-
Leisure activities	12,520,360	504,481	898,883	-	(11,116,996)	-	(11,116,996)	-
Interest expense	1,696,386	-	-	-	(1,696,386)	-	(1,696,386)	-
Total governmental activities	74,648,094	6,613,399	6,539,239	1,800,911	(59,694,545)	-	(59,694,545)	-
Business-type activities:								
Transportation	23,390,455	1,250,113	22,074,649	191,377	-	125,684	125,684	-
Parking Facilities	1,229,514	1,142,563	-	-	-	(86,951)	(86,951)	-
Housing Operations	2,623,304	955,804	1,207,112	-	-	(460,388)	(460,388)	-
Stormwater Management	2,412,559	3,044,115	41,800	-	-	673,356	673,356	-
Total business-type activities	29,655,832	6,392,595	23,323,561	191,377	-	251,701	251,701	-
Total primary government	\$ 104,303,926	\$ 13,005,994	\$ 29,862,800	\$ 1,992,288	(59,694,545)	251,701	(59,442,844)	-
Component unit - Orange Water and Sewer Authority	\$ 36,397,777	\$ 35,514,821	\$ -	\$ 1,365,144	-	-	-	482,188
General revenues:								
Property taxes					41,436,248	5,072,837	46,509,085	-
Sales tax					16,844,132	-	16,844,132	-
Occupancy tax					611,769	-	611,769	-
Other taxes					71,860	-	71,860	-
Grants and contributions not restricted to specific programs:								
Intergovernmental					5,135,158	-	5,135,158	-
Investment earnings					15,581	11,534	27,115	1,291
Miscellaneous					1,752,601	51,781	1,804,382	2,866,866
Total general revenues not including transfers					65,867,349	5,136,152	71,003,501	2,868,157
Transfers					(9,312)	9,312	-	-
Total general revenues and transfers					65,858,037	5,145,464	71,003,501	2,868,157
Change in net position					6,163,492	5,397,165	11,560,657	3,350,345
Net position, beginning					67,133,579	53,194,521	120,328,100	276,160,042
Net position - ending					\$ 73,297,071	\$ 58,591,686	\$ 131,888,757	\$ 279,510,387

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

MAJOR FUNDS

Major funds are defined as those whose revenues, expenses, assets or liabilities are at least 10% of corresponding totals for all governmental *or* proprietary funds **and** at least 5% of the aggregate amount for all governmental *and* enterprise funds for the same item. Any other fund may be reported as a major fund if the government's officials deem the fund particularly important to financial statement users.

GOVERNMENTAL FUNDS

Governmental funds are funded principally from property and sales taxes on individuals and businesses.

General Fund – The General Fund is always considered a major fund. The General Fund is the principal fund of the Town and is used to account for all activities of the Town not included in other specified funds. The General Fund accounts for the normal recurring activities of the Town (e.g., general government, environment and development, public safety, public works, and leisure activities).

Debt Service Fund - The Debt Service Fund is used to account for the payment of general obligation long-term debt principal, interest and related costs. Such payments are financed by a portion of the property tax levy.

The Capital Projects Ordinance Funds - These funds are used to account for capital asset acquisition and construction of various Town projects including several major capital projects financed by government bonds.

American Rescue Plan Fund – These funds are used to account for the funds that the Town received from the Coronavirus State & Local Fiscal Recovery Funds in response to the COVID-19 pandemic.

Other Governmental Funds – Information is printed in aggregate for the Town's other governmental funds that are non-major. These funds include the annual Capital Improvements Fund, the Transit Capital Grant fund, Housing Capital Grant fund, and other capital and special revenue funds.

BUSINESS-TYPE FUNDS

Proprietary 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 Town Council is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges or where the Town Council has decided that periodic determination of net income is appropriate for accountability purposes.

Transit Fund - This fund is used to account for the operations of the Town's public transit system.

Parking Facilities Fund - This fund is used to account for the operations of the Town's public parking facilities.

Housing Operating Fund – This fund is used to account for federal grants restricted for the Town's conventional Public Housing program.

Stormwater Management Fund - This fund is used to account for the operations of the Town's stormwater management department.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government.

Other Postemployment Benefits (OPEB) Trust Fund – This fund is used to account for the Town's contributions for healthcare coverage provided to qualified retirees.

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2021

	Major Funds					Total Governmental Funds
	General	Debt Service	Capital Projects Ordinance	American Rescue Plan	Other Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 28,609,880	\$ 6,206,635	\$ 1,480,774	\$ -	\$ 3,402,892	\$ 39,700,181
Receivables:						
Due from other funds	2,291,006	1,020,000	-	-	-	3,311,006
Property taxes, net	153,720	30,341	-	-	2,100	186,161
Governmental units and agencies	6,176,744	37,533	1,613,316	-	1,673,491	9,501,084
Other	491,584	-	-	-	26,991	518,575
Inventories	3,206	-	-	-	16,538	19,744
Prepaid items	4,756	-	-	-	-	4,756
Restricted cash and equivalents	791,367	-	15,760,404	5,334,249	501,814	22,387,834
TOTAL ASSETS	\$ 38,522,263	\$ 7,294,509	\$ 18,854,494	\$ 5,334,249	\$ 5,623,826	\$ 75,629,341
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 599,182	\$ 599,182
Accounts payable	1,808,794	-	526,033	-	732,071	3,066,898
Accrued liabilities	1,215,159	-	-	-	10,112	1,225,271
Advance from grantor	-	-	-	5,334,249	-	5,334,249
Accounts payable from restricted assets	168,010	-	779,802	-	69,099	1,016,911
Other payables from restricted assets	623,357	-	-	-	29,882	653,239
Total liabilities	3,815,320	-	1,305,835	5,334,249	1,440,346	11,895,750
DEFERRED INFLOWS OF RESOURCES						
Property taxes receivable	153,720	30,341	-	-	2,100	186,161
Fees and charges receivable	174,085	-	-	-	422,486	596,571
Prepaid taxes	16,812	-	-	-	-	16,812
Total deferred inflows of resources	344,617	30,341	-	-	424,586	799,544

Continued

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2021

	Major Funds					Total Governmental Funds
	General	Debt Service	Capital Projects Ordinance	American Rescue Plan	Other Governmental Funds	
FUND BALANCES						
Nonspendable						
Inventories	\$ 3,206	\$ -	\$ -	\$ -	\$ 16,538	\$ 19,744
Prepaid items	4,756	-	-	-	-	4,756
Restricted						
Stabilization by State Statute	9,643,814	1,057,533	-	-	1,036,478	11,737,825
Inspections	321,808	-	-	-	-	321,808
Parks capital projects	27,411	-	4,304,913	-	-	4,332,324
Streets capital projects	427,898	-	6,075,182	-	-	6,503,080
Municipal buildings projects	-	-	1,364,398	-	-	1,364,398
Affordable housing projects	-	-	5,123,403	-	-	5,123,403
Public housing	-	-	-	-	113,836	113,836
Public safety	167,542	-	655,558	-	17,411	840,511
Transit capital purchases	-	-	-	-	59,005	59,005
Infrastructure capital projects	-	-	-	-	218,049	218,049
Library	-	-	-	-	102,434	102,434
Committed						
Debt service payments	-	7,264,168	-	-	-	7,264,168
Municipal buildings projects	-	-	-	-	155,195	155,195
Technology capital projects	-	-	25,202	-	-	25,202
Public housing	-	-	-	-	2,094,759	2,094,759
Economic development	-	-	3	-	107,949	107,952
Assigned						
Subsequent year's expenditures	2,510,221	-	-	-	-	2,510,221
Parks capital projects	-	-	-	-	5,363	5,363
Workforce Development	196,029	-	-	-	-	196,029
Municipal buildings projects	-	-	-	-	182,660	182,660
Technology capital projects	-	-	-	-	88,014	88,014
Economic development	70,202	-	-	-	-	70,202
Public housing	-	-	-	-	9,816	9,816
Unassigned	20,989,439	(1,057,533)	-	-	(448,613)	19,483,293
Total fund balances	<u>34,362,326</u>	<u>7,264,168</u>	<u>17,548,659</u>	<u>-</u>	<u>3,758,894</u>	<u>62,934,047</u>
TOTAL LIABILITIES, DEFERRED						
INFLOWS AND FUND BALANCES	<u>\$ 38,522,263</u>	<u>\$ 7,294,509</u>	<u>\$ 18,854,494</u>	<u>\$ 5,334,249</u>	<u>\$ 5,623,826</u>	<u>\$ 75,629,341</u>

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

GOVERNMENTAL FUNDS

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Fund balances - total governmental funds	\$ 62,934,047
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Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	229,166,200	
Less accumulated depreciation	<u>112,853,517</u>	116,312,683

Long-term liabilities, including accrued interest are not due and payable in the current period and therefore are not reported in the governmental funds

Governmental bonds payable, limited obligation bonds, and installment purchases	(53,547,000)	
Net other postemployment liability	(22,474,442)	
Orange County loan payable	(123,146)	
Bond premium	(2,786,058)	
Accrued vacation payable	(3,020,388)	
Net pension liability (LGRS)	(14,310,776)	
Total pension liability (LEO)	<u>(7,320,909)</u>	(103,582,719)

Deferred outflows of resources - pension	7,783,362	
Deferred outflows of resources - OPEB	783,836	
Deferred outflows of resources - LEOSSA	<u>2,315,659</u>	10,882,857

Deferred inflows of resources - pension	(25,803)	
Deferred inflows of resources - OPEB	(16,115,623)	
Deferred inflows of resources - LEOSSA	<u>(93,404)</u>	(16,234,830)

Liabilities for earned revenues considered deferred inflows of resources in the governmental funds.		782,732
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Internal service funds are used by management to charge the costs of certain activities to individual funds

The assets and liabilities of the internal service funds that are reported within governmental activities		<u>2,202,301</u>
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Net position of governmental activities	<u>\$ 73,297,071</u>
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The notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects Ordinance	American Rescue Plan		
REVENUES						
Taxes	\$ 50,311,154	\$ 8,282,332	\$ -	\$ -	\$ 370,523	\$ 58,964,009
Licenses and permits	3,321,503	-	-	-	-	3,321,503
Fines and forfeitures	15,710	-	-	-	-	15,710
Intergovernmental revenues						
Federal government	256,417	-	493,057	-	3,434,687	4,184,161
State government	7,686,193	-	703,117	-	79,274	8,468,584
Other	699,215	-	-	-	123,348	822,563
Charges for services	3,132,740	-	-	-	-	3,132,740
Interest on investments	8,512	5,681	494	-	894	15,581
Franchise rental fees	-	-	-	-	68,005	68,005
Program income	-	-	-	-	75,441	75,441
Donations	61,328	-	-	-	333,325	394,653
Revenue in lieu	4,459	-	53,015	-	300,000	357,474
Mutual aid reimbursements	56,832	-	-	-	-	56,832
Other	777,819	-	-	-	759	778,578
Total revenues	66,331,882	8,288,013	1,249,683	-	4,786,256	80,655,834
EXPENDITURES						
General government	12,468,122	-	-	-	-	12,468,122
Environment and development	15,382,205	-	-	-	3,882,132	19,264,337
Public safety	21,414,836	-	-	-	77,994	21,492,830
Leisure activities	9,267,797	-	-	-	402,010	9,669,807
Capital projects	-	-	6,480,275	-	1,021,769	7,502,044
Debt service:						
Principal	-	5,224,000	-	-	-	5,224,000
Interest and fiscal charges	-	1,965,577	-	-	-	1,965,577
Total expenditures	58,532,960	7,189,577	6,480,275	-	5,383,905	77,586,717
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,798,922	1,098,436	(5,230,592)	-	(597,649)	3,069,117

Continued

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects Ordinance	American Rescue Plan		
OTHER FINANCING SOURCES (USES)						
Issuance of general obligation bonds	-	-	7,960,000	-	-	7,960,000
Premium on bond issuance	-	-	765,697	-	-	765,697
Insurance recovery	28,019	-	-	-	137,045	165,064
Transfer from other funds	45,000	-	3,512,450	-	771,859	4,329,309
Transfer to other funds	(843,487)	(3,399,950)	-	-	(95,184)	(4,338,621)
Total other financing sources (uses)	<u>(770,468)</u>	<u>(3,399,950)</u>	<u>12,238,147</u>	<u>-</u>	<u>813,720</u>	<u>8,881,449</u>
NET CHANGE IN TOTAL FUND BALANCES	7,028,454	(2,301,514)	7,007,555	-	216,071	11,950,566
FUND BALANCES, BEGINNING	<u>27,333,872</u>	<u>9,565,682</u>	<u>10,541,104</u>	<u>-</u>	<u>3,542,823</u>	<u>50,983,481</u>
FUND BALANCES, ENDING	<u>\$ 34,362,326</u>	<u>\$ 7,264,168</u>	<u>\$ 17,548,659</u>	<u>\$ -</u>	<u>\$ 3,758,894</u>	<u>\$ 62,934,047</u>

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

GOVERNMENTAL FUNDS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$	11,950,566
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Amounts reported for governmental activities in the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.

Expenditures for capital assets	5,345,000	
Current year's depreciation	<u>7,636,256</u>	(2,291,256)

Repayment of long term debt principal is considered an expenditure in the governmental funds, but their repayment reduces long-term liabilities in the statement of net position.	5,224,000
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The issuance of long-term debt provides current financial resources to governmental funds and does not have any effect on net position.	(7,960,000)
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Bond premium in the current year is reported on the fund financial statements when debt is issued but amortized in the statement of activities.	(765,697)
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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

Change in bond premium	269,191
Change in long-term compensated absences	(186,294)
Change in long-term separation allowance	(1,979,104)
Other postemployment benefits	18,743,692
Pension expense	(10,909,394)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	(4,119,308)
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Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	(204,206)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(704,928)
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Internal service funds are used by management to charge the costs of certain activities to individual funds	<u>(903,770)</u>
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Change in net position of governmental activities	\$	<u>6,163,492</u>
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The notes to the financial statements are an integral part of this statement.

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 32,587,500	\$ 32,587,500	\$ 32,783,393	\$ 195,893
Local option sales taxes	13,336,343	13,336,343	16,844,132	3,507,789
Other taxes	1,292,500	1,292,500	683,629	(608,871)
Licenses and permits	2,847,000	2,847,000	3,321,503	474,503
Fines and forfeitures	36,000	36,000	15,710	(20,290)
Intergovernmental revenues	8,511,655	8,569,971	8,641,825	71,854
Charges for services	4,334,390	4,334,390	3,132,740	(1,201,650)
Interest on investments	100,000	100,000	8,512	(91,488)
Other	789,100	1,358,848	900,438	(458,410)
TOTAL REVENUES	<u>63,834,488</u>	<u>64,462,552</u>	<u>66,331,882</u>	<u>1,869,330</u>
EXPENDITURES				
General government	14,172,794	15,160,518	12,468,122	2,692,396
Environment and development	16,914,288	17,790,261	15,382,205	2,408,056
Public safety	23,508,087	23,688,165	21,414,836	2,273,329
Leisure activities	10,907,072	10,979,786	9,267,797	1,711,989
Total expenditures	<u>65,502,241</u>	<u>67,618,730</u>	<u>58,532,960</u>	<u>9,085,770</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,667,753)</u>	<u>(3,156,178)</u>	<u>7,798,922</u>	<u>10,955,100</u>
OTHER FINANCING SOURCES (USES)				
Insurance recovery	20,000	20,000	28,019	8,019
Transfer from other funds	45,000	45,000	45,000	-
Transfer to other funds	(785,759)	(848,259)	(843,487)	4,772
Appropriated fund balance	<u>2,388,512</u>	<u>3,939,437</u>	<u>-</u>	<u>(3,939,437)</u>
Total other financing sources (uses)	<u>1,667,753</u>	<u>3,156,178</u>	<u>(770,468)</u>	<u>(3,926,646)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>7,028,454</u>	<u>\$ 7,028,454</u>
FUND BALANCE, BEGINNING			<u>27,333,872</u>	
FUND BALANCE, ENDING			<u>\$ 34,362,326</u>	

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

TOWN OF CHAPEL HILL, NORTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 29,436,764	\$ 450	\$ 4,531,385	\$ 4,517,751
Restricted cash and cash equivalents	-	-	82,173	30,175
Receivables:				
Accounts receivable, net	708,798	49,982	56,909	424,735
Governmental units and agencies	3,758,850	5,862	3,106	8,255
Property taxes, net	18,582	-	-	-
Prepaid items	354	-	-	-
Inventories	1,336,188	-	24,059	-
Total current assets	<u>35,259,536</u>	<u>56,294</u>	<u>4,697,632</u>	<u>4,980,916</u>
NONCURRENT ASSETS				
Capital assets:				
Land and other non-depreciable assets	2,099,537	3,336,884	2,000,673	3,311,474
Other capital assets, net of accumulated depreciation	25,130,983	292,316	5,598,383	1,994,716
Total capital assets, net	<u>27,230,520</u>	<u>3,629,200</u>	<u>7,599,056</u>	<u>5,306,190</u>
Total noncurrent assets	<u>27,230,520</u>	<u>3,629,200</u>	<u>7,599,056</u>	<u>5,306,190</u>
TOTAL ASSETS	<u>62,490,056</u>	<u>3,685,494</u>	<u>12,296,688</u>	<u>10,287,106</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension & OPEB deferrals	2,957,625	143,524	231,003	193,651
Total deferred outflows of resources	<u>2,957,625</u>	<u>143,524</u>	<u>231,003</u>	<u>193,651</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	952,993	38,104	70,639	167,592
Accrued liabilities	274,516	11,505	18,674	26,870
Deposits payable from restricted assets	-	-	82,173	30,175
Due to other funds	-	2,691,342	20,482	-
Compensated absences	601,091	29,245	52,332	44,907
Unearned revenue	18,582	-	-	-
Bonds payable	-	-	-	135,000
Installment purchase agreements	636,000	-	-	-
Total current liabilities	<u>2,483,182</u>	<u>2,770,196</u>	<u>244,300</u>	<u>404,544</u>
NONCURRENT LIABILITIES				
Compensated absences	10,452	13,382	1,529	38,657
Net other postemployment liability	7,771,713	376,137	608,087	510,283
Net pension liability	5,128,866	190,118	411,122	264,193
Bonds payable	-	-	-	2,270,120
Installment purchase agreements	3,383,000	-	-	-
Total noncurrent liabilities	<u>16,294,031</u>	<u>579,637</u>	<u>1,020,738</u>	<u>3,083,253</u>
Total liabilities	<u>18,777,213</u>	<u>3,349,833</u>	<u>1,265,038</u>	<u>3,487,797</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	5,714,417	276,488	447,143	375,532
NET POSITION				
Net investment in capital assets	23,211,520	3,629,200	7,599,056	2,901,070
Unrestricted	17,744,531	(3,426,503)	3,216,454	3,716,358
Total net position	<u>\$ 40,956,051</u>	<u>\$ 202,697</u>	<u>\$ 10,815,510</u>	<u>\$ 6,617,428</u>

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

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Enterprise Funds Comparative Totals		Internal Service Funds Comparative Totals	
	2021	2020	2021	2020
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 38,486,350	\$ 30,366,008	\$ 651,117	\$ 972,541
Restricted cash and cash equivalents	112,348	2,506,263	-	-
Receivables:				
Accounts receivable, net	1,240,424	2,278,584	10,282	7,305
Governmental units and agencies	3,776,073	2,686,743	-	-
Property taxes, net	18,582	20,903	-	-
Prepaid items	354	151,596	-	-
Inventories	1,360,247	1,343,372	55,786	33,966
Total current assets	<u>44,994,378</u>	<u>39,353,469</u>	<u>717,185</u>	<u>1,013,812</u>
NONCURRENT ASSETS				
Capital assets:				
Land and other non-depreciable assets	10,748,568	8,120,667	-	-
Other capital assets, net of accumulated depreciation	33,016,398	37,162,620	2,454,406	3,192,985
Total capital assets, net	<u>43,764,966</u>	<u>45,283,287</u>	<u>2,454,406</u>	<u>3,192,985</u>
Total noncurrent assets	<u>43,764,966</u>	<u>45,283,287</u>	<u>2,454,406</u>	<u>3,192,985</u>
TOTAL ASSETS	<u>88,759,344</u>	<u>84,636,756</u>	<u>3,171,591</u>	<u>4,206,797</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	<u>3,525,803</u>	<u>3,072,088</u>	<u>157,222</u>	<u>141,745</u>
Total deferred outflows of resources	<u>3,525,803</u>	<u>3,072,088</u>	<u>157,222</u>	<u>141,745</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	1,229,328	736,072	155,133	183,031
Accrued liabilities	331,565	345,328	13,481	14,006
Deposits payable from restricted assets	112,348	109,032	-	-
Due to other funds	2,711,824	2,828,846	-	-
Compensated absences	727,575	594,357	27,249	20,266
Unearned revenue	18,582	20,903	-	-
Bonds payable	135,000	135,000	-	-
Installment purchase agreements	636,000	622,000	-	63,365
Total current liabilities	<u>5,902,222</u>	<u>5,391,538</u>	<u>195,863</u>	<u>280,668</u>
NONCURRENT LIABILITIES				
Compensated absences	64,020	188,567	19,199	18,327
Net other postemployment liability	9,266,220	16,994,249	411,317	754,356
Net pension liability	5,994,299	4,681,945	197,814	152,560
Bonds payable	2,270,120	2,411,598	-	-
Installment purchase agreements	3,383,000	4,019,000	-	-
Total noncurrent liabilities	<u>20,977,659</u>	<u>28,295,359</u>	<u>628,330</u>	<u>925,243</u>
Total liabilities	<u>26,879,881</u>	<u>33,686,897</u>	<u>824,193</u>	<u>1,205,911</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	<u>6,813,580</u>	<u>827,426</u>	<u>302,319</u>	<u>36,560</u>
NET POSITION				
Net investment in capital assets	37,340,846	40,492,920	2,454,406	3,129,620
Unrestricted	21,250,840	12,701,601	(252,105)	(23,549)
Total net position	<u>\$ 58,591,686</u>	<u>\$ 53,194,521</u>	<u>\$ 2,202,301</u>	<u>\$ 3,106,071</u>

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

TOWN OF CHAPEL HILL, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
OPERATING REVENUES				
Charges for services	\$ 795,136	\$ 1,142,563	\$ 955,804	\$ 3,044,115
OPERATING EXPENSES				
Personnel	12,668,416	556,649	1,011,864	1,307,779
Drainage maintenance	-	-	-	120,441
Depreciation and amortization	4,433,345	75,246	662,110	176,784
Fuel and tires	727,705	-	-	-
Indirect costs	1,158,672	50,492	-	118,587
Maintenance and repairs	-	3,128	123,692	-
Building maintenance	986,279	-	-	-
Vehicle maintenance	1,434,927	-	-	-
Utilities	-	-	225,791	-
Insurance	311,481	-	-	-
Advertising and marketing	49,101	-	-	-
Professional services	7,374	-	-	255,493
Contracted services	642,133	39,171	372,588	237,193
Tarheel Express	205	-	-	-
Uniforms and supplies	175,935	-	-	-
Credit card fees	-	52,805	-	-
Rent	-	297,110	-	62,411
Other	701,206	154,913	227,259	51,755
Total operating expenses	<u>23,296,779</u>	<u>1,229,514</u>	<u>2,623,304</u>	<u>2,330,443</u>
OPERATING INCOME (LOSS)	<u>(22,501,643)</u>	<u>(86,951)</u>	<u>(1,667,500)</u>	<u>713,672</u>
NONOPERATING REVENUES (EXPENSES)				
Federal Operating Assistance Grant	8,505,621	-	1,207,112	34,300
State Operating Assistance Grant	-	-	-	-
Operating assistance-UNC Chapel Hill	8,880,048	-	-	-
Operating assistance-Town of Carrboro	1,872,008	-	-	7,500
Operating assistance - TTA Vehicle Fees	2,816,972	-	-	-
Vehicle licenses	454,977	-	-	-
Ad valorem taxes	5,072,837	-	-	-
Interest on investments	8,223	328	666	2,317
Insurance recovery	7,256	-	-	-
Interest expense	(93,676)	-	-	(82,116)
Gain (Loss) on sale of capital assets	4,525	-	-	-
Revenue in lieu	40,000	-	-	-
Total nonoperating revenues (expenses), net	<u>27,568,791</u>	<u>328</u>	<u>1,207,778</u>	<u>(37,999)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	5,067,148	(86,623)	(459,722)	675,673
CAPITAL CONTRIBUTIONS	191,377	-	-	-
TRANSFERS				
Transfers in	184	-	-	9,128
Transfers out	-	-	-	-
Total transfers	<u>184</u>	<u>-</u>	<u>-</u>	<u>9,128</u>
CHANGE IN NET POSITION	5,258,709	(86,623)	(459,722)	684,801
NET POSITION, BEGINNING	<u>35,697,342</u>	<u>289,320</u>	<u>11,275,232</u>	<u>5,932,627</u>
NET POSITION, ENDING	<u>\$ 40,956,051</u>	<u>\$ 202,697</u>	<u>\$ 10,815,510</u>	<u>\$ 6,617,428</u>

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

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Enterprise Funds		Internal Service Funds	
	Comparative Totals		Comparative Totals	
	2021	2020	2021	2020
OPERATING REVENUES				
Charges for services	\$ 5,937,618	\$ 7,110,188	\$ 1,484,296	\$ 1,727,140
OPERATING EXPENSES				
Personnel	15,544,708	18,238,812	623,618	645,899
Drainage maintenance	120,441	122,667	-	-
Depreciation and amortization	5,347,485	5,471,982	885,419	964,645
Fuel and tires	727,705	1,044,488	-	-
Indirect costs	1,327,751	1,404,450	-	-
Maintenance and repairs	126,820	130,389	-	-
Building maintenance	986,279	712,942	-	-
Vehicle maintenance	1,434,927	1,031,410	-	-
Utilities	225,791	215,975	-	-
Insurance	311,481	341,816	-	-
Advertising and marketing	49,101	13,400	-	-
Professional services	262,867	319,522	-	-
Contracted services	1,291,085	1,580,805	-	-
Tarheel Express	205	308,371	-	-
Uniforms and supplies	175,935	144,614	-	-
Credit card fees	52,805	112,505	-	-
Rent	359,521	566,216	-	-
Other	1,135,133	1,168,930	947,915	905,551
Total operating expenses	29,480,040	32,929,294	2,456,952	2,516,095
OPERATING INCOME (LOSS)	(23,542,422)	(25,819,106)	(972,656)	(788,955)
NONOPERATING REVENUES (EXPENSES)				
Federal Operating Assistance Grant	9,747,033	3,357,412	-	-
State Operating Assistance Grant	-	3,628,189	-	-
Operating assistance-UNC Chapel Hill	8,880,048	8,880,048	-	-
Operating assistance-Town of Carrboro	1,879,508	1,842,648	-	-
Operating assistance - TTA Vehicle Fees	2,816,972	4,141,703	-	-
Vehicle licenses	454,977	424,834	-	-
Ad valorem taxes	5,072,837	4,954,584	-	-
Interest on investments	11,534	115,810	292	4,468
Insurance recovery	7,256	272,283	17,998	31,506
Interest expense	(175,792)	(195,355)	(555)	(4,468)
Gain (Loss) on sale of capital assets	4,525	11,847	51,151	44,943
Revenue in lieu	40,000	-	-	-
Total nonoperating revenues (expenses), net	28,738,898	27,434,003	68,886	76,449
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	5,196,476	1,614,897	(903,770)	(712,506)
CAPITAL CONTRIBUTIONS	191,377	2,901,812	-	-
TRANSFERS				
Transfers in	9,312	11,719	-	-
Transfers out	-	(1,349,109)	-	-
Total transfers	9,312	(1,337,390)	-	-
CHANGE IN NET POSITION	5,397,165	3,179,319	(903,770)	(712,506)
NET POSITION, BEGINNING	53,194,521	50,015,202	3,106,071	3,818,577
NET POSITION, ENDING	\$ 58,591,686	\$ 53,194,521	\$ 2,202,301	\$ 3,106,071

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

TOWN OF CHAPEL HILL, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 759,415	\$ 1,138,978	\$ 926,462	\$ 3,064,909
Payments to employees	(13,448,351)	(594,590)	(1,074,200)	(1,315,895)
Payments to suppliers	(5,796,461)	(419,609)	(1,049,077)	(812,099)
Net cash provided by (used in) operating activities	<u>(18,485,397)</u>	<u>124,779</u>	<u>(1,196,815)</u>	<u>936,915</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Grant funds received	8,505,621	-	1,207,112	34,300
Transit partner assistance received	13,569,028	-	-	-
Operating assistance received	-	-	-	7,500
Taxes and licenses received	5,527,814	-	-	-
Transfers to other funds	-	-	-	-
Transfers from other funds	184	-	-	9,128
Revenue in lieu received	40,000	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>27,642,647</u>	<u>-</u>	<u>1,207,112</u>	<u>50,928</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on general obligation bonds and installment purchase agreements	(622,000)	-	-	(135,000)
Interest paid on general obligation bonds and installment purchase agreements	(93,676)	-	-	(82,116)
Amortization of bond premium	-	-	-	(6,478)
Proceeds from sale of capital assets	25,820	-	-	-
Proceeds from insurance recovery	7,256	-	-	-
Acquisition and construction of capital assets	(978,177)	(125,107)	-	(2,555,798)
Net cash provided by (used in) capital and related financing activities	<u>(1,660,777)</u>	<u>(125,107)</u>	<u>-</u>	<u>(2,779,392)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	8,223	328	666	2,317
Net cash provided by investing activities	<u>8,223</u>	<u>328</u>	<u>666</u>	<u>2,317</u>

Continued

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Enterprise Funds Comparative Totals		Internal Service Funds Comparative Totals	
	2021	2020	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 5,889,764	\$ 6,657,981	\$ 1,481,319	\$ 1,731,433
Payments to employees	(16,433,036)	(16,651,784)	(663,790)	(584,872)
Payments to suppliers	(8,077,246)	(9,211,921)	(997,634)	(845,699)
Net cash provided by (used in) operating activities	(18,620,518)	(19,205,724)	(180,105)	300,862
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Grant funds received	9,747,033	6,985,601	-	-
Transit partner assistance received	13,569,028	14,856,899	-	-
Operating assistance received	7,500	7,500	-	-
Taxes and licenses received	5,527,814	5,379,418	-	-
Transfers to other funds	-	(1,349,109)	-	-
Transfers from other funds	9,312	11,719	-	-
Revenue in lieu received	40,000	-	-	-
Net cash provided by (used in) noncapital financing activities	28,900,687	25,892,028	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on general obligation bonds and installment purchase agreements	(757,000)	(745,000)	(63,365)	(263,718)
Interest paid on general obligation bonds and installment purchase agreements	(175,792)	(195,355)	(555)	(4,468)
Amortization of bond premium	(6,478)	(6,478)	-	-
Proceeds from sale of capital assets	25,820	11,847	51,151	44,943
Proceeds from insurance recovery	7,256	272,283	17,998	31,506
Acquisition and construction of capital assets	(3,659,082)	(3,492,302)	(146,840)	(745,707)
Net cash provided by (used in) capital and related financing activities	(4,565,276)	(4,155,005)	(141,611)	(937,444)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	11,534	115,810	292	4,468
Net cash provided by investing activities	11,534	115,810	292	4,468

TOWN OF CHAPEL HILL, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	7,504,696	-	10,963	(1,789,232)
CASH AND INVESTMENTS, BEGINNING	21,932,068	450	4,602,595	6,337,158
CASH AND INVESTMENTS, ENDING	<u>\$ 29,436,764</u>	<u>\$ 450</u>	<u>\$ 4,613,558</u>	<u>\$ 4,547,926</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (22,501,643)	\$ (86,951)	\$ (1,667,500)	\$ 713,672
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	4,433,345	75,246	662,110	176,784
Pension expense	5,731,506	272,727	451,983	388,577
Changes in assets and liabilities:				
Receivables	(33,400)	(3,585)	(32,658)	20,794
Prepaid items	(6)	-	-	-
Inventories	(28,291)	151,248	11,416	-
Due from other funds	-	10,523	(127,545)	-
Accounts payable	426,854	16,239	16,382	33,781
Accrued liabilities	(11,689)	(498)	(3,041)	1,465
Customer deposits	-	-	3,316	-
Unearned revenue	(2,321)	-	-	-
Accrued compensated absences	(18,141)	3,527	(4,133)	27,418
Accrued OPEB liability	(6,481,611)	(313,697)	(507,145)	(425,576)
(Increase) decrease in deferred outflows of resources for pensions	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (18,485,397)</u>	<u>\$ 124,779</u>	<u>\$ (1,196,815)</u>	<u>\$ 936,915</u>
SUMMARY OF NON-CASH ACTIVITIES:				
Capital asset contributions	<u>\$ 191,377</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Enterprise Funds Comparative Totals		Internal Service Funds Comparative Totals	
	2021	2020	2021	2020
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	5,726,427	2,647,109	(321,424)	(632,114)
CASH AND INVESTMENTS, BEGINNING	32,872,271	30,225,162	972,541	1,604,655
CASH AND INVESTMENTS, ENDING	<u>\$ 38,598,698</u>	<u>\$ 32,872,271</u>	<u>\$ 651,117</u>	<u>\$ 972,541</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (23,542,422)	\$ (25,819,106)	\$ (972,656)	\$ (788,955)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	5,347,485	5,471,982	885,419	964,645
Pension expense	6,844,793	833,992	-	-
Changes in assets and liabilities:				
Receivables	(48,849)	(456,943)	(2,977)	4,293
Prepaid items	(6)	(25)	-	-
Inventories	134,373	(171,924)	(21,820)	16,903
Due from other funds	(117,022)	345,317	-	-
Accounts payable	493,256	(166,788)	(27,898)	42,949
Accrued liabilities	(13,763)	21,497	(525)	316
Customer deposits	3,316	4,736	-	-
Unearned revenue	(2,321)	-	-	-
Accrued compensated absences	8,671	139,100	7,855	7,032
Accrued OPEB liability	(7,728,029)	592,438	(343,039)	26,298
(Increase) decrease in deferred outflows of resources for pensions	-	-	295,536	27,381
Net cash provided by (used in) operating activities	<u>\$ (18,620,518)</u>	<u>\$ (19,205,724)</u>	<u>\$ (180,105)</u>	<u>\$ 300,862</u>
SUMMARY OF NON-CASH ACTIVITIES:				
Capital asset contributions	<u>\$ 191,377</u>	<u>\$ 2,901,812</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATEMENT OF FIDUCIARY NET POSITION

OTHER POSTEMPLOYMENT (OPEB) TRUST FUND
 JUNE 30, 2021

	<u>OPEB Trust Fund</u>
ASSETS	
Restricted assets:	
Investments:	
Cash and cash equivalents	\$ -
Equity Index	6,564,151
Bond Index	-
Short Term Investment	-
	<hr/>
TOTAL ASSETS	\$ 6,564,151
	<hr/> <hr/>
NET POSITION	
Net position restricted for postemployment benefits other than pensions	\$ 6,564,151
	<hr/> <hr/>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

OTHER POSTEMPLOYMENT (OPEB) TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>OPEB Trust Fund</u>
Additions:	
Employer contributions	\$ 2,477,387
Investment income	1,172
Total additions	<u>2,478,559</u>
Deductions:	
Benefit payments	2,022,687
Administrative expense	-
Total deductions	<u>2,022,687</u>
Change in net position	<u>455,872</u>
Net position restricted for postemployment benefits other than pensions:	
Beginning of year	6,108,279
End of year	<u>\$ 6,564,151</u>

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

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**TOWN OF CHAPEL HILL, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

A. Summary of Significant Accounting Policies

The accounting policies of the Town of Chapel Hill, North Carolina (the "Town") and its discretely presented component unit have been established in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applicable to governments. The following is a summary of the most significant accounting policies:

I. Reporting Entity

The Town is located in the north-central portion of North Carolina on the Piedmont Plateau. The Town is a municipal corporation governed by a Council-Manager form of government with a nine member elected Town Council. As required by generally accepted accounting principles, these financial statements present financial position and results of operations of the Town and its component unit, Orange Water and Sewer Authority ("OWASA"). Of the nine OWASA board members, five are appointed by the Mayor and Town Council of Chapel Hill. These five members are a voting majority for OWASA. The Town also has the ability to impose its will meaning that it can significantly influence the programs, projects, activities or level of services performed or provided by OWASA. State statutes provide that any board member of OWASA may be removed, with or without cause, by the governing body appointing said member. Thus, OWASA falls within the definition of a component unit and is discretely presented and reported in a separate column in the Town's combined financial statements in order to emphasize that it is legally separate from the Town.

Orange Water and Sewer Authority (OWASA) – OWASA has the authority to adopt its own budget without approval of the Chapel Hill Town Council and has the authority to issue its own debt, which is not an obligation of the Town. Its operations are financed through water and sewer usage fees and it is presented as an enterprise fund using the discrete presentation method of reporting. Complete financial statements for OWASA can be obtained from OWASA's administrative offices at 400 Jones Ferry Road, Carrboro, North Carolina, 27510.

2. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities report information on all of the activities of the primary government and its component unit. These statements include the financial activities of the overall government, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities are generally 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 demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include

(1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. 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 Town's funds, including its fiduciary fund. Separate financial statements are provided for each fund category - governmental, proprietary and fiduciary funds – are presented. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as non-major 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. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, sales taxes, utility franchise taxes, State grants, licenses, and charges for services. The primary expenditures are for general government, environment and development, public safety, and leisure activities.

Debt Service Fund – This fund is used to account for the payment of general obligation long-term debt principal, interest and related costs. Such payments are financed by a portion of the property tax levy.

Capital Projects Ordinance Fund - These funds are used to account for capital asset acquisition and construction of various Town projects including several major capital projects financed by government bonds.

American Rescue Plan Fund – This fund is used for the funds that the Town received from the Coronavirus State & Local Fiscal Recovery Funds in response to the COVID-19 pandemic.

The Town reports the following non-major governmental funds:

Community Development Entitlement Grants Project Ordinance Fund -This fund is used to account for the Town's federal grants that are legally restricted for low and moderate-income housing, community development and rental rehabilitation activities.

Affordable Housing Fund – This fund is used to account for a program to assist with the purchase of homes to preserve neighborhoods and to provide homeownership opportunities for lower income households.

Transitional Housing Fund – This fund is used to account for a program designed to help public housing families make the transition from public housing to the private housing market. Services provided would include budget counseling, homeownership counseling, debt management and basic home maintenance and upkeep guidance.

Land Trust Fund – This fund is used for the acquisition of land for low-income housing.

Grants Fund – This fund is used to account for special purpose grants.

Downtown Service District Fund - This fund is used to account for the financial resources for capital improvements and other programs for the downtown service district established by the Town Council. Revenues for these improvements and programs are generated from a special district property tax levied in the downtown area.

Affordable Housing Development Reserve Fund – This fund is used to account for the development and preservation of affordable housing.

Library Gift Fund – This fund accounts for private contributions to the Town’s library.

Capital Projects Fund – This fund is used to account for capital asset (including infrastructure) acquisition and construction from general government resources and intergovernmental grants, as outlined in the Town’s fifteen-year capital budget.

Capital Reserve Fund – This fund is used to account for funds reserved for specific capital improvement projects including library facilities, water and sewer improvements and other general capital improvements.

Transit Grant Projects Ordinance Fund – This fund is used to account for federal and State grant awards in aid of the Town’s transportation system.

Public Housing Grant Projects Ordinance Fund – This fund is used to account for federal grants legally restricted for specific low- and moderate-income housing programs and activities.

The Town reports four proprietary funds:

Transit Fund - This fund is used to account for the operations of the Town's public transit system.

Parking Facilities Fund - This fund is used to account for the operations of the Town's public parking facilities.

Public Housing Operating Fund - This fund is used to account for the operations of the Town's conventional public housing program.

Stormwater Management Fund - This fund is used to account for the operations of the Town's Stormwater Management department.

The Town reports internal service funds as follows:

Internal Service Funds – Internal Service Funds account for operations that provide services to other departments or agencies of the government, or to other governments on a cost-reimbursement basis. The Vehicle Replacement Fund, the Vehicle Maintenance Fund and the Computer Equipment Replacement Fund are the Town’s Internal Service Funds.

The Town reports trust funds as follows:

Trust Funds – Trust Funds account for resources that are required to be held in trust for the members and beneficiaries of defined benefit plans, defined contribution plans or other postemployment benefit plans. The Other Postemployment Benefits (OPEB) Trust Fund accounts for the Town's contributions for healthcare coverage provided to qualified retirees.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are non-exchange transactions, and revenues from property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 Town enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Proprietary funds are presented in the financial statements on the accrual basis of accounting, similar to the basis used by government-wide statements and are accounted for on a flow of economic resources measurement focus. Under this basis, revenues are recognized in the accounting period when earned and expenses are recognized in the period they are incurred.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources management focus and the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period when they become susceptible to accrual (i.e., when they are "measurable" and "available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or

soon enough thereafter to pay the liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

The Town 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 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. 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 the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by Orange County and Durham 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.

Grant revenues received but unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

4. Budgetary Data

As required by North Carolina General Statutes, balanced budgets are adopted for every fund on either an annual or project life basis. The annual budget, which is prepared on the modified accrual basis of accounting as required by North Carolina law, is amended from time to time by the Town Council and all annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Transit Grants Fund, Public Housing Capital Projects Fund, Community Development Entitlement Fund, Affordable Housing Fund, Transitional Housing Fund, Land Trust Fund, American Rescue Plan Fund, and Capital Projects Ordinance Fund.

Expenditures may not legally exceed appropriations at the functional level in the General Fund and at the fund level in multi-year funds. The Town Council must approve amendments at the functional level of the General Fund and at the project level in all other governmental and

enterprise funds. The budgets in the supplemental section represent the budget as amended through June 30, 2021.

The Council's schedule for developing the 2020-21 budget included forums and hearings for citizens to express their views, raise questions and concerns and make comments on services, policies and funding items related to the budget. A forum was held in February and a public hearing was held in June. Additional work sessions were held in May and June. The budget was adopted by the Council on June 24, 2020.

Project-life budgets may cover multiple years for the life of a project or program. A chart follows, organized by fund type, showing each fund's budget period.

<u>Governmental Fund Types</u>	<u>Annual Budget</u>	<u>Project Life Budget</u>
General Fund	X	
Special Revenue Funds		
Community Development Entitlement Grants Projects Ordinance Fund		X
Affordable Housing Fund		X
Transitional Housing Fund		X
Land Trust Fund		X
American Rescue Plan Fund		X
Grants Fund	X	
Downtown Service District Fund	X	
Affordable Housing Development Reserve Fund	X	
Library Gift Fund	X	
Debt Service Fund	X	
Capital Projects Funds		
Capital Projects Ordinance Fund		X
Transit Grant Projects Ordinance Fund		X
Public Housing Grants Project Ordinance Fund		X
Capital Projects Fund	X	
Capital Reserve Fund	X	
<u>Proprietary Fund Types</u>		
Enterprise Funds	X	
Internal Service Funds	X	

OWASA also operates under an annual budget ordinance administered in accordance with the provisions of North Carolina state laws. The budget is adopted using the modified accrual basis of accounting. In addition, North Carolina General Statutes Section 159 places certain directions and limitations on the budget preparation. Revenues are reflected by source and expenditures by department. The budget is amended on a periodic basis as required by changing conditions. All annual appropriations lapse at fiscal year-end.

OWASA begins developing its budget in the second quarter of each year and the Board of Directors approves the budget in early June after public hearings are held.

5. Deposits and Investments

All deposits of the Town and OWASA are made in board-designated official depositories and are secured as required by State law [§159-31]. The Town and OWASA may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and OWASA may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposits.

State law [§159-30(c)] authorizes the Town and OWASA 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 NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value.

OWASA's investments with a maturity of more than one year at acquisition and non-money market investments are reported at cost or amortized cost, which approximates their fair value as determined by quoted market prices. Money market investments that have a remaining maturity at the time of purchase of one year or less are reported at amortized cost.

6. Cash and Cash Equivalents

The Town pools the cash resources of its funds to facilitate disbursement and investment and to maximize investment income. Each fund's portion of total cash and investments is summarized by fund type in the combined balance sheet as "cash and cash equivalents."

7. Restricted Assets

Certain unspent proceeds of the general obligation bonds, limited obligation bonds, certificates of participation and installment purchase agreements, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable debt agreements. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected.

A portion of the cash in the Housing Operations Fund, Capital Projects Fund and Transitional Housing Fund is classified as restricted, because the cash represents tenant security deposits. Restricted cash in the General Fund and Stormwater Fund represents surety deposits on contracts for projects being carried out in Town. Proceeds from the issuance of bonds and installment purchase agreements in the Capital Projects Ordinance Fund are restricted for capital projects. Restrictions are in place for grants in the American Rescue Plan Fund, Transit Capital Grants Fund, and Public Housing Capital Grants Fund. Donations in the Library Gift Fund are also classified as restricted.

Government Activities:	
General Fund	
Surety deposits	\$ 791,367
Capital Projects Ordinance Fund	
Unspent bond proceeds	15,760,404
American Rescue Plan Fund	
Grant restrictions	5,334,249
Capital Projects Fund	
Tenant deposits	1,347
Capital Reserve Fund	
Capital project restrictions	218,049
Transit Capital Grants Fund	
Grant restrictions	59,087
Public Housing Capital Grants Fund	
Grant restrictions	7,156
Transitional Housing Fund	
Tenant deposits	28,535
Library Gift Fund	
Donation restrictions	187,640
Total government activities	<u>\$ 22,387,834</u>
Business-type Activities:	
Housing Fund	
Customer deposits	\$ 82,173
Stormwater Fund	
Surety deposits	30,175
Total business-type activities	<u>\$ 112,348</u>
Total Restricted Cash	<u><u>\$ 22,500,182</u></u>

8. Property Tax Receivable

In accordance with State statutes [§105-347 and §159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. The taxes levied are based on the assessed values as of January 1, 2020.

9. 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.

10. Inventories

The Town's inventories are maintained for the supplies, fuel and parts of the General Fund, the Public Housing Operating Fund, the Land Trust Fund, the Vehicle Maintenance Fund and the Transit Fund. The General Fund, Public Housing Operating Fund, and the Transit Fund use the consumption method for inventories, under which inventory items are considered expenditures when used, rather than when purchased. The Town's inventories are valued at cost (first-in, first-out) or weighted average method, which approximates market. OWASA's materials and supplies inventories are valued at average cost.

11. Prepaid Items

Certain payments to vendors represent 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.

12. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported under governmental or business-type activities in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year for both the Town and OWASA. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair market value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed by OWASA.

Capital assets are depreciated using the straight-line method by groups or classes of property over the following expected service lives:

Land improvements	10 – 100 years
Buildings	10 – 40 years
Infrastructure	25 years
Equipment	3 – 20 years
Buses	12 years
Other vehicles	3 – 15 years
Fixtures and equipment	5 – 20 years
Water treatment and distribution	20 – 60 years
Sewer collection and treatment	40 – 60 years

OWASA's assets under capitalized lease obligations are recorded at the discounted present value of the future minimum lease payments at the inception of the respective leases. The amounts capitalized are being amortized by the straight-line method over the lesser of the term of the lease or the estimated life of the asset. Amortization of these assets is included in depreciation expense.

13. 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 Town has three items that meet this criterion: contributions made to the OPEB or pension plan, pension deferrals for the 2021 fiscal year, and OPEB deferrals for the 2021 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 Town has five items that meet the criterion for this category: prepaid taxes, fees and charges receivable, property taxes receivable, deferrals of pension expense, and deferrals of OPEB.

14. 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 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 discounts. Bond issuance costs are expensed in the reporting period in which they are incurred.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

15. Compensated Absences

The vacation policy of the Town and OWASA provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town'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 Town 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. Compensated absences are reported in the governmental funds only if they have matured.

The sick leave policy for the Town and OWASA provide for an unlimited accumulation of sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town and OWASA do not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

16. Net Position and Fund Balances

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. At year-end, restricted net position consisted of restricted cash and investments held for payment of future construction contracts.

A difference of \$15,760,404 in Restricted Net Position between Exhibit 3, Governmental Funds Balance Sheet and Exhibit I, Statement of Net Position is equal to unspent bond proceeds.

In the governmental fund financial statements, fund balance is composed of five 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 (1) not in spendable form or (2) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid items – portion of fund balance that is not an available resource because it represents a prepayment of future liabilities.

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

Restricted for Inspections – portion of fund balance that is restricted by revenue source for support of inspections services.

Restricted for Parks, Streets, Municipal Buildings, Affordable Housing and Infrastructure Capital Projects – portion of fund balance that is restricted by revenue source to providing parks, buildings, affordable housing, infrastructure and street improvement projects arising from development applications and permits.

Restricted for transit capital purchases – portion of fund balance that is restricted by revenue source for transit capital equipment and vehicle purchases.

Restricted for Public Housing – portion of fund balance that is restricted by revenue source for public housing.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for support of police services.

Restricted for Library – portion of fund balance that is restricted by revenue source for library operations and renovation.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by formal action of the Town’s highest level of decision-making authority, the Town Council. The Council can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation remains in place until similar action is taken by the governing board (adoption of another ordinance) to remove or revise the limitation.

Committed for debt service payments – portion of fund balance assigned by the Board for debt service payments. This amount represents the residual balance of taxes received from the portion of the tax rate that is dedicated to making debt payments.

Committed for municipal buildings and technology capital projects – portion of fund balance directed by the Town Council to a fund for capital projects.

Committed for public housing – portion of fund balance directed by the Town Council to affordable housing initiatives.

Committed for economic development – portion of fund balance directed by the Town Council to projects that foster economic development and downtown initiatives.

Assigned Fund Balance – portion of fund balance that the Town intends to use for specific purposes. By ordinance, the Town Council authorizes the Town Manager to allocate funds to specific functions within some restrictions. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriations by resource or appropriation within a functional area or fund.

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 fund balance.

Assigned for workforce development – portion of fund balance that has been budgeted for planning for the development of the workforce to provide Town services.

Assigned for economic development – portion of fund balance that has been budgeted for economic development, including revisions to the land use management ordinance.

Assigned for municipal buildings, parks, and technology capital projects – portion of fund balance that has been budgeted for capital projects.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that can report a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The Town 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-Town funds, Town 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 Town.

The Town has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 22% of budgeted expenditures to provide for cash flow considerations and emergencies. Fund balance over 22% may be appropriated for one-time expenditures, but the general guideline directs that fund balance not be used to fund ongoing operations.

18. Pensions and OPEB Plan

The Town participates in a cost-sharing, multiple-employer, defined benefit pension plan that is administered by the State: the Local Government Employees' Retirement System (LGERS), and one other postemployment benefit plan (OPEB), the "Healthcare Benefits Plan" (HCB). For purposes of measuring the net pension asset or liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plan.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

B. Deposits

All deposits of the Town and OWASA are made in official depositories and are collateralized as required by North Carolina General Statute 159-31. The Town and OWASA may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the Town and OWASA may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit. All of the Town's and OWASA's deposits 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 Town's or OWASA's agents in these units' names. 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 Town and OWASA, these deposits are considered to be held by their agents in the entities' names. The amount of the pledged collateral is based on an approved averaging method for noninterest-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 Town, OWASA or the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town or OWASA under the Pooling Method, the potential exists for under-collateralization. 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 Town 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 Town and OWASA comply with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2021, the Town's deposits had a carrying amount of \$84,722,764 and a bank balance of \$84,721,107. Of the bank balance, \$583,345 was covered by federal depository insurance, \$19,372,509 was covered by collateral held under the Dedicated Method, and \$64,765,253 was covered by collateral held under the Pooling Method. The Town had petty cash on hand of \$4,982 at year end.

At June 30, 2021, OWASA's deposits had a carrying amount of \$8,642,924 and a bank balance of \$9,108,348. Of the bank balance, \$250,000 was covered by federal depository insurance and \$8,851,348 in deposits was covered by collateral held under the Pooling Method. OWASA had cash on hand of \$1,700 at year end.

C. Investments

At June 30, 2021, the Town's investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 06/30/2021	Maturity
NC Capital Management Trust - Government Portfolio	Fair Value Level I	\$ 16,610,084	N/A
NC Capital Management Trust - Government Portfolio (OPEB Trust)	Fair Value Level I	6,564,151	N/A
Total:		\$ 23,174,235	

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.

The Town distributes interest earned to the various funds based on each fund's proportionate equity in pooled cash and investments during each month of the year.

North Carolina General Statute 159-30(c) authorizes the Town and OWASA 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 banker's acceptance; and The North Carolina Capital Management Trust, a SEC registered government money market mutual fund.

At June 30, 2021, the Town of Chapel Hill had \$16,610,084 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's and AAAMf by Moody's Investors Service.

At June 30, 2021, the Town's Healthcare Benefits (HCB) Plan fund had \$6,564,151 invested in an Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the Town. At year-end the OPEB Trust was invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's and AAAMf by Moody's Investors Service.

At June 30, 2021, OWASA had \$23,041,651 invested with the North Carolina Capital Management Trust's Government Portfolio.

Interest Rate Risk. The Town and OWASA do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity of the Town's position in the North Carolina Capital Management Trust's Government Portfolio is based on the average maturity of the pool's investments regardless of the ability of the pool's participants to withdraw funds on demand.

Credit risk. The Town and OWASA do not have a formal policy regarding credit risk, but there are internal management procedures that limit the Town'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. The Town and OWASA's investments in the North Carolina Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAAMf by Moody's Investor Service as of June 30, 2021.

Custodial credit risk. For an investment, the custodial credit risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town has no formal policy on custodial credit risk, but management procedures are that the Town shall utilize a third party custodial agent for book entry transactions, all of which are held in the Town's name.

D. Receivables and Allowances for Uncollectible Amounts

Due from other governments to the Town at June 30, 2021 consists of the following:

	Governmental Funds	Business-Type Funds
Sales tax refunds receivable	\$ 460,976	\$ -
Due from Federal Government	2,799,115	3,199,024
Due from State	5,999,913	161,643
Due from local governments	241,080	415,406
	<u>\$ 9,501,084</u>	<u>\$ 3,776,073</u>

Receivables as of year end include the following allowances for uncollectible accounts:

Property taxes receivable	\$ 324,071	\$ -
Accounts receivable	7,002	25,005
	<u>\$ 331,073</u>	<u>\$ 25,005</u>

E. Capital Assets

A summary of changes in the value of the Town's capital assets for the year ended June 30, 2021 follows:

	July 1, 2020	Increases	Decreases	June 30, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 37,109,580	\$ 2,317,233	\$ -	\$ 39,426,813
Easements	345,246	-	-	345,246
Construction in progress	16,282,740	2,190,360	6,156,854	12,316,246
Total capital assets, not being depreciated	<u>53,737,566</u>	<u>4,507,593</u>	<u>6,156,854</u>	<u>52,088,305</u>
Capital assets, being depreciated:				
Land improvements	32,566,734	6,655,722	-	39,222,456
Infrastructure	36,920,716	-	-	36,920,716
Buildings and building improvements	87,527,889	12,725	-	87,540,614
Equipment	9,386,747	308,715	8,157	9,687,305
Vehicles	19,995,942	163,939	759,595	19,400,286
Total capital assets, being depreciated	<u>186,398,028</u>	<u>7,141,101</u>	<u>767,752</u>	<u>192,771,377</u>
Accumulated depreciation:				
Land improvements	13,537,634	1,665,917	-	15,203,551
Infrastructure	32,221,036	1,476,829	-	33,697,865
Buildings and building improvements	49,778,827	3,751,002	-	53,529,829
Equipment	8,165,488	548,528	8,157	8,705,859
Vehicles	14,635,685	1,079,399	759,595	14,955,489
Total accumulated depreciation	<u>118,338,670</u>	<u>8,521,675</u>	<u>767,752</u>	<u>126,092,593</u>
Total capital assets, being depreciated, net	<u>68,059,358</u>	<u>(1,380,574)</u>	<u>-</u>	<u>66,678,784</u>
Governmental activities capital assets, net	<u>\$ 121,796,924</u>	<u>\$ 3,127,019</u>	<u>\$ 6,156,854</u>	<u>\$ 118,767,089</u>

	July 1, 2020	Increases	Decreases	June 30, 2021
Business-type activities:				
Transit Fund:				
Capital assets, not being depreciated:				
Land	\$ 2,099,537	\$ -	\$ -	\$ 2,099,537
Total capital assets, not being depreciated	2,099,537	-	-	2,099,537
Capital assets, being depreciated:				
Land improvements	5,974,008	403,740	-	6,377,748
Buildings and building improvements	17,708,052	177,675	-	17,885,727
Equipment	2,253,225	99,999	-	2,353,224
Vehicles	49,539,236	488,140	1,422,916	48,604,460
Total capital assets, being depreciated	75,474,521	1,169,554	1,422,916	75,221,159
Accumulated depreciation:				
Land improvements	4,839,330	196,868	-	5,036,198
Buildings and building improvements	10,724,237	822,808	-	11,547,045
Equipment	2,129,391	40,672	-	2,170,063
Vehicles	29,365,494	3,372,997	1,401,621	31,336,870
Total accumulated depreciation	47,058,452	4,433,345	1,401,621	50,090,176
Total capital assets, being depreciated, net	28,416,069	(3,263,791)	21,295	25,130,983
Transit fund capital assets, net	\$ 30,515,606	\$ (3,263,791)	\$ 21,295	\$ 27,230,520
Parking Facilities Fund:				
Capital assets, not being depreciated:				
Land	\$ 3,161,115	\$ -	\$ -	\$ 3,161,115
Construction in progress	50,662	125,107	-	175,769
Total capital assets, not being depreciated	3,211,777	125,107	-	3,336,884
Capital assets, being depreciated:				
Land improvements	493,631	-	-	493,631
Buildings and building improvements	7,296,236	-	-	7,296,236
Equipment	841,207	-	-	841,207
Total capital assets, being depreciated	8,631,074	-	-	8,631,074
Accumulated depreciation:				
Land improvements	425,630	5,571	-	431,201
Buildings and building improvements	7,287,684	591	-	7,288,275
Equipment	550,198	69,084	-	619,282
Total accumulated depreciation	8,263,512	75,246	-	8,338,758
Total capital assets, being depreciated, net	367,562	(75,246)	-	292,316
Parking facilities fund capital assets, net	\$ 3,579,339	\$ 49,861	\$ -	\$ 3,629,200

	July 1, 2020	Increases	Decreases	Exhibit 13 June 30, 2021
Housing Operating Fund:				
Capital assets, not being depreciated:				
Land	\$ 1,701,659	\$ -	\$ -	\$ 1,701,659
Construction in progress	299,014	-	-	299,014
Total capital assets, not being depreciated	<u>2,000,673</u>	-	-	<u>2,000,673</u>
Capital assets, being depreciated:				
Land improvements	394,119	-	-	394,119
Buildings and building improvements	23,513,130	-	-	23,513,130
Equipment	438,283	-	-	438,283
Vehicles	329,676	-	-	329,676
Total capital assets, being depreciated	<u>24,675,208</u>	-	-	<u>24,675,208</u>
Accumulated depreciation:				
Land improvements	311,140	10,137	-	321,277
Buildings and building improvements	17,475,821	614,300	-	18,090,121
Equipment	420,442	11,894	-	432,336
Vehicles	207,312	25,779	-	233,091
Total accumulated depreciation	<u>18,414,715</u>	<u>662,110</u>	-	<u>19,076,825</u>
Total capital assets, being depreciated, net	<u>6,260,493</u>	<u>(662,110)</u>	-	<u>5,598,383</u>
Housing operating fund capital assets, net	<u>\$ 8,261,166</u>	<u>\$ (662,110)</u>	<u>\$ -</u>	<u>\$ 7,599,056</u>
Stormwater Management Fund:				
Capital assets, not being depreciated:				
Land	\$ 378,987	\$ -	\$ -	\$ 378,987
Easements	3,000	-	-	3,000
Construction in progress	426,693	2,502,794	-	2,929,487
Total capital assets, not being depreciated	<u>808,680</u>	<u>2,502,794</u>	-	<u>3,311,474</u>
Capital assets, being depreciated:				
Land improvements	2,451,256	25,000	-	2,476,256
Equipment	153,912	-	-	153,912
Vehicles	239,512	28,004	-	267,516
Total capital assets, being depreciated	<u>2,844,680</u>	<u>53,004</u>	-	<u>2,897,684</u>
Accumulated depreciation:				
Land improvements	590,125	121,319	-	711,444
Equipment	84,859	19,226	-	104,085
Vehicles	51,200	36,239	-	87,439
Total accumulated depreciation	<u>726,184</u>	<u>176,784</u>	-	<u>902,968</u>
Total capital assets, being depreciated, net	<u>2,118,496</u>	<u>(123,780)</u>	-	<u>1,994,716</u>
Stormwater management fund capital assets, net	<u>\$ 2,927,176</u>	<u>\$ 2,379,014</u>	<u>\$ -</u>	<u>\$ 5,306,190</u>
Business-type activities capital assets, net	<u>\$ 45,283,287</u>	<u>\$ (1,497,026)</u>	<u>\$ 21,295</u>	<u>\$ 43,764,966</u>

Depreciation expense was charged to function/programs of the Town as follows:

Governmental activities:	
General government	\$ 373,296
Environment and development	4,347,814
Public safety	452,612
Leisure activities	2,462,534
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>885,419</u>
Total depreciation expense - governmental activities	<u>\$ 8,521,675</u>
Business-type activities:	
Transit	\$ 4,433,345
Parking facilities	75,246
Housing Operating	662,110
Stormwater Management	<u>176,784</u>
Total depreciation expense - business-type activities	<u>\$ 5,347,485</u>

A summary of changes in the value of OWASA's capital assets for the year ended June 30, 2021, follows:

	2020	Increases	Decreases	Transfers	2021
Capital assets, not being depreciated:					
Land	\$ 17,605,354	\$ -	\$ -		\$ 17,605,354
Construction in progress	58,602,396	15,929,960	-	(16,608,178)	57,924,178
Total capital assets, not being depreciated	<u>76,207,750</u>	<u>15,929,960</u>	<u>-</u>	<u>(16,608,178)</u>	<u>75,529,532</u>
Capital assets, being depreciated:					
Water treatment and distribution	181,395,980	1,237,249	-	3,181,020	185,814,249
Sewer collection and treatment	232,692,633	381,921	-	6,927,604	240,002,158
Fixtures and equipment	52,687,128	1,069,588	(329,522)	6,499,554	59,926,748
Total capital assets, being depreciated	<u>466,775,741</u>	<u>2,688,758</u>	<u>(329,522)</u>	<u>16,608,178</u>	<u>485,743,155</u>
Less accumulated depreciation for:					
Water treatment and distribution	75,453,234	3,855,479	-	-	79,308,713
Sewer collection and treatment	81,140,834	4,809,815	-	-	85,950,649
Fixtures and equipment	36,705,285	1,810,950	(309,530)	-	38,206,705
Total accumulated depreciation	<u>193,299,353</u>	<u>10,476,244</u>	<u>(309,530)</u>	<u>-</u>	<u>203,466,067</u>
Total capital assets, being depreciated, net	<u>273,476,388</u>	<u>(7,787,486)</u>	<u>(19,992)</u>	<u>16,608,178</u>	<u>282,277,088</u>
Total capital assets, net	<u>\$ 349,684,138</u>	<u>\$ 8,142,474</u>	<u>\$ (19,992)</u>	<u>\$ -</u>	<u>\$ 357,806,620</u>

Net investment in capital assets for the Town's governmental activities is as follows:

Capital Assets	\$ 229,166,200
Depreciation	(112,853,517)
	<u>116,312,683</u>
Internal service fund capital assets, net of depreciation	2,454,406
Total Capital Assets, net	<u>\$ 118,767,089</u>
Debt:	
Short-term portion of debt	\$ 7,797,745
Long-term portion of debt	96,440,553
Total Debt	<u>104,238,298</u>
Less Total pension liability (LEOSAA) (unrelated to capital)	(7,320,909)
Less Net Pension Liability (LGERS) (unrelated to capital)	(14,508,590)
Less Compensated absences (unrelated to capital)	(3,066,836)
Less Other Postemployment Benefits (unrelated to capital)	(22,885,759)
Unspent proceeds, governmental funds	<u>(15,760,404)</u>
Capital Related Debt	<u>40,695,800</u>
Net investment in capital assets	<u>\$ 78,071,289</u>

Net investment in capital assets for the Town's business-type activities is as follows:

Total Capital Assets, net	<u>\$ 43,764,966</u>
Debt:	
Short-term portion of debt	1,498,575
Long-term portion of debt	20,977,659
Total Debt	<u>22,476,234</u>
Less Net Pension Liability (LGERS) (unrelated to capital)	(5,994,299)
Less Compensated Absences (unrelated to capital)	(791,595)
Less Other Postemployment Benefits (unrelated to capital)	<u>(9,266,220)</u>
Capital Related Debt	<u>6,424,120</u>
Net investment in capital assets	<u>\$ 37,340,846</u>

F. Payables

Payables at the government-wide level at June 30, 2021, were as follows:

	Vendors	Other	Total
Governmental Activities:			
General	\$ 1,976,804	\$ 1,838,516	\$ 3,815,320
Other Governmental	2,262,138	53,475	2,315,613
	<u>\$ 4,238,942</u>	<u>\$ 1,891,991</u>	<u>\$ 6,130,933</u>
Business-Type Activities:			
Transit	952,993	293,098	1,246,091
Parking Facilities	38,104	11,505	49,609
Housing Operations	70,639	100,847	171,486
Stormwater Management	167,592	57,045	224,637
	<u>\$ 1,229,328</u>	<u>\$ 462,495</u>	<u>\$ 1,691,823</u>

G. Long-Term Debta. General Obligation Indebtedness

The Town's general obligation bonds serviced by the governmental funds were issued for the construction and renovation to Town facilities and for the acquisition of public safety equipment. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2021 are comprised of the following individual issues:

General Obligation Bonds*Serviced by the Debt Service Fund:*

\$4,655,000 Refunding 1996, 2003 and 2004 bond issues for construction and renovation to Parks and recreation facilities, streets and sidewalks, open space and greenways and public buildings and facilities - 2012 refunding serial bonds payable in annual installments of \$115,000 to \$605,000 through 2025; interest at 2% to 4%	\$ 765,000
\$1,700,000 Construction and renovation to Town facilities, including streets and sidewalks (\$1,000,000) and Parks and recreation facilities (\$700,000)- 2012 serial bonds payable in annual installments of \$170,000 through 2032; interest at 2% to 2.7%	935,000
\$3,050,000 - Refunding 2006 bond issue for sidewalk construction and improvement, pedestrian amenities and streetscaping, library facilities, open space acquisition and trail improvements - 2013 refunding serial bonds payable in annual installments of \$34,000 to \$296,000 through 2027; interest at 1.77%	1,494,000

\$9,000,000 Construction and renovation to Town facilities, including Parks greenways & trails (\$5,000,000), Streets and sidewalks (\$3,000,000) and Parks and recreation facilities (\$1,000,000) - serial bonds payable in annual installments of \$450,000 through 2037; interest at 2% to 5%	7,200,000
\$1,460,000 Purchase of public safety equipment - 2017 serial bonds payable payable in annual installments of \$145,000 to \$150,000 through 2027; interest at 3% to 5%	870,000
\$9,800,000 Construction and renovation to Town facilities, including Streets and sidewalks (\$5,500,000) and Parks and recreation facilities (\$4,300,000) - serial bonds payable in annual installments of \$490,000 through 2038; interest at 2.5% to 5%	8,330,000
\$9,505,000 Refunding 2010B Build America Bonds (BABs) for Library renovation, streets and sidewalks, and Parks and recreation facilities - 2019 refunding serial bonds payable in annual installments of \$795,000 to \$935,000 through 2031; interest at 5%	8,710,000
\$3,205,000 Construction and renovation to Town facilities, including streets and sidewalks (\$1,500,000), and Parks and recreation (\$1,155,000) and public safety equipment (\$550,000) - 2021 serial bonds payable in annual installments of \$160,000 to \$165,000 through 2041; interest at 1% to 4%	3,205,000
\$9,505,000 Affordable Housing projects - 2021 serial bonds payable in annual installments of \$235,000 to \$240,000 through 2041; interest at 1% to 4%	4,755,000
	<u>\$ 36,264,000</u>

Serviced by the Stormwater Fund:

\$2,700,000 Construction and renovation to Town facilities, including Stormwater projects (\$2,700,000) - serial bonds payable in annual installments of \$135,000 through 2038; interest at 2.5% to 5%	<u>\$ 2,295,000</u>
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At June 30, 2021, the Town of Chapel Hill had bonds authorized but unissued of \$24.045 million.

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 2,842,000	\$ 1,309,353	\$ 135,000	\$ 81,844
2023	2,856,000	1,217,352	135,000	75,094
2024	2,855,000	1,102,594	135,000	68,344
2025	2,860,000	978,592	135,000	61,594
2026	2,684,000	856,893	135,000	54,844
2027-2031	11,987,000	2,720,864	675,000	204,864
2032-2036	6,775,000	971,004	675,000	106,650
2037-2041	3,405,000	180,897	270,000	13,160
	<u>\$ 36,264,000</u>	<u>\$ 9,337,549</u>	<u>\$ 2,295,000</u>	<u>\$ 666,394</u>

b. Limited Obligation Bonds

\$28,800,000 - Limited Obligation Bonds to refinance installment notes payable for renovations to parks facilities, to refinance Certificates of Participation that were used to finance the acquisition and construction of the Town Operations Center, to finance the acquisition of parking space in a parking deck to be constructed within a mixed-use development, and to finance improvements to Town facilities including the Wallace Deck and Town Operations Center - 2012 series limited obligation bonds payable in annual installments at \$445,000 to \$2,215,000; interest at 2% to 5%; Town Operations Center pledged as collateral for the debt

\$ 10,325,000

Annual debt service requirements to maturity for limited obligation bonds payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 2,010,000	\$ 484,331
2023	2,040,000	383,831
2024	1,840,000	281,831
2025	1,650,000	189,831
2026	355,000	107,331
2027-2031	1,985,000	331,350
2032	445,000	17,801
	<u>\$ 10,325,000</u>	<u>\$ 1,796,306</u>

c. Installment Purchase

As authorized by State law [G.S 153-A-158.1], the Town financed various renovations to Town facilities and vehicle purchases in direct placements for use by the Town of Chapel Hill by installment purchase.

Serviced by the Debt Service Fund:

Construction and renovation of facilities:

\$2,395,000 - to renovate various municipal facilities; Bank of North Carolina direct placement installment purchase contract entered into June 2015; due in varying annual installments through 2030; interest at 2.24%; Town Hall pledged as collateral	\$ 1,595,000
\$7,984,000 - to renovate various facilities and Ephesus Fordham road reconstruction; Raymond James direct placement installment purchase contract entered into March 2016; due in varying annual installments through 2031; interest at 2.32%; Hargraves Center pledged as collateral	5,363,000
	<u>\$ 6,958,000</u>

Serviced by the Vehicle Replacement Fund:

\$872,000 - SunTrust Bank direct placement installment purchase contract entered into December 2013 payable in annual installments of \$133,192 through 2020; interest at 1.81%; vehicles pledged as collateral for the debt \$ -

Serviced by the Transit Fund:

Purchase of fleet replacement buses:

\$6,408,000 - Pinnacle Bank direct placement installment purchase contract entered into February 2017 payable in annual installments of \$560,000 to \$705,000 through 2027; interest at 2.09%; buses pledged as collateral for the debt \$ 4,019,000

Annual debt service requirements to maturity for installment purchase payables are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 704,000	\$ 158,342	\$ 636,000	\$ 80,674
2023	711,000	142,139	649,000	67,308
2024	718,000	125,774	662,000	53,682
2025	726,000	109,246	676,000	39,773
2026	732,000	92,532	691,000	25,561
2027-2031	3,367,000	225,367	705,000	11,056
	<u>\$ 6,958,000</u>	<u>\$ 853,400</u>	<u>\$ 4,019,000</u>	<u>\$ 278,054</u>

In addition to the general obligation bonds, limited obligation bonds and installment purchase payables, the Town also includes in their long-term debt an estimated liability for the Town employees' compensated absences, pension liabilities, and other postemployment liabilities. These liabilities for governmental activities are liquidated in the General Fund.

In accordance with the provisions of the State Constitution and the Local Government Bond Act, as amended, the Town may not, with certain exceptions, have outstanding net bonded debt exceeding 8% of the appraised value of the property subject to taxation. At June 30, 2021, the legal debt margin for the Town was approximately \$615 million.

Long-term debt activity for the year ended June 30, 2021 was as follows:

	June 30, 2020	Additions	Reductions	June 30, 2021	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 30,851,000	\$ 7,960,000	\$ 2,547,000	\$ 36,264,000	\$ 2,842,000
Limited obligation bonds	12,305,000	-	1,980,000	10,325,000	2,010,000
Direct placement installment notes payable	7,655,000	-	697,000	6,958,000	704,000
Direct placement installment notes payable -int svc funds	63,365	-	63,365	-	-
Orange County loan payable	123,146	-	-	123,146	-
Bond premium	2,289,552	765,697	269,191	2,786,058	-
Total pension liability for LEO	5,341,805	1,979,104	-	7,320,909	-
Net pension liability for LGERS	11,143,027	3,167,749	-	14,310,776	-
Net pension liability for LGERS - internal service funds	152,560	45,254	-	197,814	-
Compensated absences - governmental activities	2,834,094	2,400,790	2,214,496	3,020,388	2,214,496
Compensated absences - internal service funds	38,593	35,104	27,249	46,448	27,249
Net other postemployment liability	41,218,134	-	18,743,692	22,474,442	-
Net other postemployment liability - internal service funds	754,356	-	343,039	411,317	-
Long-term debt	<u>\$ 114,769,632</u>	<u>\$ 16,353,698</u>	<u>\$ 26,885,032</u>	<u>\$ 104,238,298</u>	<u>\$ 7,797,745</u>
Business-type activities:					
General obligation bonds	\$ 2,430,000	\$ -	\$ 135,000	\$ 2,295,000	\$ 135,000
Direct placement installment notes payable	4,641,000	-	622,000	4,019,000	636,000
Bond premium	116,598	-	6,478	110,120	-
Net pension liability for LGERS	4,681,945	1,312,354	-	5,994,299	-
Compensated absences	782,924	736,246	727,575	791,595	727,575
Net other postemployment liability	16,994,249	-	7,728,029	9,266,220	-
Long-term debt	<u>\$ 29,646,716</u>	<u>\$ 2,048,600</u>	<u>\$ 9,219,082</u>	<u>\$ 22,476,234</u>	<u>\$ 1,498,575</u>

In November 2019, the Town issued \$9,505,000 of general obligation refunding bonds and defeased the 2010 Build America Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt on the old bonds. Accordingly, the trust assets and the liability for the defeased debt are not included in the Town's financial statements. The aggregate difference in debt service between the refunding debt and the refunded debt was \$192,928. This amount was netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. The refunding was undertaken to reduce total debt payments over the next 10 years and resulted in a savings of approximately \$850,000. On June 30, 2021, \$11,230,000 of general obligation bonds is considered defeased.

In June 2012, the Town issued \$22 million in advanced refunding limited obligation bonds and defeased 2005 and 2003 certificates of participation and a 2007 installment purchase contract by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt on the old bonds and installment purchase contract. Accordingly, the trust assets and the liability for the defeased debt are not included in the Town's financial statements. The refinancing was undertaken to reduce total debt payments over the next 20 years and resulted in a savings of approximately \$800,000. On June 30, 2021, \$12,240,000 of certificates of participation is considered defeased.

OWASA's long-term debt as of June 30, 2021 consists of the following:

Revenue Bonds:

Revenue bonds payable, Series 2021 Water and Sewer System Revenue Bonds, in the amount of \$18,840,000, issued April 8, 2021, with coupon rates of 5.0%; final maturity June 2046; net of unamortized premium of \$1,611,608 at June 30, 2021	\$ 18,840,000
Revenue bonds payable, Series 2020 Revenue Bonds, in the amount of \$9,500,000, issued April 7, 2020, with a coupon rate of 5.0%; final maturity June 2026, net of unamortized premium of \$821,835 at June 30, 2021	7,720,000
Revenue bonds payable, Series 2019 Revenue Bonds, in the amount of \$16,640,000, issued November 15, 2019, with coupon rates of 3.0% and 5.0%; final maturity June 2044; net of unamortized premium of \$1,877,575 at June 30, 2021	16,250,000
Revenue bonds payable, Series 2018 Refunding Revenue Serial Bonds, in the amount of \$18,075,000, issued April 10, 2018, with a coupon rate of 2.3%; final maturity July 2029; net of unamortized premium of \$1,309,010 at June 30, 2021	18,075,000
Revenue bonds payable, Series 2014 Refunding Revenue Serial Bonds, in the amount of \$15,965,000, issued December 18, 2014, with coupon rates of 3.0% and 5.0%, final maturity July 2031; net of unamortized premium of \$812,604 at June 30, 2021	12,525,000
	\$ 73,410,000

The revenue bonds are secured by pledged water and sewer customer revenues, net of specified operating expenses to repay revenue bonds. In the event of default, the Authority agrees to pay to the purchaser, on demand, interest on any and all amounts due and owed under the related agreements.

Notes Payable - Direct Borrowings:

Note payable to NCDEQ in the amount of \$6,560,000 issued October 4, 2014, interest at 0%, Federal Revolving Loan, beginning May 2015, payable in annual installments of \$328,000 with a final payment due in May 2034	\$ 4,264,000
Note payable to NCDEQ in the amount of \$1,056,000 issued July 28, 2018, interest at 1.53%, DWSRF loan, beginning May 2019, payable in annual installments of \$52,800, with a final payment due in May 2038	840,275
Note payable to NCDEQ in the amount of \$3,028,700 issued June 17, 2019, interest at 1.53%, DWSRF loan, beginning November 2020, payable in annual installments, varying, with final payment due in May 2040	1,926,566
Note payable to NCDEQ in the amount of \$1,658,000 issued September 12, 2017, interest at 1.53%, State Reserve Loan, beginning May 2021, due in annual installments, varying, with a final payment due in May 2040	274,559
Note payable to NCDEQ in the amount of \$1,525,000 issued August 1, 2017, interest at 1.53%, State Reserve Loan, beginning November 2020, due in annual installments, varying, with a final payment due in May 2040	829,436
Note payable to NCDEQ in the amount of \$670,156 issued April 7, 2020, interest at 1.42%, DWSRF loan, beginning May 2021, due in annual installments, varying, with a final payment due in May 2040	636,648

Note payable to NCDEQ in the amount of \$6,132,000 issued June 3, 2019, interest at 1.53%, Federal Revolving Loan, beginning May 2020, payable in annual installments of \$266,429 with a final payment due in May 2039	4,795,727
Note payable to NCDEQ in the amount of \$1,071,000 issued July 27, 2019, interest at 1.53%, Federal Revolving Loan, beginning May 2020, payable in annual installments of \$53,550, with a final payment due in May 2039	748,515
	<u>\$ 14,315,726</u>

OWASA's outstanding notes from direct borrowings related to business-type activities is not secured by a pledge of the faith and credit of the State of North Carolina or of OWASA but is payable solely from the revenues of the project or benefited systems, or other available funds. The note contains provisions that an event of default would result in (1) any other monies due to OWASA from the state may be withheld by the state and applied to the payment of the outstanding note.

OWASA bond payable maturities are as follows:

Fiscal Year	Amortization of Premiums and Deferred Refunding			
	Maturities	Losses	Total	Interest
2022	\$ 3,775,000	\$ 1,069,979	\$ 4,844,979	\$ 2,881,257
2023	5,005,000	939,784	5,944,784	2,663,512
2024	5,320,000	812,507	6,132,507	2,408,513
2025	5,645,000	673,572	6,318,572	2,137,638
2026	5,980,000	522,601	6,502,601	1,850,512
2027-2031	21,775,000	1,396,735	23,171,735	6,016,539
2032-2036	9,090,000	429,962	9,519,962	2,851,887
2037-2041	8,900,000	176,900	9,076,900	1,632,388
2042-2045	7,920,000	59,589	7,979,589	492,080
Total	<u>\$ 73,410,000</u>	<u>\$ 6,081,629</u>	<u>\$ 79,491,629</u>	<u>\$ 22,934,326</u>

OWASA notes payable maturities are as follows:

Fiscal Year	Maturities	Interest	Total
2022	\$ 797,745	\$ 160,261	\$ 958,006
2023	848,649	160,907	1,009,556
2024	851,761	152,231	1,003,992
2025	854,921	143,495	998,416
2026	858,128	134,696	992,824
2027-2031	4,340,496	539,255	4,879,751
2032-2036	3,772,326	309,466	4,081,792
2037-2040	1,991,700	77,366	2,069,066
Total	<u>\$ 14,315,726</u>	<u>\$ 1,677,677</u>	<u>\$ 15,993,403</u>

Advance Refundings:

On December 18, 2014, OWASA issued \$15,695,000 of Series 2014 revenue bonds to provide resources that were placed in an irrevocable trust to be used for future debt service payments of \$16,430,000 of Series 2006 revenue bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$561,010. This amount is being amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advanced refunding was undertaken to reduce total debt service payments over the next 17 years by \$1,984,121 and resulted in an economic gain of \$1,596,310. On June 30, 2021, \$13,075,000 of bond outstanding are considered defeased.

On April 7, 2020, OWASA issued \$9,550,000 of Series 2020 revenue bonds to provide resources that were placed in an irrevocable trust to be used for all future debt service payments of \$10,350,000 of Series 2010 revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the Statement of Net Position. This advanced refunding was undertaken to reduce total debt payments over the next 6 years by \$1,091,381 and resulted in an economic gain of \$1,024,076. On June 30, 2021, \$10,350,000 of bonds outstanding are considered defeased.

Capital Leases

The Authority has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

<u>Class of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 458,074	\$ 6,919	\$ 451,155

OWASA's long-term liability activity for the year ended June 30, 2021 is as follows:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Due Within One Year</u>
Direct Borrowings	\$ 13,400,502	\$ 1,956,724	\$ 1,041,500	\$ 14,315,726	\$ 797,745
Bonds payable:					
Revenue bonds	60,845,000	18,840,000	6,275,000	73,410,000	3,775,000
For issuance premiums	5,780,504	1,633,800	981,671	6,432,633	1,105,080
Capitalized leases	-	458,074	13,000	445,074	25,540
Compensated absences	700,858	423,947	399,760	725,045	543,784
Net pension liability (LGERS)	3,324,897	1,218,000	-	4,542,897	-
Total OPEB liability	12,876,052	3,761,679	-	16,637,731	-
Total bonds payable	\$ 96,927,813	\$ 28,292,224	\$ 8,710,931	\$ 116,509,106	\$ 6,247,149

OWASA has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$73,410,000 in revenue bonds issued in 2010, 2014, 2015, 2018, 2019, 2020 and 2021. Proceeds from the bonds were used for rehabilitation or expansion of OWASA's water and sewer systems. Annual principal and interest payments are expected to require less than 23% of net revenues.

Principal and interest on the bonds are payable through 2046, solely from the water and sewer customer net revenues. The total principal and interest remaining to be paid on the bonds is \$96,344,326. Principal and interest paid in the year ended June 30, 2021 was \$9,119,242 and total customer net revenues for the year ended June 30, 2021 was \$35,514,821. There is no unused line of credit.

OWASA is in compliance with the covenants to rates, fees, rentals, and charges in the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2010, 2014, 2015, 2018, 2019, 2020 and 2021. The Bond Order requires the debt service coverage ratio to be no less than 120% of the debt service requirements for parity indebtedness.

The debt service coverage ratio calculation for the year ended June 30, 2021, is as follows:

Operating revenues	\$ 35,514,821
Operating expenses *	<u>21,858,958</u>
Income available for debt service	<u>\$ 13,655,863</u>
Debt service, principal and interest paid	<u>\$ 9,119,242</u>
Debt service coverage ratio for parity debt	<u>150%</u>

* Per rate covenants, this does not include depreciation, amortization, interest expense or OPEB.

H. Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current year	\$ 4,323,514
Pension deferral	9,121,011
OPEB deferral	<u>1,121,357</u>
	<u>\$ 14,565,882</u>

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

<u>Source</u>	<u>Amount</u>
Prepaid taxes (General Fund)	\$ 16,812
Pension deferral	295,688
OPEB deferral	<u>23,055,041</u>
	<u>\$ 23,367,541</u>

I. 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	\$ 34,362,326
Less:	
Inventories	3,206
Prepaid items	4,756
Stabilization by State Statute	9,643,814
Inspections	321,808
Parks projects	27,411
Streets projects	427,898
Public safety	167,542
Workforce development	196,029
Economic development	70,202
Appropriated in FY22 budget	2,510,221
Working capital fund balance reserve	7,125,174
Remaining fund balance	13,864,265

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

Encumbrances	
Major funds:	
General Fund	\$ 858,565
Capital Projects Ordinance Fund	7,766,986
Non-major funds	4,615,403

J. Interfund Receivables, Payables and Transfers

Interfund receivables and payables. At June 30, 2021, the statements of the Town include a net of balances due to/from other funds in the amount of \$2,711,824 as detailed below. The payable in the Housing fund represents the borrowing of cash to cover expenditures not yet reimbursed by grants at year-end. The Parking facility fund payable represents the COPS debt refunded by issuance of limited obligation bonds that are now carried in the Debt service fund. The payable from the Grants Fund, Community Development Block Grants Fund, and Housing Capital Grants Fund to the General Fund represents the borrowing of cash to cover expenditures not yet reimbursed by grants at year-end.

Governmental funds to Business-type funds:

Receivable Fund	Payable Fund	Amount
General fund	Housing fund	20,482
General fund	Parking facility fund	1,671,342
Debt service fund	Parking facility fund	1,020,000
		\$ 2,711,824

Between governmental funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Fund - Grants Fund	303,833
General Fund	Nonmajor Fund - Community Dev't Grants Fund	287,860
General Fund	Nonmajor Fund - Housing Grants Fund	7,489
		\$ 599,182

Interfund transfers. A schedule of interfund transfers for the year ended June 30, 2021 is as follows:

Interfund transfers to/(from) governmental funds

From General Fund to Stormwater Fund	\$ (9,128)
From Nonmajor Fund to Transit Fund	(184)
Total transfers to governmental funds from proprietary funds	\$ (9,312)

Transfers between governmental funds:

From Nonmajor Fund to General Fund	45,000
From Nonmajor Fund to Capital Projects Ordinance Fund	50,000
From General Fund to Nonmajor Fund	771,859
From General Fund to Capital Projects Ordinance Fund	62,500
From Debt Fund to Capital Projects Ordinance Fund	3,399,950

The Town uses transfers to move funds between various programs that must be accounted for in other funds in accordance with budgetary authorization, including amounts to provide matching funds for grants. The transfer of \$9,128 from the General Fund to the Stormwater Fund is to pay the of stormwater fee exemption. Transit made a transfer of matching funds to the Transit Grants Fund for transit capital grants. The Library Gift Fund transfers \$45,000 annually to the General Fund to help offset the cost of book purchases. The General Fund transferred funds to the Affordable Housing Development Reserve Fund for its annual contribution to the fund, to the Grants Fund for grant matches, and to the Capital Projects Ordinance Fund for funds that were set aside for coal ash remediation. The transfer from the Debt Fund to the Capital Project Ordinance Fund represents preliminary East Rosemary Deck and Elliott Road Reconstruction expenditures that will be reimbursed with the 2021 Limited Obligation Bonds issued in August 2021.

K. Employees' Retirement System

I. North Carolina Local Governmental Employees' Retirement System

Plan Description. The Town of Chapel Hill and OWASA are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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 or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's 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 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. Town and OWASA employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2021, was 10.9% of compensation for law enforcement officers and 10.15% 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. For OWASA, the current rate for employees is 10.19%. The Town's contributions to the pension for the year ended June 30, 2021, were \$4,119,308 and OWASA's contributions were \$963,041.

Refunds of Contributions. Town and Authority employees who have terminated service as a contributing member of LGERS, may file an application for 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, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the Town reported a liability of \$20,502,889 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, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town'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, 2020 (measurement date), the Town's proportion was 0.57376%, which was a decrease of 0.0113% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$7,007,527. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,589,155	\$ -
Changes of assumptions	1,525,817	-
Net difference between projected and actual earnings on pension plan investments	2,885,233	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	9,353	202,284
Town contributions subsequent to measurement date	4,119,308	-
Total	<u>\$ 11,128,866</u>	<u>\$ 202,284</u>

\$4,119,308 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2022	\$	1,912,413
2023		2,556,296
2024		1,484,684
2025		853,881
2026		-
Thereafter		-
	<u>\$</u>	<u>6,807,274</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: (a) inflation rate of 3.0 percent, (b) salary increases of 3.50% to 8.10%, including inflation and a productivity factor, (c) investment rate of return of 7.00%, 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, 2019 valuation were based on the results of an actuarial experience study as of 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, 2020 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 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.

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

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 41,598,128	\$ 20,502,889	\$ 2,971,262

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

2. Law Enforcement Officers’ Special Separation Allowance

Plan Description. The Town of Chapel Hill administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’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 .85% 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. A separate report was not issued for the plan.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	23
Terminated plan members entitled to but not yet receiving benefits	0
Active Plan members	89
	<hr/>
	112
	<hr/> <hr/>

Summary of Significant Accounting Policies:

Basis of Accounting. The Town 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 normal actuarial cost method was used in the December 31, 2019 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: (a) inflation rate of 2.5 percent, (b) salary increases of 3.25% to 7.75%, including inflation and a productivity factor, (c) discount rate of 1.93%. The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019. Mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Contributions. The Town 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 Town’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 Town paid \$438,206 as benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$7,320,909. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$866,427.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 489,863	\$ 7,827
Changes of assumptions	1,621,590	85,577
Town benefit payments and plan administrative expense made subsequent to the measurement date	204,206	-
Total	<u>\$ 2,315,659</u>	<u>\$ 93,404</u>

\$204,206 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 ending June 30, 2021. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as:

Year ending June 30:

2022	\$ 534,574
2023	515,112
2024	482,480
2025	421,405
2026	64,478
Thereafter	-
	<u>\$ 2,018,049</u>

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93%, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is one percentage point lower (0.93%) or one percentage point higher (2.93%) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total pension liability	\$ 7,841,414	\$ 7,320,909	\$ 6,838,115

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

	<u>2021</u>
Total Pension Liability as of December 31, 2019	\$ 5,341,805
Changes for the year:	
Service Cost at End of Year	170,917
Interest on the total pension liability	167,000
Changes in benefit terms	-
Differences between expected and actuarial experience in the measurement of the total pension liability	245,731
Changes of assumptions and other inputs	1,833,662
Benefit payments	(438,206)
Other changes	-
Net Changes	<u>1,979,104</u>
Total Pension Liability as of December 31, 2020	<u>\$ 7,320,909</u>

The plan currently uses mortality tables that vary by age, 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, 2019 valuation were based on the results of an actuarial experience study for the period as of December 31, 2019.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 7,007,527	\$ 866,427	\$ 7,873,954
Pension Liability	20,502,889	7,320,909	27,823,798
Proportionate Share of the Net Pension Liability	0.57376%	n/a	

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$ 2,589,155	\$ 489,863	\$ 3,079,018
Changes of assumptions	1,525,817	1,621,590	3,147,407
Net difference between projected and actual earnings on plan investments	2,885,233	-	2,885,233
Changes in proportion and differences between Town contributions and proportionate share of contributions	9,353	-	9,353
Benefit payments and administrative costs paid subsequent to the measurement date	4,119,308	204,206	4,323,514
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ -	\$ 7,827	\$ 7,827
Changes of assumptions	-	85,577	85,577
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	202,284	-	202,284

3. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town 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 Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina, 27699-1410 or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town 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 make voluntary contributions to the plan. Contributions for the year ended June 30, 2021 were \$497,012 which consisted of \$318,153 from the Town and \$178,859 from law enforcement officers. No amounts were forfeited.

4. Supplemental Retirement Income Plan for Non-Law Enforcement Officers

Plan Description. The Town has adopted a Supplemental Retirement Income Plan, a defined contribution plan, for regular employees. The plan is administered by Prudential Investment Management Services in accordance with Internal Revenue Code Section 401(k). The Town Council has the authority to establish and amend benefit provisions.

Funding Policy. The Town contributes five percent of each employee’s qualified salary (excluding law enforcement officers) and all amounts are vested immediately. Employees may also make voluntary contributions. The Town Council has the authority to establish and amend contribution requirements. Contributions for the year ended June 30, 2021 were \$2,531,912, which consisted of \$1,659,888 from the Town and \$872,024 from employees. No amounts were forfeited.

L. Other Post-Employment Benefits

Plan Description. By ordinance of the Town Council, the Town administers the Healthcare Benefits Plan (HCB Plan), a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for all retirees of the Town who were hired before July 1, 2010, participate in the North Carolina Local Governmental Employees' Retirement System (System), and have at least five years of creditable service with the Town. Retirees who qualify for coverage receive the same benefits as active employees, wherein the Town pays all or a portion of the costs of coverage for the benefits based on years of service. The HCB Plan is available to qualified retirees until the age of 65 or until Medicare eligible, whichever is soon. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. Management of the HCB Plan is vested in the Town of Chapel Hill Town Council.

Plan membership. Membership of the HCB Plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	288
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	293
	<u>581</u>

Benefits provided. The Town’s payment for the coverage (whether on group coverage or Medicare supplement) is based on the number of years of town service of the retired employee according to the following scale:

Retire with Town Service of		Individual Medical Insurance Premium	
At Least	Not More Than	Town Pays	Employee Pays
5 years	10 years	25%	75%
10 years	15 years	50%	50%
15 years	20 years	75%	25%
20 years	-	100%	0%

The HCB Plan provides healthcare benefits for retirees. The Town pays a percentage of the cost of coverage for employees' benefits through private insurers. For new employees hired on or after July 1, 2010, the Town Council established a defined contribution plan where each employee will contribute a mandatory 1% of biweekly gross income to a Retirement Health Savings Plan (RHSP) which provides a means for employees to save money for future withdrawals to pay qualified health care expenses.

Contributions. The Town Council established the contribution requirements of plan members which may be amended by the Council. The Council establishes rates based on an actuarially determined rate. For the year ended June 30, 2021, the Town contributed \$35 per biweekly pay period (\$910 annually) on behalf of each employee in the defined contribution plan.

Per a Town resolution, the Town is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the board. For the fiscal year ended June 30, 2021, the Town made payments for post-retirement health benefit premiums of \$1,600,186 and the retirees made payments of \$145,860 for dependent care and for the employee's share of coverage according to the schedule above. For the fiscal year ended June 30, 2021, the Town also contributed \$454,700 to the trust fund.

Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting, and from the Vehicle Maintenance, Parking, Transit, Stormwater Management and Public Housing Funds, which are maintained on the full accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Investments

Investment policy. The HCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Town Council by a majority vote of its members. It is the policy of the Council to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value. The following was the Council's adopted asset allocation policy as of June 30, 2021:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity Index Fund	100%	6.75%
Bond Index Fund	0%	0.0%
Short Term Investment Fund	0%	0.0%

Rate of Return. For the year ended June 30, 2021, the annual money weighted rate of return on investments, net of investment expense was 6.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2021 were as follows:

Total OPEB Liability	\$	38,716,130
Plan fiduciary net position		<u>6,564,151</u>
Town's net OPEB liability	\$	<u><u>32,151,979</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		16.95%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified: (a) inflation rate of 2.50 percent, (b) salary increases of 3.25% to 8.41%, including inflation and a productivity factor, (c) investment rate of return of 6.75%, net of OPEB plan investment expense, including inflation, (d) healthcare cost trend rates of 7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030 for pre-medicare, 5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024 for medicare and 2.50% for vision.

The total OPEB liability was rolled forward to June 30, 2021, utilizing update procedures incorporating the actuarial assumptions.

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

The actuarial assumptions used in the June 30, 2020 valuation was based on the results of an actuarial experience study for the period 2015-2019.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, are presented above.

Discount rate. The discount rate used to measure the total OPEB liability was 6.75%. The following actuarial methods and assumptions were used in the projection of cash flows: (a) active employees do not explicitly contribute to the plan; (b) in all years, the Town is assumed to contribute the average of the last 5 years of contributions to the plan through deposits to the Trust and pay benefits directly to plan members as the benefits come due; (c) projected assets do not include employer contributions that fund the estimated service costs of future employees; (d) cash flows occur mid-year. Based on these assumptions, the Plan's fiduciary net position was not projected to be depleted.

Sensitivity of the net OPEB liability to changes in the discount rate. At June 30 2021, The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current discount rate:

	<u>1% Decrease (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net OPEB liability	\$ 36,833,731	\$ 32,151,979	\$ 28,247,111

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were to calculate healthcare cost trend rates that are one percentage point higher or one percentage point lower than the current healthcare cost rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 27,676,989	\$ 32,151,979	\$ 37,562,028

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2021, the Town reported a net OPEB liability of \$32,151,979. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2021, the components of the net OPEB liability of the Town were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a)-(b)</u>
Balances at June 30, 2020	\$ 65,075,018	\$ 6,108,279	\$ 58,966,739
Changes for the Year:			
Service Cost	1,070,335	-	1,070,335
Interest	4,325,413	-	4,325,413
Difference between Expected and Actual experience	(29,507,839)	-	(29,507,839)
Changes of assumptions	(224,110)	-	(224,110)
Contributions	-	2,477,387	(2,477,387)
Net Investment Income	-	1,172	(1,172)
Benefit Payments	(2,022,687)	(2,022,687)	-
Net Changes	(26,358,888)	455,872	(26,814,760)
Balances at June 30, 2021	<u>\$ 38,716,130</u>	<u>\$ 6,564,151</u>	<u>\$ 32,151,979</u>

Changes of assumptions. Changes of assumptions and other inputs reflect updates to the medical claims costs and rates based on the most recent experience. The impact of the Affordable Care Act (ACA) was addressed in this valuation. Review of the information currently available did not identify any specific provisions of the ACA that are anticipated to significantly impact results. While the impact of certain provisions such as the future implementation of the excise tax on high-value health insurance plans (if applicable), mandated benefits and participation changes due to the individual mandate should be recognized in the determination of liabilities, overall future plan costs and the resulting liabilities are driven by amounts employers and retirees can afford (i.e. trend). Given the uncertainty regarding the ACA's implementation, continued monitoring of the ACA's impact on the Plan's liability will be required.

For the year ended June 30, 2021, the Town recognized OPEB expense (income) of (\$3,493,529). At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 322,472	\$ 21,624,680
Changes of assumptions	196,152	1,430,361
Net difference between projected and actual earnings on plan investments	<u>602,733</u>	<u>-</u>
Total	<u>\$ 1,121,357</u>	<u>\$ 23,055,041</u>

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30:	
2022	\$ (8,461,873)
2023	(8,236,291)
2024	(5,320,765)
2025	85,245
2026	-
Thereafter	-

L. Other Employment Benefits

The Town has also 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 benefits.

Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest consecutive months' salary 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 Town, the Town does not determine the number of eligible participants. The Town 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 Town considers these contributions to be immaterial.

M. Commitments and Contingencies

The Town has commitments related to capital improvements, capital purchases and town-wide development projects at June 30, 2021 for the following:

Ephesus - Fordham Project	\$ 5,478,770
Vehicle/Bus/Truck Purchases	3,229,824
Transit Projects	2,424,512
Streets, Paving, Drainage and Sidewalks	1,993,980
Affordable Housing Projects	1,282,507
Miscellaneous Projects	1,094,844
Bolin Creek Trail	423,570
Parks & Recreation Projects	55,723
Parking Projects	36,640
Technology Projects	24,220
Library Projects	20,756
	\$ 16,065,346

OWASA is committed under various contracts for the completion of water and wastewater treatment facilities and other water and sewer projects. OWASA's management estimates the cost to complete these contracts to be approximately \$1,553,297 at June 30, 2021.

In March 2020, the World Health Organization declared the spread of a Coronavirus Disease (COVID-19) worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the Town, COVID-19 may continue to impact various parts of the fiscal 2021-22 operations and financial results. Management believes the Town is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

N. Risk Management

The Town 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 Town protects itself from potential loss through the purchase of commercial liability insurance for general liability, automobile liability, public officials' liability, law enforcement liability, crime, cyber liability, and property losses.

Through these commercial insurance policies, the Town maintains coverage of \$1,000,000 for general liability per occurrence with a \$2,000,000 aggregate.

The Town maintains excess liability coverage in the amount of \$10,000,000, and \$1,000,000 for automobile liability with \$500,000 uninsured motorist, and \$1,000,000 for crime, law enforcement liability, cyber liability, public officials' and employment liability. The Town is insured for property damages with replacement cost coverage for all scheduled properties with a \$10,000 deductible and a \$5,000 deductible under fine arts.

The Town is insured for workers' compensation and employer's liability through participation in the North Carolina Interlocal Risk Management Pool Agency (IRMA) with the North Carolina League of Municipalities. The Town's potential loss related to workers' compensation is limited to the deductible amount of \$5,000 per occurrence. Specific information related to the IRMA of the Board of Trustees can be obtained by contacting Risk Management Services Department of the NC League of Municipalities. The risk pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request. There are no significant reductions in insurance coverage in the past year for any major risk category.

The Town carries flood insurance through the National Flood Insurance Plan (NFIP) on a number of public housing units that are in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake or stream) by the Federal Emergency Management Agency. The Town carries coverage totaling \$2,417,900 in values which are related to these ten structures.

In accordance with G.S. §159-29, the Town's employees who have access to \$100 or more at any given time or access to inventory are covered through the Blanket Employee Theft coverage which is under the Town's Crime Policy. This policy limit is \$1,000,000 per occurrence with a \$25,000 deductible. The Town does not appoint a tax collector as taxes are collected by Orange and Durham Counties. The Finance Officer is individually bonded for \$200,000.

The Town currently reports its risk management activities and insurance costs by operating fund. Claims expenditures falling within the retention coverage are generally reported when amounts are paid or, in the event of significant losses, when such amounts are probable and the amounts can be determined. The amounts due at June 30, 2021 for outstanding claims and incurred but not reported claims are not considered material and, therefore, no provision is recorded within the financial statements. The amount of settlements has not exceeded insurance coverage in any of the past three years.

O. Subsequent Events

On March 11, 2021, the American Rescue Plan Act of 2021 was enacted. The \$1.9 trillion federal package is intended to combat the effects of the COVID-19 pandemic. The Town received \$10,668,497, one half of which (\$5,334,248.50) was received in May 2021 and the other half is expected in May 2022. Funds must be used to support public health, address negative economic impacts, replace lost revenue directly attributable to the pandemic, offer premium pay for essential workers, or investment in water, sewer and broadband infrastructure. The Town will be engaging Council and community members to ensure we create a well-developed and strategic spending plan.

The Town will close on the issuance of \$51,526,000 in 2021 Limited Obligation Bonds in August 2021. The issuance will be used to fund the East Rosemary Parking Deck, Elliott Road Reconstruction Project and to refinance the 2012 limited obligation bonds and 2015 installment purchase contract.

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**TOWN OF CHAPEL HILL, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
Last Eight Fiscal Years ***

Exhibit 14

	2021	2020	2019	2018	2017	2016	2015	2014
Chapel Hill's proportion of the net pension liability (asset) (%)	0.57376%	0.58506%	0.61249%	0.60097%	0.59862%	0.60393%	0.60203%	0.60950%
Chapel Hill's proportion of the net pension liability (asset) (\$)	\$ 20,502,889	\$ 15,977,532	\$ 14,530,358	\$ 9,181,157	\$ 12,704,722	\$ 2,710,402	\$ (3,550,448)	\$ 7,346,815
Chapel Hill's covered payroll	\$ 41,416,643	\$ 41,035,819	\$ 40,092,466	\$ 38,271,235	\$ 36,637,712	\$ 34,697,974	\$ 33,509,249	\$ 32,468,101
Chapel Hill's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	49.50%	38.94%	36.24%	23.99%	34.68%	7.81%	-10.60%	22.63%
Plan fiduciary net position as a percentage of the total pension liability**	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. These schedules are intended to show information for ten years. Additional information will be displayed as it becomes available.

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

**TOWN OF CHAPEL HILL, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
Last Eight Fiscal Years***

Exhibit 15

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,119,308	\$ 3,757,640	\$ 3,226,999	\$ 3,054,299	\$ 2,827,073	\$ 2,483,084	\$ 2,451,541	\$ 2,360,129
Contributions in relation to the contractually required contribution	<u>4,119,308</u>	<u>3,757,640</u>	<u>3,226,999</u>	<u>3,054,299</u>	<u>2,827,073</u>	<u>2,483,084</u>	<u>2,451,541</u>	<u>2,360,129</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Chapel Hill's covered payroll	\$ 40,095,018	\$ 41,416,643	\$ 41,035,819	\$ 40,092,466	\$ 38,271,235	\$ 36,637,712	\$ 34,697,974	\$ 33,509,249
Contributions as a percentage of covered payroll	10.27%	9.07%	7.86%	7.62%	7.39%	6.78%	7.07%	7.04%

* These schedules are intended to show information for ten years. Additional information will be displayed as it becomes available.

TOWN OF CHAPEL HILL, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
Last Five Fiscal Years **

Exhibit 16

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 5,341,805	\$ 5,042,365	\$ 4,945,342	\$ 4,798,949	\$ 4,897,799
Service Cost	170,917	157,834	172,847	143,418	171,252
Interest on the total pension liability	167,000	176,130	150,129	177,648	168,819
Changes of benefit items	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	245,731	238,153	333,831	(32,879)	-
Changes of assumptions or other inputs	1,833,662	134,564	(170,913)	251,543	(100,964)
Benefit payments	(438,206)	(407,241)	(388,871)	(393,337)	(337,957)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 7,320,909</u>	<u>\$ 5,341,805</u>	<u>\$ 5,042,365</u>	<u>\$ 4,945,342</u>	<u>\$ 4,798,949</u>

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

** These schedules are intended to show information for ten years. Additional information will be displayed as it becomes available.

TOWN OF CHAPEL HILL, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED EMPLOYEE PAYROLL
Last Five Fiscal Years **

Exhibit 17

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 7,320,909	\$ 5,341,805	\$ 5,042,365	\$ 4,945,342	\$ 4,798,949
Covered employee payroll	6,179,795	6,290,273	6,319,119	5,958,879	6,658,279
Total pension liability as a percentage of covered employee payroll	118.47%	84.92%	79.80%	82.99%	72.07%

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

** These schedules are intended to show information for ten years. Additional information will be displayed as it becomes available.

TOWN OF CHAPEL HILL, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Last Five Fiscal Years **

Exhibit 18

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability					
Service Cost	\$ 1,070,335	\$ 1,034,141	\$ 1,163,364	\$ 1,324,222	\$ 1,246,561
Interest	4,325,413	4,134,185	3,846,813	3,636,345	3,457,733
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(29,507,839)	(273,944)	814,769	100,626	-
Changes of assumptions	(224,110)	-	544,350	(4,415,924)	-
Benefit payments	<u>(2,022,687)</u>	<u>(2,098,826)</u>	<u>(2,124,615)</u>	<u>(1,928,442)</u>	<u>(1,775,352)</u>
Net change in total OPEB liability	\$ (26,358,888)	\$ 2,795,556	\$ 4,244,681	\$ (1,283,173)	\$ 2,928,942
Total OPEB liability - beginning	65,075,018	62,279,462	58,034,781	59,317,954	56,389,012
Total OPEB liability - ending	<u>\$ 38,716,130</u>	<u>\$ 65,075,018</u>	<u>\$ 62,279,462</u>	<u>\$ 58,034,781</u>	<u>\$ 59,317,954</u>
Plan fiduciary net position					
Contributions - employer	\$ 2,477,387	\$ 2,765,226	\$ 2,964,615	\$ 2,768,442	\$ 4,733,352
Net investment income	1,172	73,508	100,313	325,262	306,647
Benefit payments	(2,022,687)	(2,098,826)	(2,124,615)	(1,928,442)	(1,775,352)
Administrative expense	-	-	-	-	(1,851)
Net change in plan fiduciary net position	\$ 455,872	\$ 739,908	\$ 940,313	\$ 1,165,262	\$ 3,262,796
Plan fiduciary net position - beginning	6,108,279	5,368,371	4,428,058	3,262,796	-
Plan fiduciary net position - ending	<u>\$ 6,564,151</u>	<u>\$ 6,108,279</u>	<u>\$ 5,368,371</u>	<u>\$ 4,428,058</u>	<u>\$ 3,262,796</u>
Town's net OPEB liability - ending	<u>\$ 32,151,979</u>	<u>\$ 58,966,739</u>	<u>\$ 56,911,091</u>	<u>\$ 53,606,723</u>	<u>\$ 56,055,158</u>
Plan fiduciary net position as a percentage of the total OPEB liability	16.95%	9.39%	8.62%	7.63%	5.50%
Covered payroll	\$ 18,537,729	\$ 22,647,789	\$ 22,647,789	\$ 25,569,357	\$ 25,569,357
Town's net OPEB liability as a percentage of covered payroll	173.44%	260.36%	251.29%	209.65%	219.23%

* These schedules are intended to show information for ten years.
Additional information will be displayed as it becomes available.

**TOWN OF CHAPEL HILL, NORTH CAROLINA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS IN THE HCB PLAN
Last Five Fiscal Years ****

Exhibit 19

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 5,414,195	\$ 5,414,195	\$ 5,418,919	\$ 5,418,919	\$ 6,484,071
Contributions in relation to the actuarially determined contribution	2,477,387	2,765,226	2,964,615	2,768,442	4,733,352
Contribution deficiency (excess)	<u>\$ 2,936,808</u>	<u>\$ 2,648,969</u>	<u>\$ 2,454,304</u>	<u>\$ 2,650,477</u>	<u>\$ 1,750,719</u>
Covered payroll	\$ 18,537,729	\$ 22,647,789	\$ 22,647,789	\$ 25,569,537	\$ 25,569,357
Contributions as a percentage of covered payroll	13.36%	12.21%	13.09%	10.83%	18.51%

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actual cost method	Entry age normal
Asset valuation method	Market value of assets
Inflation	2.5%
Healthcare cost trend rates	Pre-medicare - 7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030 Medicare - 5.25% for 2020 decreasing to an ultimate rate of 4.50% by 2024 Vision - 2.50%
Salary increases	3.25% - 8.41%
Investment rate of return	6.75%, net of OPEB plan investment expense, including price inflation
Retirement age	Assumed life expectancies were adjusted as a result of adopting the Pub-2010 mortality tables using generational improvement with Scale MP-2019.
Mortality	Mortality rates were based on the Pub-2010 mortality tables with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

** These schedules are intended to show information for ten years.
Additional information will be displayed as it becomes available.

**TOWN OF CHAPEL HILL, NORTH CAROLINA
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF INVESTMENT RETURNS - OPEB
 Last Five Fiscal Years ****

Exhibit 20

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	6.75%	6.75%	6.75%	6.75%	6.23%

** These schedules are intended to show information for ten years.
 Additional information will be displayed as it becomes available.

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The Special Revenue Funds are used to account for revenues from earmarked sources which by law are designated to finance particular functions or activities of government and which, therefore, cannot be diverted to other uses.

Community Development Entitlement Grant Projects Ordinance Fund - This fund is used to account for the Town's federal grants that are legally restricted for low and moderate-income housing, community development and rental rehabilitation activities.

Affordable Housing Fund – This fund is used to account for a program to assist with the purchase of homes to preserve neighborhoods and to provide home ownership opportunities for lower income households.

Transitional Housing Fund – This fund is used to account for a program designed to help public housing families make the transition from public housing to the private housing market. Services provided would include budget counseling, homeownership counseling, debt management and basic home maintenance and upkeep guidance.

Land Trust Fund – This fund is used for the acquisition of land for low-income housing.

Grants Fund – This fund is used to account for special purpose grants.

Downtown Service District Fund - This fund is used to account for the financial resources for capital improvements and other programs for the downtown service district established by the Town Council. Revenues for these improvements and programs are generated from a special district property tax levied in the downtown area.

Affordable Housing Development Reserve Fund – This fund is used to account for the development and preservation of affordable housing.

Library Gift Fund – This fund accounts for private contributions to the Town's library.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds, trust funds or special revenue funds.

The Capital Projects Fund - This fund is used to account for capital asset (including infrastructure) acquisition and construction from general government resources and intergovernmental grants, as outlined in the Town's fifteen-year capital budget.

The Capital Reserve Fund - This fund is used to account for funds reserved for specific capital improvement projects including library facilities, water and sewer improvements and other general capital improvements.

Transit Grant Projects Ordinance Fund – This fund is used to account for federal and State grant awards in aid of the Town's transportation system.

Public Housing Grant Projects Ordinance Fund – This fund is used to account for federal grants legally restricted for specific low and moderate income housing programs and activities.

OTHER GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Total Capital Projects Funds	Total Special Revenue Funds	Comparative Totals	
			2021	2020
ASSETS				
Cash and cash equivalents	\$ 714,084	\$ 2,688,808	\$ 3,402,892	\$ 3,109,550
Receivables:				
Governmental units and agencies	359,127	1,314,364	1,673,491	1,359,873
Property taxes, net	-	2,100	2,100	1,412
Other	-	26,991	26,991	26,991
Inventories	-	16,538	16,538	16,538
Restricted cash and cash equivalents	285,639	216,175	501,814	1,184,348
TOTAL ASSETS	\$ 1,358,850	\$ 4,264,976	\$ 5,623,826	\$ 5,698,712
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ 7,489	\$ 591,693	\$ 599,182	\$ 634,150
Accounts payable	79,421	652,650	732,071	167,190
Accrued liabilities	-	10,112	10,112	9,374
Unearned revenue	390,677	31,809	422,486	1,181,105
Accounts payable from restricted assets	7,238	61,861	69,099	133,397
Other payables from restricted assets	1,347	28,535	29,882	29,261
Total liabilities	486,172	1,376,660	1,862,832	2,154,477
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	-	2,100	2,100	1,412
FUND BALANCES				
Nonspendable				
Inventories	-	16,538	16,538	16,538
Restricted				
Stabilization by State Statute	213,581	822,897	1,036,478	5,663,830
Public housing	-	113,836	113,836	122,862
Public safety	-	17,411	17,411	25,447
Library	-	102,434	102,434	164,003
Transit capital purchases	59,005	-	59,005	1,782
Infrastructure capital projects	218,049	-	218,049	217,969
Committed				
Municipal buildings capital projects	155,195	-	155,195	48,750
Public housing	-	2,094,759	2,094,759	1,993,060
Economic development	-	107,949	107,949	132,894
Assigned				
Municipal buildings capital projects	182,660	-	182,660	499,890
Parks capital projects	5,363	-	5,363	63,212
Technology capital projects	88,014	-	88,014	117,166
Public housing	9,816	-	9,816	-
Unassigned	(59,005)	(389,608)	(448,613)	(5,524,580)
Total fund balances	872,678	2,886,216	3,758,894	3,542,823
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,358,850	\$ 4,264,976	\$ 5,623,826	\$ 5,698,712

TOWN OF CHAPEL HILL, NORTH CAROLINA

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Community Development Entitlement	Affordable Housing	Transitional Housing	Land Trust Fund	Grants Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ 1,140,135	\$ 62,480	\$ 30,889	\$ -
Receivables:					
Governmental units and agencies	850,514	-	-	-	389,608
Property taxes, net	-	-	-	-	-
Other	-	-	-	-	-
Inventories	-	-	-	16,538	-
Restricted cash and cash equivalents	-	-	28,535	-	-
TOTAL ASSETS	\$ 850,514	\$ 1,140,135	\$ 91,015	\$ 47,427	\$ 389,608
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ 287,860	\$ -	\$ -	\$ -	\$ 303,833
Accounts payable	446,207	61,229	1,903	-	30,319
Accrued liabilities	2,611	-	-	-	6,236
Unearned revenue	-	-	-	-	31,809
Accounts payable from restricted assets	-	-	-	-	-
Other payables from restricted assets	-	-	28,535	-	-
Total liabilities	<u>736,678</u>	<u>61,229</u>	<u>30,438</u>	<u>-</u>	<u>372,197</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	-	-	-	-	-
FUND BALANCES					
Nonspendable					
Inventories	-	-	-	16,538	-
Restricted					
Stabilization by State Statute	-	-	-	-	389,608
Public housing	113,836	-	-	-	-
Public safety	-	-	-	-	17,411
Library	-	-	-	-	-
Committed					
Public housing	-	1,078,906	60,577	30,889	-
Economic development	-	-	-	-	-
Unassigned	-	-	-	-	(389,608)
Total fund balances	<u>113,836</u>	<u>1,078,906</u>	<u>60,577</u>	<u>47,427</u>	<u>17,411</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 850,514	\$ 1,140,135	\$ 91,015	\$ 47,427	\$ 389,608

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Downtown Service District	Affordable Housing Development Reserve Fund	Library Gift Fund	Comparative Totals	
				2021	2020
ASSETS					
Cash and cash equivalents	\$ 117,590	\$ 1,337,714	\$ -	\$ 2,688,808	\$ 2,180,222
Receivables:					
Governmental units and agencies	466	-	73,776	1,314,364	321,117
Property taxes, net	2,100	-	-	2,100	1,412
Other	16,991	-	10,000	26,991	26,991
Inventories	-	-	-	16,538	16,538
Restricted cash and cash equivalents	-	-	187,640	216,175	954,224
TOTAL ASSETS	<u>\$ 137,147</u>	<u>\$ 1,337,714</u>	<u>\$ 271,416</u>	<u>\$ 4,264,976</u>	<u>\$ 3,500,504</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 591,693	\$ -
Accounts payable	8,376	104,616	-	652,650	107,000
Accrued liabilities	1,265	-	-	10,112	9,374
Unearned revenue	-	-	-	31,809	789,323
Accounts payable from restricted assets	-	-	61,861	61,861	119,703
Other payables from restricted assets	-	-	-	28,535	27,914
Total liabilities	<u>9,641</u>	<u>104,616</u>	<u>61,861</u>	<u>1,376,660</u>	<u>1,053,314</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	<u>2,100</u>	<u>-</u>	<u>-</u>	<u>2,100</u>	<u>1,412</u>
FUND BALANCES					
Nonspendable					
Inventories	-	-	-	16,538	16,538
Restricted					
Stabilization by State Statute	17,457	308,711	107,121	822,897	1,303,215
Public housing	-	-	-	113,836	113,836
Public safety	-	-	-	17,411	25,447
Library	-	-	102,434	102,434	164,003
Committed					
Public housing	-	924,387	-	2,094,759	1,993,060
Economic development	107,949	-	-	107,949	132,894
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(389,608)</u>	<u>(1,303,215)</u>
Total fund balances	<u>125,406</u>	<u>1,233,098</u>	<u>209,555</u>	<u>2,886,216</u>	<u>2,445,778</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 137,147</u>	<u>\$ 1,337,714</u>	<u>\$ 271,416</u>	<u>\$ 4,264,976</u>	<u>\$ 3,500,504</u>

OTHER GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Capital Projects	Capital Reserve	Transit Grants	Public Housing Projects	Comparative Totals	
					2021	2020
ASSETS						
Cash and cash equivalents	\$ 714,084	\$ -	\$ -	\$ -	\$ 714,084	\$ 929,328
Due from governmental units and agencies	-	-	331,672	27,455	359,127	1,038,756
Restricted cash and cash equivalents	1,347	218,049	59,087	7,156	285,639	230,124
TOTAL ASSETS	\$ 715,431	\$ 218,049	\$ 390,759	\$ 34,611	\$ 1,358,850	\$ 2,198,208
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ 7,489	\$ 7,489	\$ 634,150
Accounts payable	69,271	-	-	10,150	79,421	60,190
Unearned revenue	-	-	390,677	-	390,677	391,782
Accounts payable from restricted assets	-	-	82	7,156	7,238	13,694
Other payables from restricted assets	1,347	-	-	-	1,347	1,347
Total liabilities	70,618	-	390,759	24,795	486,172	1,101,163
FUND BALANCES						
Restricted						
Stabilization by State Statute	213,581	-	-	-	213,581	4,360,615
Public housing	-	-	-	-	-	9,026
Transit capital purchases	-	-	59,005	-	59,005	1,782
Infrastructure capital projects	-	218,049	-	-	218,049	217,969
Committed						
Municipal buildings capital projects	155,195	-	-	-	155,195	48,750
Assigned						
Municipal buildings capital projects	182,660	-	-	-	182,660	499,890
Parks capital projects	5,363	-	-	-	5,363	63,212
Technology capital projects	88,014	-	-	-	88,014	117,166
Public housing	-	-	-	9,816	9,816	-
Unassigned	-	-	(59,005)	-	(59,005)	(4,221,365)
Total fund balances	644,813	218,049	-	9,816	872,678	1,097,045
TOTAL LIABILITIES AND FUND BALANCES	\$ 715,431	\$ 218,049	\$ 390,759	\$ 34,611	\$ 1,358,850	\$ 2,198,208

OTHER GOVERNMENTAL FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
YEAR ENDED JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Total Capital Projects Funds	Total Special Revenue Funds	Comparative Totals	
			2021	2020
REVENUES				
Taxes	\$ -	\$ 370,523	\$ 370,523	\$ 372,949
Intergovernmental revenues				
Federal government	558,592	2,876,095	3,434,687	3,395,006
State government	45,041	34,233	79,274	256,368
Other	1,104	122,244	123,348	204,257
Interest on investments	385	509	894	8,770
Franchise rental fees	68,005	-	68,005	66,033
Program income	36,655	38,786	75,441	76,181
Donations	-	333,325	333,325	243,046
Revenue in lieu	-	300,000	300,000	50,000
Other	759	-	759	2,027
Total revenues	710,541	4,075,715	4,786,256	4,674,637
EXPENDITURES				
Environment and development	-	3,882,132	3,882,132	2,173,542
Public safety	-	77,994	77,994	136,778
Leisure activities	-	402,010	402,010	240,621
Capital projects	1,021,769	-	1,021,769	3,832,107
Total expenditures	1,021,769	4,362,136	5,383,905	6,383,048
DEFICIENCY OF REVENUES OVER EXPENDITURES				
	(311,228)	(286,421)	(597,649)	(1,708,411)
OTHER FINANCING SOURCES (USES)				
Insurance recovery	137,045	-	137,045	-
Transfer from other funds	-	771,859	771,859	1,547,478
Transfer to other funds	(50,184)	(45,000)	(95,184)	(45,000)
Total other financing sources (uses)	86,861	726,859	813,720	1,502,478
NET CHANGE IN TOTAL FUND BALANCES	(224,367)	440,438	216,071	(205,933)
FUND BALANCES, BEGINNING	1,097,045	2,445,778	3,542,823	3,748,756
FUND BALANCES, ENDING	\$ 872,678	\$ 2,886,216	\$ 3,758,894	\$ 3,542,823

TOWN OF CHAPEL HILL, NORTH CAROLINA

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)**

	Community Development Entitlement	Affordable Housing	Transitional Housing	Land Trust Fund	Grants Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal government	857,335	-	-	-	1,837,069
State government	-	-	-	-	16,263
Other	-	-	-	-	43,019
Interest on investments	-	372	31	11	-
Program income	7,339	-	31,447	-	-
Donations	-	46,220	-	-	-
Revenue in lieu	-	300,000	-	-	-
Other	-	-	-	-	-
Total revenues	864,674	346,592	31,478	11	1,896,351
EXPENDITURES					
Environment and development	864,674	233,682	23,594	-	1,909,857
Public safety	-	-	-	-	77,994
Leisure activities	-	-	-	-	-
Total expenditures	864,674	233,682	23,594	-	1,987,851
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	112,910	7,884	11	(91,500)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	-	83,464
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	83,464
NET CHANGE IN TOTAL FUND BALANCES	-	112,910	7,884	11	(8,036)
FUND BALANCES, BEGINNING	113,836	965,996	52,693	47,416	25,447
FUND BALANCES, ENDING	\$ 113,836	\$ 1,078,906	\$ 60,577	\$ 47,427	\$ 17,411

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Affordable			Comparative Totals	
	Downtown Service District	Housing Development Reserve Fund	Library Gift Fund	2021	2020
REVENUES					
Taxes	\$ 370,523	\$ -	\$ -	\$ 370,523	\$ 372,949
Intergovernmental revenues					
Federal government	-	-	181,691	2,876,095	570,274
State government	-	-	17,970	34,233	28,493
Other	73,500	-	5,725	122,244	200,384
Interest on investments	24	-	71	509	5,439
Program income	-	-	-	38,786	39,931
Donations	-	-	287,105	333,325	243,046
Revenue in lieu	-	-	-	300,000	50,000
Other	-	-	-	-	-
Total revenues	444,047	-	492,562	4,075,715	1,510,516
EXPENDITURES					
Environment and development	451,535	398,790	-	3,882,132	2,173,542
Public safety	-	-	-	77,994	136,778
Leisure activities	-	-	402,010	402,010	240,621
Total expenditures	451,535	398,790	402,010	4,362,136	2,550,941
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	(7,488)	(398,790)	90,552	(286,421)	(1,040,425)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	688,395	-	771,859	782,101
Transfers to other funds	-	-	(45,000)	(45,000)	(45,000)
Total other financing sources (uses)	-	688,395	(45,000)	726,859	737,101
NET CHANGE IN TOTAL FUND BALANCES					
	(7,488)	289,605	45,552	440,438	(303,324)
FUND BALANCES, BEGINNING					
	132,894	943,493	164,003	2,445,778	2,749,102
FUND BALANCES, ENDING					
	\$ 125,406	\$ 1,233,098	\$ 209,555	\$ 2,886,216	\$ 2,445,778

OTHER GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Capital Projects	Capital Reserve	Transit Grants	Public Housing Projects	Comparative Totals	
					2021	2020
REVENUES						
Intergovernmental revenues						
Federal government	\$ (881)	\$ -	\$ 182,932	\$ 376,541	\$ 558,592	\$ 2,824,732
State government	-	-	45,041	-	45,041	227,875
Other	-	-	1,104	-	1,104	3,873
Interest on investments	305	80	-	-	385	3,331
Franchise rental fees	68,005	-	-	-	68,005	66,033
Program income	36,655	-	-	-	36,655	36,250
Other	-	-	-	759	759	2,027
Total revenues	104,084	80	229,077	377,300	710,541	3,164,121
EXPENDITURES						
Capital projects:						
Municipal facilities	271,664	-	-	376,541	648,205	805,933
Street improvements and sidewalks	48,170	-	-	-	48,170	-
Parks, recreation and open space	67,349	-	-	-	67,349	79,997
Technology and communications	29,152	-	-	-	29,152	-
Public safety	-	-	-	-	-	17,305
Transit equipment and improvements	-	-	228,893	-	228,893	2,928,872
Total expenditures	416,335	-	228,893	376,541	1,021,769	3,832,107
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(312,251)	80	184	759	(311,228)	(667,986)
OTHER FINANCING SOURCES						
Insurance recovery	137,045	-	-	-	137,045	-
Transfer from other funds	-	-	-	-	-	765,377
Transfer to other funds	(50,000)	-	(184)	-	(50,184)	-
Total other financing sources	87,045	-	(184)	-	86,861	765,377
NET CHANGE IN TOTAL FUND BALANCES	(225,206)	80	-	759	(224,367)	97,391
FUND BALANCES, BEGINNING	870,019	217,969	-	9,057	1,097,045	999,654
FUND BALANCES, ENDING	\$ 644,813	\$ 218,049	\$ -	\$ 9,816	\$ 872,678	\$ 1,097,045

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units on a cost reimbursement basis.

Vehicle Replacement Fund – This fund is used to account for the rental of motor vehicles to other departments and related costs.

Vehicle Maintenance Fund – This fund is used to account for the cost of the maintenance of Town vehicles.

Computer Equipment Replacement Fund – This fund is used to account for the rental of computer equipment and software.

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Computer Equipment Replacement Fund	Comparative Totals	
				2021	2020
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 102,411	\$ 502,807	\$ 45,899	\$ 651,117	\$ 972,541
Accounts receivable	-	10,282	-	10,282	7,305
Inventories	-	55,786	-	55,786	33,966
Total current assets	102,411	568,875	45,899	717,185	1,013,812
NONCURRENT ASSETS					
Capital assets, net of depreciation	2,425,062	29,344	-	2,454,406	3,192,985
Total noncurrent assets	2,425,062	29,344	-	2,454,406	3,192,985
TOTAL ASSETS	2,527,473	598,219	45,899	3,171,591	4,206,797
DEFERRED OUTFLOWS OF RESOURCES					
Pension and OPEB deferrals	-	157,222	-	157,222	141,745
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	-	153,555	1,578	155,133	183,031
Accrued liabilities	-	13,481	-	13,481	14,006
Compensated absences	-	27,249	-	27,249	20,266
Installment purchase agreements	-	-	-	-	63,365
Total current liabilities	-	194,285	1,578	195,863	280,668
NONCURRENT LIABILITIES					
Compensated absences	-	19,199	-	19,199	18,327
Net other postemployment liability	-	411,317	-	411,317	754,356
Net pension liability	-	197,814	-	197,814	152,560
Total noncurrent liabilities	-	628,330	-	628,330	925,243
TOTAL LIABILITIES	-	822,615	1,578	824,193	1,205,911
DEFERRED INFLOWS OF RESOURCES					
Pension and OPEB deferrals	-	302,319	-	302,319	36,560
NET POSITION					
Net investment in capital assets	2,425,062	29,344	-	2,454,406	3,129,620
Unrestricted	102,411	(398,837)	44,321	(252,105)	(23,549)
TOTAL NET POSITION	\$ 2,527,473	\$ (369,493)	\$ 44,321	\$ 2,202,301	\$ 3,106,071

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Vehicle	Vehicle	Computer	Comparative Totals	
	Replacement Fund	Maintenance Fund	Equipment Replacement Fund	2021	2020
OPERATING REVENUES					
Charges for services	\$ -	\$ 1,484,296	\$ -	\$ 1,484,296	\$ 1,727,140
OPERATING EXPENSES					
Depreciation and amortization	879,259	6,160	-	885,419	964,645
Personnel	-	623,618	-	623,618	645,899
Operations	633	811,930	135,352	947,915	905,551
Total operating expenses	879,892	1,441,708	135,352	2,456,952	2,516,095
OPERATING INCOME (LOSS)	(879,892)	42,588	(135,352)	(972,656)	(788,955)
NONOPERATING REVENUES (EXPENSES)					
Insurance recovery	-	17,998	-	17,998	31,506
Interest on investments	75	177	40	292	4,468
Interest expense	(555)	-	-	(555)	(4,468)
Gain on sale of capital assets	50,462	689	-	51,151	44,943
Total nonoperating revenues (expenses), net	49,982	18,864	40	68,886	76,449
CHANGE IN NET POSITION	(829,910)	61,452	(135,312)	(903,770)	(712,506)
NET POSITION, BEGINNING	3,357,383	(430,945)	179,633	3,106,071	3,818,577
NET POSITION, ENDING	\$ 2,527,473	\$ (369,493)	\$ 44,321	\$ 2,202,301	\$ 3,106,071

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Vehicle	Vehicle	Computer	Comparative Totals	
	Replacement Fund	Maintenance Fund	Equipment Replacement Fund	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ -	\$ 1,481,319	\$ -	\$ 1,481,319	\$ 1,731,433
Payments to employees	-	(663,790)	-	(663,790)	(584,872)
Payments to suppliers	(633)	(830,961)	(166,040)	(997,634)	(845,699)
Net cash provided by (used in) operating activities	(633)	(13,432)	(166,040)	(180,105)	300,862
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on installment purchase agreements	(63,365)	-	-	(63,365)	(263,718)
Interest paid on installment purchase agreements	(555)	-	-	(555)	(4,468)
Proceeds from sale of capital assets	50,462	689	-	51,151	44,943
Proceeds from insurance recovery	-	17,998	-	17,998	31,506
Acquisition and construction of capital assets	(128,248)	(18,592)	-	(146,840)	(745,707)
Net cash provided by (used in) capital and related financing activities	(141,706)	95	-	(141,611)	(937,444)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	75	177	40	292	4,468
Net cash provided by investing activities	75	177	40	292	4,468

Continued

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021 (With Comparative Totals as of June 30, 2020)

	Vehicle	Vehicle	Computer	Comparative Totals	
	Replacement Fund	Maintenance Fund	Equipment Replacement Fund	2021	2020
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(142,264)	(13,160)	(166,000)	(321,424)	(632,114)
CASH AND INVESTMENTS, BEGINNING	244,675	515,967	211,899	972,541	1,604,655
CASH AND INVESTMENTS, ENDING	<u>\$ 102,411</u>	<u>\$ 502,807</u>	<u>\$ 45,899</u>	<u>\$ 651,117</u>	<u>\$ 972,541</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income (loss)	\$ (879,892)	\$ 42,588	\$ (135,352)	\$ (972,656)	\$ (788,955)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	879,259	6,160	-	885,419	964,645
Changes in assets and liabilities:					
Receivables	-	(2,977)	-	(2,977)	4,293
Inventories	-	(21,820)	-	(21,820)	16,903
Accounts payable	-	2,790	(30,688)	(27,898)	42,949
Accrued liabilities	-	(525)	-	(525)	316
Compensated absences	-	7,855	-	7,855	7,032
Accrued OPEB liability	-	(343,039)	-	(343,039)	26,298
Deferred outflows of resources for pensions	-	295,536	-	295,536	27,381
Net cash provided (used) by operating activities	<u>\$ (633)</u>	<u>\$ (13,432)</u>	<u>\$ (166,040)</u>	<u>\$ (180,105)</u>	<u>\$ 300,862</u>

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GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Ad valorem taxes - current year	\$ 32,420,000	\$ 32,420,000	\$ 32,558,004	\$ 138,004
Ad valorem taxes - prior years	102,500	102,500	130,904	28,404
Interest on delinquent taxes	65,000	65,000	93,309	28,309
Interest on state held taxes	-	-	1,176	1,176
Local option sales taxes	13,336,343	13,336,343	16,844,132	3,507,789
Occupancy tax	1,200,000	1,200,000	611,769	(588,231)
Other taxes	92,500	92,500	71,860	(20,640)
Total taxes	47,216,343	47,216,343	50,311,154	3,094,811
Licenses and permits				
Motor vehicles	450,000	450,000	455,259	5,259
Privilege licenses	5,000	5,000	4,345	(655)
Building permits	1,731,500	1,731,500	2,407,731	676,231
Special use permits	250,000	250,000	244,833	(5,167)
Work zone traffic permits	40,000	40,000	67,400	27,400
Engineering permits	34,000	34,000	19,346	(14,654)
Fire inspection fees	158,000	158,000	72,225	(85,775)
Traffic impact study and fees	101,500	101,500	14,194	(87,306)
Police permits	45,000	45,000	4,770	(40,230)
Fire permits	32,000	32,000	31,400	(600)
Total licenses and permits	2,847,000	2,847,000	3,321,503	474,503
Fines and forfeitures				
Garbage citations	1,500	1,500	25	(1,475)
Parking tickets and towing fees	17,500	17,500	7,420	(10,080)
False alarm fees	17,000	17,000	8,265	(8,735)
Total fines and forfeitures	36,000	36,000	15,710	(20,290)

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Intergovernmental revenues				
Federal Government				
Transit Emergency Relief Program	\$ -	\$ -	\$ 256,417	\$ 256,417
Total federal government	-	-	256,417	256,417
State of North Carolina				
Beer and wine tax	260,000	260,000	265,791	5,791
Fuel tax (Powell Bill) funds	1,467,000	1,467,000	1,430,186	(36,814)
State fire protection	1,106,256	1,106,256	1,064,323	(41,933)
Utility franchise tax	4,225,000	4,225,000	4,134,685	(90,315)
Video programming tax	650,000	650,000	607,699	(42,301)
Supplemental PEG support	82,000	82,000	79,352	(2,648)
Solid waste disposal tax	39,000	39,000	47,631	8,631
State library aid	27,500	27,500	30,098	2,598
NC Department of Cultural Resources	-	-	10,000	10,000
UNC contributions	-	-	14,572	14,572
State Equitable Sharing - Drug	3,000	3,000	1,856	(1,144)
Total State of North Carolina	7,859,756	7,859,756	7,686,193	(173,563)
Other				
Orange County recreational support	83,760	83,760	83,760	-
Orange County library contribution	568,139	568,139	568,139	-
Orange County outreach	-	39,816	39,816	-
Orange County bail bond justice	-	6,000	6,000	-
Carrboro contribution	-	7,500	-	(7,500)
Miscellaneous local grants	-	5,000	1,500	(3,500)
Total other	651,899	710,215	699,215	(11,000)
Total intergovernmental revenues	8,511,655	8,569,971	8,641,825	71,854

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Charges for services				
Library fines and fees	\$ 53,000	\$ 53,000	\$ 33,226	\$ (19,774)
Street cuts and right of way	85,500	85,500	91,909	6,409
Traffic signals	381,700	381,700	325,310	(56,390)
Rent revenue	481,250	481,250	198,040	(283,210)
Cemetery staking	3,000	3,000	(1,190)	(4,190)
Fire districts	272,664	272,664	275,386	2,722
Solid waste collection	381,000	381,000	316,623	(64,377)
Planning review	101,750	101,750	264,103	162,353
Engineering review	37,000	37,000	28,366	(8,634)
Recreation	954,500	954,500	273,216	(681,284)
Charges to other funds	1,583,026	1,583,026	1,327,751	(255,275)
Total charges for services	4,334,390	4,334,390	3,132,740	(1,201,650)
Interest on investments	100,000	100,000	8,512	(91,488)
Other				
Sales - planning and documents	26,400	26,400	9,565	(16,835)
Sales - capital assets	10,000	10,000	8,386	(1,614)
Sales - fuel	6,000	6,000	3,807	(2,193)
Sales - miscellaneous	15,500	15,500	21,734	6,234
Cemetery lot sales	2,500	2,500	27,575	25,075
Court fees	25,000	25,000	5,162	(19,838)
Mutual aid reimbursements	522,000	522,000	56,832	(465,168)
Gifts and donations	50,000	69,748	61,328	(8,420)
Revenue in lieu	-	-	4,459	4,459
Miscellaneous	131,700	681,700	701,590	19,890
Total other revenues	789,100	1,358,848	900,438	(458,410)
TOTAL REVENUES	63,834,488	64,462,552	66,331,882	1,869,330

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXPENDITURES				
General government				
Mayor/Council	\$ 418,280	\$ 419,020	\$ 347,841	\$ 71,179
Manager/CaPA	2,902,719	2,988,857	2,542,348	446,509
Human Resources	1,769,797	1,902,810	1,469,705	433,105
Business Management	2,330,886	2,330,886	1,913,979	416,907
Technology Solutions	2,379,166	2,386,765	2,273,223	113,542
Attorney	390,963	391,747	396,602	(4,855)
Total general government	<u>10,191,811</u>	<u>10,420,085</u>	<u>8,943,698</u>	<u>1,476,387</u>
Environment and development				
Planning	1,810,542	2,114,972	1,410,773	704,199
Building and Development Services	2,188,013	2,403,013	1,915,230	487,783
Housing and Community	834,709	834,709	763,516	71,193
Public Works	12,081,024	12,437,567	11,292,686	1,144,881
Total environment and development	<u>16,914,288</u>	<u>17,790,261</u>	<u>15,382,205</u>	<u>2,408,056</u>
Public safety				
Police	13,924,133	13,959,921	12,326,745	1,633,176
Fire	9,583,954	9,728,244	9,088,091	640,153
Total public safety	<u>23,508,087</u>	<u>23,688,165</u>	<u>21,414,836</u>	<u>2,273,329</u>
Leisure activities				
Parks and recreation	7,234,154	7,264,077	5,794,064	1,470,013
Library	3,672,918	3,715,709	3,473,733	241,976
Total leisure activities	<u>10,907,072</u>	<u>10,979,786</u>	<u>9,267,797</u>	<u>1,711,989</u>
Nondepartmental				
Liability insurance	360,000	360,000	323,731	36,269
Supplemental PEG expense	185,000	185,000	170,331	14,669
Economic development incentives	100,000	100,000	132,694	(32,694)
Contributions to agencies	1,223,419	1,423,419	1,205,348	218,071
Contribution to OPEB liability	250,000	250,000	250,000	-
Retiree medical insurance	1,690,000	1,690,000	1,419,856	270,144
General government	172,564	732,014	22,464	709,550
Total nondepartmental	<u>3,980,983</u>	<u>4,740,433</u>	<u>3,524,424</u>	<u>1,216,009</u>
Total expenditures	<u>65,502,241</u>	<u>67,618,730</u>	<u>58,532,960</u>	<u>9,085,770</u>

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,667,753)	(3,156,178)	7,798,922	10,955,100
OTHER FINANCING SOURCES (USES)				
Insurance recovery	20,000	20,000	28,019	8,019
Transfer from Library Gift Fund	45,000	45,000	45,000	-
Transfer to Afford Hsg Develop Reserve Fund	(688,395)	(688,395)	(688,395)	-
Transfer to Stormwater Fund	(12,000)	(12,000)	(9,128)	2,872
Transfer to Capital Projects Ordinance Fund	-	(62,500)	(62,500)	-
Transfer to Grants Fund	(85,364)	(85,364)	(83,464)	1,900
Appropriated fund balance	<u>2,388,512</u>	<u>3,939,437</u>	<u>-</u>	<u>(3,939,437)</u>
Total other financing sources (uses)	<u>1,667,753</u>	<u>3,156,178</u>	<u>(770,468)</u>	<u>(3,926,646)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	7,028,454	<u>\$ 7,028,454</u>
FUND BALANCE, BEGINNING			<u>27,333,872</u>	
FUND BALANCE, ENDING			<u>\$ 34,362,326</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes - current year	\$ 8,230,000	\$ 8,230,000	\$ 8,263,483	\$ 33,483
Ad valorem taxes - prior years	13,000	13,000	18,849	5,849
Interest on investments	<u>175,000</u>	<u>175,000</u>	<u>5,681</u>	<u>(169,319)</u>
Total revenues	<u>8,418,000</u>	<u>8,418,000</u>	<u>8,288,013</u>	<u>(129,987)</u>
EXPENDITURES				
Debt service:				
Principal	5,224,000	5,224,000	5,224,000	-
Interest and fiscal charges	<u>1,965,646</u>	<u>1,965,646</u>	<u>1,965,577</u>	<u>69</u>
Total expenditures	<u>7,189,646</u>	<u>7,189,646</u>	<u>7,189,577</u>	<u>69</u>
EXCESS OF REVENUES OVER EXPENDITURES	1,228,354	1,228,354	1,098,436	(129,918)
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	914,831	914,831	-	(914,831)
Transfer to other funds	-	(4,385,000)	(3,399,950)	985,050
Appropriated fund balance	-	4,385,000	-	(4,385,000)
Contribution to reserve	<u>(2,143,185)</u>	<u>(2,143,185)</u>	<u>-</u>	<u>2,143,185</u>
Total other financing sources (uses)	<u>(1,228,354)</u>	<u>(1,228,354)</u>	<u>(3,399,950)</u>	<u>(2,171,596)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(2,301,514)</u>	<u>\$ (2,301,514)</u>
FUND BALANCES, BEGINNING			<u>9,565,682</u>	
FUND BALANCES, ENDING			<u>\$ 7,264,168</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS ORDINANCE FUND
FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Project		Actual	
	Authorization	Prior Years	Current Year	Total to Date
REVENUES				
Interest on investments	\$ 1,280,435	\$ 1,396,146	\$ 494	\$ 1,396,640
Federal Bridge Replacement Grant	212,865	268,730	-	268,730
ARRA Grants	1,510,498	1,510,498	-	1,510,498
Federal Transit Administration Grants	5,225,137	2,820,538	427,838	3,248,376
Federal Highway Administration Grants	3,686,618	148,214	65,219	213,433
U.S. DOE SEEA Grant	777,672	777,672	-	777,672
Other Federal Grants	1,897,335	1,316,480	-	1,316,480
North Carolina Clean Water Grant	200,000	200,000	-	200,000
North Carolina Department of Transportation Grants	3,774,854	3,042,278	505,117	3,547,395
Parks and Recreation Trust Fund	500,000	500,000	-	500,000
Other State Grants	923,121	673,814	198,000	871,814
Orange County parks bonds	8,337,520	8,337,520	-	8,337,520
Other Grants	1,526,471	1,202,721	-	1,202,721
Charges for services	258,005	258,005	-	258,005
Donations	1,613,193	1,613,193	-	1,613,193
Revenue in lieu	342,200	733,001	53,015	786,016
Other	1,902,313	1,905,509	-	1,905,509
Total revenues	33,968,237	26,704,319	1,249,683	27,954,002
EXPENDITURES				
Parks, recreation, library and open space capital improvements	54,134,844	54,550,079	355,566	54,905,645
Public safety capital improvements	3,904,827	3,027,801	20,661	3,048,462
Parking deck	3,090,000	-	2,336,418	2,336,418
Public safety facility	2,059,575	1,443,871	177,670	1,621,541
Municipal facilities	11,320,880	10,790,054	86,400	10,876,454
Affordable housing	5,213,966	-	90,562	90,562
Sewer capital improvements	1,458,000	626,364	204,947	831,311
Software development	300,000	274,798	-	274,798
Street and sidewalk improvements	37,683,155	21,707,283	3,208,051	24,915,334
Debt service:				
Principal	4,300,000	4,300,000	-	4,300,000
Interest and fiscal charges	64,500	64,500	-	64,500
Total expenditures	123,529,747	96,784,750	6,480,275	103,265,025
DEFICIENCY OF REVENUES OVER EXPENDITURES	(89,561,510)	(70,080,431)	(5,230,592)	(75,311,023)

Continued

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS ORDINANCE FUND
FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance	64,349,139	60,689,139	7,960,000	68,649,139
Proceeds from financing	9,289,693	9,286,497	-	9,286,497
Premium on debt	2,020,595	1,254,898	765,697	2,020,595
Transfer from General Fund	7,370,485	7,307,985	62,500	7,370,485
Transfer from Capital Projects Fund	1,640,655	1,590,654	50,000	1,640,654
Transfer from Debt Service Fund	4,385,000	-	3,399,950	3,399,950
Transfer from Library Gift Fund	454,475	454,475	-	454,475
Transfer from Stormwater Fund	122,815	122,815	-	122,815
Transfer to Capital Projects Fund	(94,428)	(84,928)	-	(84,928)
Appropriated fund balance	23,081	-	-	-
Total other financing sources (uses)	<u>89,561,510</u>	<u>80,621,535</u>	<u>12,238,147</u>	<u>92,859,682</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ 10,541,104</u>	7,007,555	<u>\$ 17,548,659</u>
FUND BALANCE, BEGINNING			<u>10,541,104</u>	
FUND BALANCE, ENDING			<u>\$ 17,548,659</u>	

**SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - AMERICAN RESCUE PLAN ACT FUND
 FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
REVENUES				
Intergovernmental revenues - federal	\$ 5,334,248	\$ -	\$ -	\$ -
EXPENDITURES				
Environment and development	5,334,248	-	-	-
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, BEGINNING			-	
FUND BALANCE, ENDING			<u>\$ -</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Federal government	\$ -	\$ -	\$ (881)	\$ (881)
Interest on investments	2,500	2,500	305	(2,195)
Franchise rental fees	60,000	60,000	68,005	8,005
Program income	36,449	36,449	36,655	206
	<u>98,949</u>	<u>98,949</u>	<u>104,084</u>	<u>5,135</u>
EXPENDITURES				
Capital projects:				
Municipal facilities	98,949	605,725	271,664	334,061
Street improvements and sidewalks	-	48,170	48,170	-
Parks, recreation and open space	-	72,712	67,349	5,363
Technology and communications	-	117,166	29,152	88,014
	<u>98,949</u>	<u>843,773</u>	<u>416,335</u>	<u>427,438</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES				
	<u>-</u>	<u>(744,824)</u>	<u>(312,251)</u>	<u>432,573</u>
OTHER FINANCING SOURCES (USES)				
Insurance Recovery	-	137,045	137,045	-
Transfer from Capital Projects Ordinance Fund	-	9,500	-	(9,500)
Transfer to Capital Projects Ordinance Fund	-	(50,000)	(50,000)	-
Appropriated fund balance	-	648,279	-	(648,279)
	<u>-</u>	<u>744,824</u>	<u>87,045</u>	<u>(657,779)</u>
NET CHANGE IN TOTAL FUND BALANCE				
	<u>\$ -</u>	<u>\$ -</u>	<u>(225,206)</u>	<u>\$ (225,206)</u>
FUND BALANCE, BEGINNING				
			<u>870,019</u>	
FUND BALANCE, ENDING				
			<u>\$ 644,813</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CAPITAL RESERVE FUND
 YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ -	\$ -	\$ 80	\$ 80
Total revenues	-	-	80	80
EXPENDITURES				
Environment and development	-	-	-	-
NET CHANGE IN TOTAL FUND BALANCE	\$ -	\$ -	80	\$ 80
FUND BALANCE, BEGINNING			217,969	
FUND BALANCE, ENDING			<u>\$ 218,049</u>	

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
TRANSIT GRANT PROJECTS ORDINANCE FUND
FROM GRANT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Intergovernmental revenue				
Federal government	\$ 6,149,303	\$ 4,316,046	\$ 182,932	\$ 4,498,978
State government	1,122,468	322,584	45,041	367,625
Other	2,940,606	2,544,115	1,104	2,545,219
	<u>10,212,377</u>	<u>7,182,745</u>	<u>229,077</u>	<u>7,411,822</u>
EXPENDITURES				
Bus & vehicle purchases	10,597,594	6,410,717	-	6,410,717
Equipment and improvements	626,875	243,158	212,921	456,079
Administration	1,914,865	1,800,687	15,972	1,816,659
	<u>13,139,334</u>	<u>8,454,562</u>	<u>228,893</u>	<u>8,683,455</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,926,957)</u>	<u>(1,271,817)</u>	<u>184</u>	<u>(1,271,633)</u>
OTHER FINANCING SOURCES				
Transfer from other funds	2,926,957	1,271,817	-	1,271,817
Transfer to other funds	-	-	(184)	(184)
	<u>2,926,957</u>	<u>1,271,817</u>	<u>(184)</u>	<u>1,271,633</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
PUBLIC HOUSING PROJECTS - CAPITAL FUND GRANTS
FROM GRANT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Project Authorization	Actual		Total to Date
		Prior Year	Current Year	
REVENUES				
Intergovernmental revenues				
Capital Grant 2016	\$ 521,212	\$ 520,929	\$ 283	\$ 521,212
Capital Grant 2017	549,598	184,290	84,453	268,743
Capital Grant 2018	789,318	143,898	218,232	362,130
Capital Grant 2019	825,913	12,133	68,240	80,373
Capital Grant 2020	891,521	-	5,333	5,333
Capital Grant 2021	935,260	-	-	-
Total federal government	4,512,822	861,250	376,541	1,237,791
Other revenues	45,779	47,991	759	48,750
Total revenues	4,558,601	909,241	377,300	1,286,541
EXPENDITURES				
Environment and development	4,558,601	900,184	376,541	1,276,725
NET CHANGE IN TOTAL FUND BALANCE	\$ -	\$ 9,057	759	\$ 9,816
FUND BALANCE, BEGINNING			9,057	
FUND BALANCE, ENDING			\$ 9,816	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL -
COMMUNITY DEVELOPMENT ENTITLEMENT GRANT PROJECTS ORDINANCE FUND
FROM GRANT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
REVENUES				
Intergovernmental revenues				
Block Grant 16	\$ 387,702	\$ 387,702	\$ -	\$ 387,702
Block Grant 17	380,825	380,825	-	380,825
Block Grant 18	418,344	418,344	-	418,344
Block Grant 19	386,584	108,885	277,699	386,584
Block Grant 20 CV-1	245,693	-	245,692	245,692
Block Grant 20	417,591	-	164,265	164,265
Block Grant 21 CV-3	290,902	-	169,679	169,679
Block Grant 21	418,300	-	-	-
Program income	81,839	74,501	7,339	81,840
Total revenues	<u>3,027,780</u>	<u>1,370,257</u>	<u>864,674</u>	<u>2,234,931</u>
EXPENDITURES				
Public improvement	89,911	89,096	-	89,096
Neighborhood revitalization	1,390,668	675,715	200,399	876,114
Administration	483,468	302,583	74,196	376,779
Community services	244,475	189,027	4,980	194,007
Public Services	819,258	-	585,099	585,099
Total expenditures	<u>3,027,780</u>	<u>1,256,421</u>	<u>864,674</u>	<u>2,121,095</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ 113,836</u>	-	<u>\$ 113,836</u>
FUND BALANCE, BEGINNING			<u>113,836</u>	
FUND BALANCE, ENDING			<u>\$ 113,836</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - AFFORDABLE HOUSING FUND
FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Interest on investments	\$ 54,612	\$ 60,046	\$ 372	\$ 60,418
Program income	650,799	650,800	-	650,800
Donations	52,607	6,687	46,220	52,907
Revenue in lieu	<u>3,552,576</u>	<u>3,252,576</u>	<u>300,000</u>	<u>3,552,576</u>
Total revenues	<u>4,310,594</u>	<u>3,970,109</u>	<u>346,592</u>	<u>4,316,701</u>
EXPENDITURES				
Environment and development	<u>4,466,372</u>	<u>3,159,892</u>	<u>233,682</u>	<u>3,393,574</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(155,778)</u>	<u>810,217</u>	<u>112,910</u>	<u>923,127</u>
OTHER FINANCING SOURCES				
Transfer from other funds	<u>155,778</u>	<u>155,779</u>	<u>-</u>	<u>155,779</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ 965,996</u>	<u>112,910</u>	<u>\$ 1,078,906</u>
FUND BALANCE, BEGINNING			<u>965,996</u>	
FUND BALANCE, ENDING			<u>\$ 1,078,906</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - TRANSITIONAL HOUSING FUND
FROM GRANT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Project Authorization	Prior Year	Actual Current Year	Total to Date
REVENUES				
Intergovernmental revenues				
Federal government	\$ 165,776	\$ 165,776	\$ -	\$ 165,776
Other	75,000	75,000	-	75,000
Interest on investments	853	1,382	31	1,413
Program income	164,354	187,667	31,447	219,114
Other	393	393	-	393
	<u>406,376</u>	<u>430,218</u>	<u>31,478</u>	<u>461,696</u>
EXPENDITURES				
Environment and development	<u>423,876</u>	<u>395,025</u>	<u>23,594</u>	<u>418,619</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(17,500)</u>	<u>35,193</u>	<u>7,884</u>	<u>43,077</u>
OTHER FINANCING SOURCES				
Transfer from other funds	<u>17,500</u>	<u>17,500</u>	<u>-</u>	<u>17,500</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ 52,693</u>	<u>7,884</u>	<u>\$ 60,577</u>
FUND BALANCE, BEGINNING			<u>52,693</u>	
FUND BALANCE, ENDING			<u>\$ 60,577</u>	

**SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - LAND TRUST FUND
 FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Intergovernmental revenues				
Federal government	\$ 230,659	\$ 230,658	\$ -	\$ 230,658
Interest on investments	2,130	2,241	11	2,252
Program income	<u>249,389</u>	<u>249,390</u>	-	<u>249,390</u>
Total revenues	<u>482,178</u>	<u>482,289</u>	<u>11</u>	<u>482,300</u>
EXPENDITURES				
Environment and development	<u>482,178</u>	<u>434,873</u>	<u>-</u>	<u>434,873</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ 47,416</u>	<u>11</u>	<u>\$ 47,427</u>
FUND BALANCE, BEGINNING			<u>47,416</u>	
FUND BALANCE, ENDING			<u>\$ 47,427</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues				
Federal government	\$ 278,409	\$ 1,165,321	\$ 1,837,069	\$ 671,748
State government	17,150	17,150	16,263	(887)
Other	5,314	823,187	43,019	(780,168)
Total revenues	<u>300,873</u>	<u>2,005,658</u>	<u>1,896,351</u>	<u>(109,307)</u>
EXPENDITURES				
Environment and development	386,237	1,939,499	1,909,857	29,642
Public safety	-	167,374	77,994	89,380
Total expenditures	<u>386,237</u>	<u>2,106,873</u>	<u>1,987,851</u>	<u>119,022</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(85,364)</u>	<u>(101,215)</u>	<u>(91,500)</u>	<u>9,715</u>
OTHER FINANCING SOURCES				
Transfer from other funds	85,364	85,364	83,464	(1,900)
Appropriated fund balance	-	15,851	-	(15,851)
Total other financing sources	<u>85,364</u>	<u>101,215</u>	<u>83,464</u>	<u>(17,751)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(8,036)	<u>\$ (8,036)</u>
FUND BALANCE, BEGINNING			<u>25,447</u>	
FUND BALANCE, ENDING			<u>\$ 17,411</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DOWNTOWN SERVICE DISTRICT FUND
 YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 382,000	\$ 382,000	\$ 369,684	\$ (12,316)
Interest on delinquent taxes	1,000	1,000	839	(161)
Intergovernmental revenues - other	73,500	73,500	73,500	-
Interest on investments	-	-	24	24
Total revenues	<u>456,500</u>	<u>456,500</u>	<u>444,047</u>	<u>(12,453)</u>
EXPENDITURES				
Environment and development	<u>456,954</u>	<u>466,954</u>	<u>451,535</u>	<u>15,419</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES				
	<u>(454)</u>	<u>(10,454)</u>	<u>(7,488)</u>	<u>2,966</u>
OTHER FINANCING SOURCES				
Appropriated fund balance	<u>454</u>	<u>10,454</u>	<u>-</u>	<u>(10,454)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(7,488)</u>	<u>\$ (7,488)</u>
FUND BALANCE, BEGINNING			<u>132,894</u>	
FUND BALANCE, ENDING			<u>\$ 125,406</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - AFFORDABLE HOUSING DEVELOPMENT RESERVE FUND
 YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXPENDITURES				
Environment and development	\$ 688,395	\$ 1,631,888	\$ 398,790	\$ 1,233,098
DEFICIENCY OF REVENUES OVER EXPENDITURES	(688,395)	(1,631,888)	(398,790)	1,233,098
OTHER FINANCING SOURCES				
Transfer from other funds	688,395	688,395	688,395	-
Appropriated fund balance	-	943,493	-	(943,493)
Total other financing sources	688,395	1,631,888	688,395	(943,493)
NET CHANGE IN TOTAL FUND BALANCE	\$ -	\$ -	289,605	\$ 289,605
FUND BALANCE, BEGINNING			943,493	
FUND BALANCE, ENDING			\$ 1,233,098	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LIBRARY GIFT FUND
YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues				
Federal government	\$ 85,600	\$ 334,690	\$ 181,691	\$ (152,999)
State government	21,375	21,375	17,970	(3,405)
Other	-	6,399	5,725	(674)
Interest on investments	441	441	71	(370)
Library donations	151,775	281,160	287,105	5,945
	<u>259,191</u>	<u>644,065</u>	<u>492,562</u>	<u>(151,503)</u>
EXPENDITURES				
Leisure activities	<u>208,750</u>	<u>617,184</u>	<u>402,010</u>	<u>215,174</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	<u>50,441</u>	<u>26,881</u>	<u>90,552</u>	<u>63,671</u>
OTHER FINANCING SOURCES (USES)				
Transfer to other funds	(45,000)	(45,000)	(45,000)	-
Contribution to reserve	(14,841)	(14,841)	-	14,841
Appropriated fund balance	9,400	32,960	-	(32,960)
	<u>(50,441)</u>	<u>(26,881)</u>	<u>(45,000)</u>	<u>(18,119)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	45,552	<u>\$ 45,552</u>
FUND BALANCE, BEGINNING			<u>164,003</u>	
FUND BALANCE, ENDING			<u>\$ 209,555</u>	

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(MODIFIED ACCRUAL BASIS) - TRANSIT FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services:				
Tarheel Express	\$ 306,238	\$ 306,238	\$ -	\$ (306,238)
Bus advertising	200,000	200,000	124,708	(75,292)
Other	605,949	605,949	670,428	64,479
Total charges for services	1,112,187	1,112,187	795,136	(317,051)
OPERATING EXPENSES				
Personnel	15,258,253	14,765,811	13,436,662	1,329,149
Fuel and tires	1,686,237	1,234,970	727,705	507,265
Indirect costs	1,371,500	1,371,500	1,158,672	212,828
Building maintenance	920,294	2,655,580	986,279	1,669,301
Vehicle maintenance	2,086,452	3,014,970	1,434,927	1,580,043
Insurance	433,369	433,369	311,481	121,888
Advertising and marketing	64,500	59,500	49,101	10,399
Tarheel Express	286,978	111,978	205	111,773
Uniforms and supplies	160,745	211,745	175,935	35,810
Professional services	36,091	139,284	7,374	131,910
Contracted services	1,410,849	2,258,829	642,133	1,616,696
Other	494,489	854,214	701,206	153,008
Total operating expenses	24,209,757	27,111,750	19,631,680	7,480,070
OPERATING LOSS	(23,097,570)	(25,999,563)	(18,836,544)	7,163,019
NONOPERATING REVENUES (EXPENSES)				
Federal Operating Assistance Grant	1,960,178	8,582,764	8,505,621	(77,143)
State Operating Assistance Grant	2,629,698	55,705	-	(55,705)
Operating assistance-UNC Chapel Hill	8,719,868	8,719,868	8,880,048	160,180
Operating assistance-Town of Carrboro	1,835,146	1,835,146	1,872,008	36,862
Operating assistance - TTA Vehicle Fees	3,321,849	3,321,849	2,816,972	(504,877)
Vehicle licenses	450,034	450,034	454,977	4,943
Ad valorem taxes	5,053,702	5,053,702	5,072,837	19,135
Interest on investments	35,595	35,595	8,223	(27,372)
Insurance recovery	48,000	48,000	7,256	(40,744)
Capital outlay	(20,000)	(1,888,175)	(978,177)	909,998
Gain (Loss) from sale of capital assets	14,000	14,000	4,525	(9,475)
Debt service	(716,110)	(716,110)	(715,676)	434
Contribution to reserve	(260,890)	(948,982)	-	948,982
Revenue in lieu	26,500	26,500	40,000	13,500
Appropriated fund balance	-	1,874,667	-	(1,874,667)
Total nonoperating revenues (expenses), net	23,097,570	26,464,563	25,968,614	(495,949)
INCOME BEFORE TRANSFERS	-	465,000	7,132,070	6,667,070

Continued

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(MODIFIED ACCRUAL BASIS) - TRANSIT FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
TRANSFERS				
Transfers in	-	-	184	184
Transfers out	-	(465,000)	-	465,000
Total transfers	-	(465,000)	184	465,184
EXCESS OF REVENUES OVER EXPENSES AND TRANSFERS	\$ -	\$ -	7,132,254	\$ 7,132,254
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			18,141	
Accrued OPEB liability			1,443,278	
Pension Expense			(693,173)	
Debt service principal			622,000	
Capital outlay			978,177	
Depreciation and amortization			(4,433,345)	
Capital contributions			191,377	
Change in net position			\$ 5,258,709	

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BASIS) - PARKING FACILITIES FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 3,087,200	\$ 3,087,200	\$ 1,142,563	\$ (1,944,637)
OPERATING EXPENSES				
Personnel	934,651	934,651	594,092	340,559
Maintenance and repairs	56,500	46,980	3,128	43,852
Credit card fees	148,575	148,575	52,805	95,770
Lot rent	630,000	630,000	297,110	332,890
Indirect costs	83,056	83,056	50,492	32,564
Contracted services	175,128	175,128	39,171	135,957
Other	229,892	239,412	154,913	84,499
Total operating expenses	2,257,802	2,257,802	1,191,711	1,066,091
OPERATING INCOME (LOSS)	829,398	829,398	(49,148)	(878,546)
NONOPERATING REVENUES (EXPENSES)				
Interest on investments	2,000	2,000	328	(1,672)
Insurance recovery	2,000	2,000	-	(2,000)
Capital outlay	(30,000)	(278,738)	(125,107)	153,631
Appropriated fund balance	111,433	360,171	-	(360,171)
Total nonoperating revenues (expenses), net	85,433	85,433	(124,779)	(210,212)
INCOME (LOSS) BEFORE TRANSFERS	914,831	914,831	(173,927)	(1,088,758)
TRANSFERS				
Transfers out	(914,831)	(914,831)	-	914,831
Total transfers	(914,831)	(914,831)	-	914,831
DEFICIENCY OF REVENUES OVER EXPENSES AND TRANSFERS	\$ -	\$ -	(173,927)	\$ (173,927)
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			(3,527)	
Accrued OPEB liability			69,852	
Pension expense			(28,882)	
Capital outlay			125,107	
Depreciation and amortization			(75,246)	
Change in net position			\$ (86,623)	

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(MODIFIED ACCRUAL BASIS) - HOUSING OPERATING FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 1,029,248	\$ 1,029,248	\$ 955,804	\$ (73,444)
OPERATING EXPENSES				
Personnel	1,216,397	1,220,431	1,071,159	149,272
Maintenance and repairs	117,980	134,536	123,692	10,844
Contracted services	389,200	504,536	372,588	131,948
Utilities	184,700	185,600	225,791	(40,191)
Other	258,013	284,857	227,259	57,598
Total operating expenses	2,166,290	2,329,960	2,020,489	309,471
OPERATING LOSS	(1,137,042)	(1,300,712)	(1,064,685)	236,027
NONOPERATING REVENUES (EXPENSES)				
Federal Operating Assistance Grant	1,145,793	1,307,963	1,207,112	(100,851)
Interest on investments	1,715	1,715	666	(1,049)
Contribution to reserve	(10,466)	(10,466)	-	10,466
Appropriated fund balance	-	1,500	-	(1,500)
Total nonoperating revenues (expenses), net	1,137,042	1,300,712	1,207,778	(92,934)
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ -	143,093	\$ 143,093
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			4,133	
Accrued OPEB liability			112,927	
Pension Expense			(57,765)	
Depreciation and amortization			(662,110)	
Change in net position			\$ (459,722)	

PUBLIC HOUSING FINANCIAL DATA SCHEDULE

Schedule 29

Line Item #	Account Description	Low Rent 14.850	CARES 14.PHC	CGP 14.859	TOTAL
ASSETS:					
CURRENT ASSETS:					
111	Cash - unrestricted	\$ 4,531,385	\$ -	\$ -	4,531,385
113	Cash - other restricted	-	-	7,156	7,156
114	Cash - tenant security deposits	82,173	-	-	82,173
100	Total cash	4,613,558	-	7,156	4,620,714
124	Accounts receivable - Other Governmental	-	3,106	27,455	30,561
126	Accounts receivable - Tenants dwelling rents	64,321	-	-	64,321
126.1	Allowance for doubtful accounts - Tenants dwelling rents	(7,412)	-	-	(7,412)
120	Total receivables, net allowances for uncollectibles	56,909	3,106	27,455	87,470
143	Inventories	25,520	-	-	25,520
143.1	Allowance for Obsolete Inventories	(1,461)	-	-	(1,461)
	Total inventories	24,059	-	-	24,059
150	TOTAL CURRENT ASSETS	4,694,526	3,106	34,611	4,732,243
NONCURRENT ASSETS:					
Capital assets:					
161	Land	2,095,778	-	-	2,095,778
162	Building	23,513,130	-	-	23,513,130
164	Furniture, Equipment, & Machinery -Administration	767,959	-	-	767,959
166	Accumulated depreciation	(19,076,825)	-	-	(19,076,825)
167	Construction in progress	299,014	-	-	299,014
160	Total capital assets, net of accumulated depreciation	7,599,056	-	-	7,599,056
180	TOTAL NONCURRENT ASSETS	7,599,056	-	-	7,599,056
190	TOTAL ASSETS	12,293,582	3,106	34,611	12,331,299
DEFERRED OUTFLOWS OF RESOURCES:					
200	Contributions to pension plan	231,003	-	-	231,003
290	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 12,524,585	\$ 3,106	\$ 34,611	\$ 12,562,302
LIABILITIES:					
CURRENT LIABILITIES:					
312	Accounts payable ≤ 90 days	\$ 91,121	\$ -	\$ 24,795	\$ 115,916
321	Accrued wage/payroll taxes payable	18,674	-	-	18,674
322	Accrued compensated absences - current portion	53,861	-	-	53,861
341	Tenant security deposits	82,173	-	-	82,173
310	TOTAL CURRENT LIABILITIES	245,829	-	24,795	270,624
357	Accrued pension and OPEB liabilities	1,019,209	-	-	1,019,209
350	TOTAL NON-CURRENT LIABILITIES	1,019,209	-	-	1,019,209
300	TOTAL LIABILITIES	1,265,038	-	24,795	1,289,833
DEFERRED INFLOWS OF RESOURCES:					
400	Pension deferrals	447,143	-	-	447,143
EQUITY:					
508.4	Net investment in capital assets	7,599,056	-	-	7,599,056
511.4	Restricted net position	-	3,106	9,816	12,922
512.4	Unrestricted net position	3,213,348	-	-	3,213,348
513	TOTAL EQUITY	10,812,404	3,106	9,816	10,825,326
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY	\$ 12,524,585	\$ 3,106	\$ 34,611	\$ 12,562,302

PUBLIC HOUSING FINANCIAL DATA SCHEDULE

Schedule 29

Line Item #	Account Description	Low Rent 14.850	CARES 14.PHC	CGP 14.859	TOTAL
REVENUE:					
Tenant revenues:					
703	Net tenant rental revenue	\$ 955,804	\$ -	\$ -	\$ 955,804
705	Total tenant revenue	955,804	-	-	955,804
Other revenues:					
706	HUD PHA grants	1,158,865	48,247	376,541	1,583,653
711	Investment income - unrestricted	666	-	-	666
715	Other revenue	-	-	759	759
	Total other revenue	1,159,531	48,247	377,300	1,585,078
700	TOTAL REVENUE	2,115,335	48,247	377,300	2,540,882
EXPENSES:					
OPERATING EXPENSES:					
Administrative:					
911	Administrative salaries	361,867	-	54,687	416,554
915	Employee benefit contributions - administrative	113,152	-	18,887	132,039
919	Other operating - administrative	122,644	45,590	-	168,234
Tenant services:					
924	Tenant services-other	485	-	-	485
Utilities:					
931	Water	194,928	-	-	194,928
932	Electricity	26,625	-	-	26,625
933	Gas	4,238	-	-	4,238
Ordinary maintenance & operations:					
941	Ordinary maintenance and operations - labor	369,135	-	-	369,135
942	Ordinary maintenance and operations - materials	99,803	2,657	-	102,460
943	Ordinary maintenance and operations - contract costs	345,051	-	-	345,051
945	Employee benefit contributions - ordinary maintenance	171,844	-	-	171,844
General expenses:					
961	Insurance premiums	76,360	-	-	76,360
962.1	Compensated Absences	(4,133)	-	-	(4,133)
964	Bad debt - tenant rents	30,948	-	-	30,948
969	TOTAL OPERATING EXPENSES	1,912,947	48,247	73,574	2,034,768
970	EXCESS OF OPERATING REVENUE OVER OPERATING EXPENSES	202,388	-	303,726	506,114
NON-OPERATING EXPENSES:					
971	Extraordinary maintenance	-	-	302,967	302,967
974	Depreciation Expense	662,110	-	-	662,110
900	TOTAL NON-OPERATING EXPENSES	662,110	-	302,967	965,077
	CHANGE IN NET POSITION	(459,722)	-	759	(458,963)
1103	BEGINNING EQUITY	11,275,232	-	9,057	11,284,289
	ENDING EQUITY	\$ 10,815,510	\$ -	\$ 9,816	\$ 10,825,326

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BASIS) - STORMWATER MANAGEMENT FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 2,988,000	\$ 2,988,000	\$ 3,044,115	\$ 56,115
OPERATING EXPENSES				
Personnel	1,406,046	1,406,046	1,317,360	88,686
Drainage maintenance	165,215	165,215	120,441	44,774
Indirect costs	128,470	128,470	118,587	9,883
Professional services	397,500	668,554	255,493	413,061
Contracted services	262,000	302,500	237,193	65,307
Office rent	62,620	62,620	62,411	209
Other	73,405	88,003	51,755	36,248
Total operating expenses	2,495,256	2,821,408	2,163,240	658,168
OPERATING INCOME	492,744	166,592	880,875	714,283
NONOPERATING REVENUES (EXPENSES)				
Federal operating assistance	-	34,300	34,300	-
Operating assistance - Town of Carrboro	7,500	7,500	7,500	-
Interest on investments	3,000	3,000	2,317	(683)
Capital outlay	(291,650)	(3,120,890)	(2,555,798)	565,092
Debt service	(223,594)	(223,594)	(223,594)	-
Appropriated fund balance	-	3,121,092	-	(3,121,092)
Total nonoperating revenues (expenses), net	(504,744)	(178,592)	(2,735,275)	(2,556,683)
LOSS BEFORE TRANSFERS	(12,000)	(12,000)	(1,854,400)	(1,842,400)
TRANSFERS				
Transfers In	12,000	12,000	9,128	(2,872)
DEFICIENCY OF REVENUES OVER EXPENSES AND TRANSFERS	\$ -	\$ -	(1,845,272)	\$ (1,845,272)
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			(27,418)	
Accrued OPEB liability			94,764	
Pension Expense			(57,765)	
Debt service principal			135,000	
Amortization of bond premium			6,478	
Capital outlay			2,555,798	
Depreciation and amortization			(176,784)	
Change in net position			\$ 684,801	

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN
(MODIFIED ACCRUAL BASIS) - VEHICLE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2021**

	Financial Plan		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES				
Operations	6,000	6,000	633	5,367
OPERATING LOSS	(6,000)	(6,000)	(633)	5,367
NONOPERATING REVENUES (EXPENSES)				
Interest on investments	3,000	3,000	75	(2,925)
Proceeds from sale of capital assets	50,000	50,000	50,462	462
Capital outlay	-	(131,246)	(128,248)	2,998
Debt service	(66,596)	(66,596)	(63,920)	2,676
Appropriated net position	19,596	150,842	-	(150,842)
Total nonoperating revenues (expenses), net	6,000	6,000	(141,631)	(147,631)
DEFICIENCY OF REVENUES OVER EXPENSES	\$ -	\$ -	(142,264)	\$ (142,264)
Reconciliation of modified accrual basis to full accrual basis:				
Depreciation and amortization			(879,259)	
Capital outlay			128,248	
Debt service principal			63,365	
Change in net position			<u>\$ (829,910)</u>	

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN
(MODIFIED ACCRUAL BASIS) - VEHICLE MAINTENANCE FUND
YEAR ENDED JUNE 30, 2021**

	Financial Plan		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 1,529,000	\$ 1,529,000	\$ 1,484,296	\$ (44,704)
OPERATING EXPENSES				
Personnel	672,087	672,087	663,266	8,821
Operations	883,775	973,683	811,930	161,753
Total operating expenses	1,555,862	1,645,770	1,475,196	170,574
OPERATING INCOME (LOSS)	(26,862)	(116,770)	9,100	125,870
NONOPERATING REVENUES (EXPENSES)				
Insurance recovery	18,000	18,000	17,998	(2)
Interest on investments	-	-	177	177
Proceeds from sale of capital assets	-	-	689	689
Capital outlay	-	(18,592)	(18,592)	-
Appropriated net position	8,862	117,362	-	(117,362)
Total nonoperating revenues (expenses)	26,862	116,770	272	(116,498)
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ -	9,372	\$ 9,372
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			(7,855)	
Accrued OPEB liability			76,385	
Pension Expense			(28,882)	
Capital outlay			18,592	
Depreciation and amortization			(6,160)	
Change in net position			\$ 61,452	

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN
(MODIFIED ACCRUAL BASIS) - COMPUTER EQUIPMENT REPLACEMENT FUND
YEAR ENDED JUNE 30, 2021**

	Financial Plan		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES				
Operations	167,000	167,000	135,352	31,648
OPERATING LOSS	(167,000)	(167,000)	(135,352)	31,648
NONOPERATING REVENUES				
Interest on investments	-	-	40	40
Appropriated fund balance	167,000	167,000	-	(167,000)
Total nonoperating revenues	167,000	167,000	40	(166,960)
Change in net position	\$ -	\$ -	\$ (135,312)	\$ (135,312)

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TOWN OF CHAPEL HILL, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2021

Fiscal Year	Uncollected Balance 07/01/20	Additions	Collections and Credits	Uncollected Balance 06/30/21
2020-2021	\$ -	\$ 46,050,771	a \$ 45,882,304	b \$ 168,467 c
2019-2020	189,510 **	-	85,930	103,580
2018-2019	67,860	-	28,140	39,720
2018-prior	269,093	-	54,147	214,946
Totals	<u>\$ 526,463</u>		<u>\$ 46,050,521</u>	526,713
				<u>324,071</u>
				<u>\$ 202,643</u>
Reconciliation with revenues:				
Ad Valorem taxes - General Fund				\$ 32,783,393
Ad Valorem taxes - Debt Fund				8,282,333
Ad Valorem taxes - Transit Fund				<u>5,072,837</u>
Ad Valorem taxes				\$ 46,138,563
Reconciling item				
Taxes written off				6,443
Interest collected				(93,309)
Interest on state held taxes				<u>(1,175)</u>
Total collections and credits				<u>\$ 46,050,521</u>

*Note: The Town's taxes are collected by Orange and Durham Counties.

TOWN OF CHAPEL HILL, NORTH CAROLINA
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2021

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Real & Personal property at current rate	\$ 8,465,215,257	0.544	\$ 46,050,771	\$ 42,384,479	\$ 3,666,292
Uncollected taxes at June 30, 2021			168,467 c	119,288	49,179
Current year's taxes collected			\$ 45,882,304 b	\$ 42,265,191	\$ 3,617,113
Current levy collection percentage			<u>99.63%</u>	<u>99.72%</u>	<u>98.66%</u>

STATISTICAL SECTION

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

Financial Trends (Tables 1-4) - These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.

Revenue Capacity (Tables 5-9) - These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.

Debt Capacity (Tables 10-13) - These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.

Demographic and Economic Information (Tables 14-15) - These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.

Operating Information (Tables 16-18) - These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town 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. The Town implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Town of Chapel Hill
Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Table I

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 74,391,633	\$ 71,955,972	\$ 73,079,773	\$ 74,223,378	\$ 67,839,566	\$ 75,389,626	\$ 75,357,987	\$ 78,789,668	\$ 76,894,871	\$ 78,071,289
Restricted	32,430,204	21,675,839	21,880,495	21,386,268	29,921,596	20,754,657	19,404,651	19,549,718	24,300,123	14,956,269
Unrestricted	(5,770,881)	1,169,561	(253,331)	(267,812)	(2,196,665)	(6,638,186)	(27,258,231)	(29,239,538)	(34,061,415)	(19,730,487)
Total governmental activities net position	\$ 101,050,956	\$ 94,801,372	\$ 94,706,937	\$ 95,341,834	\$ 95,564,497	\$ 89,506,097	\$ 67,504,407	\$ 69,099,848	\$ 67,133,579	\$ 73,297,071
Business-type activities										
Net investment in capital assets	\$ 50,829,655	\$ 53,612,945	\$ 50,976,684	\$ 46,845,360	\$ 43,422,690	\$ 47,315,951	\$ 40,360,967	\$ 39,067,845	\$ 40,492,920	\$ 37,340,846
Unrestricted	4,652,158	7,003,344	8,802,655	9,100,051	8,298,160	2,469,000	6,782,796	10,947,357	12,701,601	21,250,840
Total business-type activities net position	\$ 55,481,813	\$ 60,616,289	\$ 59,779,339	\$ 55,945,411	\$ 51,720,850	\$ 49,784,951	\$ 47,143,763	\$ 50,015,202	\$ 53,194,521	\$ 58,591,686
Primary government										
Net investment in capital assets	\$ 125,221,288	\$ 125,568,917	\$ 124,056,457	\$ 121,068,738	\$ 111,262,256	\$ 122,705,577	\$ 115,718,954	\$ 117,857,513	\$ 117,387,791	\$ 115,412,135
Restricted	32,430,204	21,675,839	21,880,495	21,386,268	29,921,596	20,754,657	19,404,651	19,549,718	24,300,123	14,956,269
Unrestricted	(1,118,723)	8,172,905	8,549,324	8,832,239	6,101,495	(4,169,186)	(20,475,435)	(18,292,181)	(21,359,814)	1,520,353
Total primary government net position	\$ 156,532,769	\$ 155,417,661	\$ 154,486,276	\$ 151,287,245	\$ 147,285,347	\$ 139,291,048	\$ 114,648,170	\$ 119,115,050	\$ 120,328,100	\$ 131,888,757
Component unit										
Net investment in capital assets	\$ 190,756,445	\$ 206,109,733	\$ 219,522,714	\$ 218,421,756	\$ 224,969,584	\$ 236,928,712	\$ 255,136,679	\$ 266,060,335	\$ 270,044,238	\$ 263,554,194
Restricted	98,616	151,600	187,910	222,470	260,978	171,013	206,053	241,332	276,217	310,538
Unrestricted	26,865,314	25,876,182	18,686,692	26,899,507	29,327,642	26,560,322	9,495,342	6,068,016	5,839,587	15,645,655
Total component unit net position	\$ 217,720,375	\$ 232,137,515	\$ 238,397,316	\$ 245,543,733	\$ 254,558,204	\$ 263,660,047	\$ 264,838,074	\$ 272,369,683	\$ 276,160,042	\$ 279,510,387

Note: The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Town of Chapel Hill
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Expenses										
General government	\$ 9,246,224	\$ 10,074,521	\$ 10,010,914	\$ 10,195,729	\$ 11,336,963	\$ 14,470,841	\$ 13,114,734	\$ 14,062,125	\$ 13,540,168	\$ 14,509,659
Environment and development	21,804,182	32,680,272	23,481,833	20,231,149	21,105,842	22,928,377	28,204,380	26,619,126	28,656,379	26,281,322
Public safety	21,140,258	21,357,911	21,303,785	21,007,366	21,565,795	21,302,314	24,843,607	22,286,773	24,550,231	19,640,367
Leisure activities	10,245,527	11,191,585	11,131,488	11,239,822	12,324,889	12,526,906	12,511,883	12,743,540	13,074,746	12,520,360
Interest	2,453,129	2,880,837	2,300,475	2,168,703	2,007,653	2,025,209	2,247,661	2,410,040	2,186,743	1,696,386
Total expenses	<u>64,889,320</u>	<u>78,185,126</u>	<u>68,228,495</u>	<u>64,842,769</u>	<u>68,341,142</u>	<u>73,253,647</u>	<u>80,922,265</u>	<u>78,121,604</u>	<u>82,008,267</u>	<u>74,648,094</u>
Program Revenues										
Charges for services:										
General government	\$ 1,731,073	\$ 1,707,833	\$ 1,874,861	\$ 1,747,363	\$ 1,703,045	\$ 1,776,434	\$ 1,805,955	\$ 1,844,457	\$ 1,834,873	\$ 1,787,355
Environment and development	2,172,242	2,801,220	2,960,803	2,838,720	3,249,840	3,409,760	3,755,047	4,280,212	3,777,149	3,922,097
Public safety	93,583	100,112	368,938	413,873	477,315	534,893	536,244	502,416	505,806	399,466
Leisure activities	952,023	1,031,436	1,044,868	1,045,413	1,078,897	1,120,649	1,385,957	1,408,235	981,286	504,481
Operating grants and contributions:										
General government	-	-	-	-	-	-	-	-	-	-
Environment and development	2,204,526	2,474,971	2,888,753	2,343,069	2,029,052	2,148,374	2,494,215	2,155,799	2,401,934	4,459,539
Public safety	1,172,182	1,165,774	1,374,748	1,158,731	1,159,227	1,245,009	1,185,178	1,165,123	1,239,331	1,180,817
Leisure activities	462,978	531,466	595,494	711,614	782,546	773,574	742,834	798,843	754,274	898,883
Capital grants and contributions:										
Environment and development	2,942,009	10,246,880	2,671,685	346,064	790,803	525,538	4,754,718	3,701,042	3,659,420	1,800,911
Public safety	-	-	-	-	-	559,365	852,297	-	-	-
Leisure activities	182,506	182,507	797,386	476,120	170,149	402,981	180,252	170,449	122,138	-
Total program revenues	<u>11,913,122</u>	<u>20,242,199</u>	<u>14,577,536</u>	<u>11,080,967</u>	<u>11,440,874</u>	<u>12,496,577</u>	<u>17,692,697</u>	<u>16,026,576</u>	<u>15,276,211</u>	<u>14,953,549</u>
Total governmental activities net program expense	\$ (52,976,198)	\$ (57,942,927)	\$ (53,650,959)	\$ (53,761,802)	\$ (56,900,268)	\$ (60,757,070)	\$ (63,229,568)	\$ (62,095,028)	\$ (66,732,056)	\$ (59,694,545)
General revenues and other changes in net position										
Property taxes	\$ 33,083,532	\$ 33,306,516	\$ 34,876,543	\$ 35,617,280	\$ 36,022,725	\$ 35,944,762	\$ 37,167,334	\$ 38,880,336	\$ 40,424,574	\$ 41,436,248
Sales tax	9,765,972	10,049,247	10,548,129	11,444,089	12,040,383	12,673,856	13,364,922	14,048,261	14,562,458	16,844,132
Occupancy tax	956,496	981,716	1,044,856	1,100,478	1,202,806	1,187,510	1,281,711	1,349,003	986,298	611,769
Other taxes	56,452	58,492	59,698	65,384	74,988	77,403	85,932	88,524	79,557	71,860
Grants and contributions not restricted										
restricted	3,914,798	3,990,640	4,000,460	5,344,082	5,435,534	5,236,898	5,217,442	5,339,666	5,181,112	5,135,158
Investment earnings	34,258	91,575	34,491	39,476	56,872	92,371	253,870	472,755	283,172	15,581
Miscellaneous	3,342,645	2,486,465	1,792,297	3,307,397	1,381,867	2,685,239	2,808,749	2,151,266	1,911,226	1,752,601
Transfers	1,480,055	728,692	1,200,050	946,753	907,756	927,575	1,004,202	1,360,658	1,337,390	(9,312)
Total general revenues and other changes in net position	<u>52,634,208</u>	<u>51,693,343</u>	<u>53,556,524</u>	<u>57,864,939</u>	<u>57,122,931</u>	<u>58,825,614</u>	<u>61,184,162</u>	<u>63,690,469</u>	<u>64,765,787</u>	<u>65,858,037</u>
Total governmental activities changes in net position	\$ (341,990)	\$ (6,249,584)	\$ (94,435)	\$ 4,103,137	\$ 222,663	\$ (1,931,456)	\$ (2,045,406)	\$ 1,595,441	\$ (1,966,269)	\$ 6,163,492

Continued

**Town of Chapel Hill
Changes in Net Position,
Last Ten Fiscal Years**
(accrual basis of accounting)

Table 2

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities:										
Expenses										
Transportation	\$ 21,454,457	\$ 21,819,683	\$ 21,286,421	\$ 21,803,767	\$ 22,264,181	\$ 23,389,971	\$ 22,376,827	\$ 26,560,258	\$ 26,422,046	\$ 23,390,455
Parking	2,212,712	1,940,918	2,101,226	1,901,853	1,708,178	1,830,551	1,677,166	1,883,893	1,736,615	1,229,514
Housing	2,204,546	2,380,410	3,016,395	2,514,173	2,616,234	2,460,709	2,591,141	2,534,614	2,584,785	2,623,304
Stormwater	1,825,682	1,765,150	1,799,370	1,649,076	2,113,562	2,185,428	2,266,475	1,954,820	2,185,848	2,412,559
Total expenses	27,697,397	27,906,161	28,203,412	27,868,869	28,702,155	29,866,659	28,911,609	32,933,585	32,929,294	29,655,832
Program Revenues										
Charges for services:										
Transportation	\$ 1,359,239	\$ 1,354,987	\$ 1,565,824	\$ 1,499,429	\$ 1,413,865	\$ 1,295,107	\$ 1,430,935	\$ 1,404,184	\$ 1,245,737	\$ 1,250,113
Parking	2,071,035	2,125,253	2,395,883	2,500,498	2,597,035	2,541,380	2,494,701	2,590,653	2,132,355	1,142,563
Housing	618,132	800,165	882,363	910,630	940,223	944,681	997,741	1,017,155	998,645	955,804
Stormwater	1,814,911	1,932,991	2,152,429	2,139,161	2,181,361	2,297,155	2,841,275	2,884,075	3,158,285	3,044,115
Operating grants and contributions:										
Transportation	10,829,469	15,385,447	13,985,562	14,327,136	13,048,352	16,799,895	16,394,598	19,766,735	20,617,969	22,074,649
Housing	1,319,472	1,150,068	1,231,670	1,183,160	1,169,986	956,462	1,229,562	1,193,827	1,224,531	1,207,112
Stormwater	-	-	-	-	-	-	7,500	7,500	7,500	41,800
Capital grants and contributions:										
Transportation	1,804,533	8,952,435	176,358	5,429	-	98,334	3,174,767	2,695,405	2,736,954	191,377
Housing	1,079,687	-	2,077,462	-	59,118	-	-	349,106	164,858	-
Total program revenues	20,896,478	31,701,346	24,467,551	22,565,443	21,409,940	24,933,014	28,571,079	31,908,640	32,286,834	29,907,533
Total business-type activities net program expense	\$ (6,800,919)	\$ 3,795,185	\$ (3,735,861)	\$ (5,303,426)	\$ (7,292,215)	\$ (4,933,645)	\$ (340,530)	\$ (1,024,945)	\$ (642,460)	\$ 251,701
General revenues and other changes in net position										
Property taxes	\$ 2,965,320	\$ 2,987,412	\$ 3,794,976	\$ 3,798,723	\$ 3,842,964	\$ 3,835,838	\$ 4,012,875	\$ 4,918,809	\$ 4,954,584	\$ 5,072,837
Investment earnings	8,709	10,765	15,644	18,067	19,812	34,592	66,767	151,448	115,810	11,534
Miscellaneous	(204,093)	(930,194)	288,341	117,907	112,634	54,891	140,116	186,785	88,775	51,781
Transfers	(1,480,055)	(728,692)	(1,200,050)	(946,753)	(907,756)	(927,575)	(1,004,202)	(1,360,658)	(1,337,390)	9,312
Total general revenues and other changes in net position	1,289,881	1,339,291	2,898,911	2,987,944	3,067,654	2,997,746	3,215,556	3,896,384	3,821,779	5,145,464
Total business-type activities changes in net position	\$ (5,511,038)	\$ 5,134,476	\$ (836,950)	\$ (2,315,482)	\$ (4,224,561)	\$ (1,935,899)	\$ 2,875,026	\$ 2,871,439	\$ 3,179,319	\$ 5,397,165
Total primary government changes in net position										
\$ (5,853,028)	\$ (1,115,108)	\$ (931,385)	\$ 1,787,655	\$ (4,001,898)	\$ (3,867,355)	\$ 829,620	\$ 4,466,880	\$ 1,213,050	\$ 11,560,657	

Continued

Town of Chapel Hill
Changes in Net Position,
Last Ten Fiscal Years
(accrual basis of accounting)

Table 2

	Fiscal Year									
	<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>	<u>2021</u>
Component unit activities:										
Expenses	\$ 31,801,115	\$ 31,664,425	\$ 31,648,089	\$ 31,716,920	\$ 30,740,470	\$ 32,243,695	\$ 33,340,716	\$ 34,672,592	\$ 36,157,921	\$ 36,397,777
Program Revenues										
Charges for services	36,489,149	35,457,613	35,843,032	36,960,842	36,369,370	35,740,394	37,543,243	36,185,840	36,306,194	35,514,821
Capital grants and contributions	<u>2,467,785</u>	<u>420,251</u>	<u>849,325</u>	<u>1,374,711</u>	<u>1,846,475</u>	<u>2,363,076</u>	<u>1,509,516</u>	<u>4,035,076</u>	<u>1,992,762</u>	<u>1,365,144</u>
Total component unit revenues	<u>38,956,934</u>	<u>35,877,864</u>	<u>36,692,357</u>	<u>38,335,553</u>	<u>38,215,845</u>	<u>38,103,470</u>	<u>39,052,759</u>	<u>40,220,916</u>	<u>38,298,956</u>	<u>36,879,965</u>
Total component unit net (expense)/revenue	<u>\$ 7,155,819</u>	<u>\$ 4,213,439</u>	<u>\$ 5,044,268</u>	<u>\$ 6,618,633</u>	<u>\$ 7,475,375</u>	<u>\$ 5,859,775</u>	<u>\$ 5,712,043</u>	<u>\$ 5,548,324</u>	<u>\$ 2,141,035</u>	<u>\$ 482,188</u>
General revenues and other changes in net position										
Investment earnings	17,964	15,664	14,755	15,133	20,663	32,802	56,524	64,842	63,207	1,291
Miscellaneous	<u>1,918,195</u>	<u>1,885,640</u>	<u>1,200,778</u>	<u>1,429,244</u>	<u>1,518,433</u>	<u>3,209,266</u>	<u>1,682,884</u>	<u>1,918,443</u>	<u>1,586,117</u>	<u>2,866,866</u>
Total general revenues and other changes in net position	<u>1,936,159</u>	<u>1,901,304</u>	<u>1,215,533</u>	<u>1,444,377</u>	<u>1,539,096</u>	<u>3,242,068</u>	<u>1,739,408</u>	<u>1,983,285</u>	<u>1,649,324</u>	<u>2,868,157</u>
Total component unit activities changes in net position	<u>\$ 9,091,978</u>	<u>\$ 6,114,743</u>	<u>\$ 6,259,801</u>	<u>\$ 8,063,010</u>	<u>\$ 9,014,471</u>	<u>\$ 9,101,843</u>	<u>\$ 7,451,451</u>	<u>\$ 7,531,609</u>	<u>\$ 3,790,359</u>	<u>\$ 3,350,345</u>

Note: The Town began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

Town of Chapel Hill
Fund Balances, Governmental Funds
Last Nine Fiscal Years
post-GASB 54
(modified accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Nonspendable				
Inventories	3,341	2,698	2,670	1,599
Prepaid expenses	40,844	19,863	350	49,357
Restricted				
Stabilization by State Statute	6,271,859	6,697,509	9,994,453	8,825,428
Employee appreciation	97,890	96,179	94,489	93,049
Inspections	-	-	-	-
Parks capital projects	28,776	28,776	139,757	89,712
Streets capital projects	110,310	122,215	213,788	233,158
Public safety	158,867	181,091	372,598	217,530
Committed				
Economic development	-	121,811	72,513	-
Assigned				
Subsequent years' expenditures	1,528,622	1,986,150	2,654,093	2,705,364
Other post employment benefits	400,000	1,200,000	1,200,000	1,758,000
Workforce development	-	60,566	89,750	242,528
Comprehensive plan	99,443	-	-	-
Economic development	157,246	126,927	161,223	233,377
Unassigned	<u>13,357,103</u>	<u>12,883,997</u>	<u>11,143,807</u>	<u>13,374,946</u>
Total General Fund	\$ <u>22,254,301</u>	\$ <u>23,527,782</u>	\$ <u>26,139,491</u>	\$ <u>27,824,048</u>
All Other Governmental Funds				
Nonspendable				
Inventories	16,538	16,538	16,538	16,538
Prepaid expenses	12,155	-	6,110	-
Restricted				
Stabilization by State Statute	25,666,721	11,300,288	8,941,889	8,830,715
Parks capital projects	4,591,757	5,156,807	3,237,033	3,081,580
Streets capital projects	3,485,868	3,455,873	2,546,208	2,042,742
Municipal buildings projects	7,532,019	1,887,561	1,605,667	5,280,387
Affordable housing projects	-	-	-	-
Public housing	104,905	113,836	594,147	127,623
Public safety	8,180	8,179	8,180	522,436
Transit capital purchases	1,067,500	-	60,529	18,317
Infrastructure capital projects	-	-	214,756	214,996
Development	2,844	26,874	-	-
Library	10,536,981	740,208	443,476	253,462
Committed				
Debt service payments	6,281,023	5,340,180	4,803,926	5,452,410
Parks capital projects	-	-	-	-
Municipal buildings projects	-	-	475,687	119,300
Infrastructure capital projects	799,493	241,783	-	-
Technology projects	-	-	776,339	805,203
Fire capital projects	-	844,189	20,353	637,093
Public housing	810,388	336,614	353,843	599,938
Economic development	106,583	160,896	85,117	128,109
Assigned				
Subsequent year's expenditures	92,394	12,151	28,841	135,237
Parks capital projects	44,254	91,388	85,538	506,877
Streets capital projects	88,000	-	7,209	-
Municipal buildings projects	485,027	583,292	318,978	612,849
Fire capital projects	-	-	-	-
Technology projects	-	68,768	4,464	43,800
Public housing	-	-	-	-
Unassigned	<u>(24,960,211)</u>	<u>(10,121,221)</u>	<u>(8,047,445)</u>	<u>(7,709,975)</u>
Total other governmental funds	\$ <u>36,772,419</u>	\$ <u>20,264,204</u>	\$ <u>16,587,383</u>	\$ <u>21,719,637</u>

Table 3

2016	2017	2018	2019	2020	2021
840	1,697	1,135	1,528	1,283	3,206
7,551	76,121	99,820	40,568	8,519	4,756
10,706,650	7,234,759	6,955,024	7,961,838	8,780,909	9,643,814
-	-	-	-	-	-
-	-	-	425,387	216,250	321,808
117,123	46,899	27,411	27,411	27,411	27,411
323,008	382,723	389,435	412,427	423,439	427,898
213,023	147,578	156,618	139,618	138,951	167,542
-	-	-	-	-	-
2,706,550	2,684,006	3,096,886	3,355,766	2,388,512	2,510,221
2,258,000	-	-	-	-	-
253,860	111,281	205,249	105,457	133,013	196,029
-	-	-	-	-	-
166,980	163,246	127,994	157,494	139,642	70,202
15,990,195	13,661,662	13,621,925	13,630,629	15,075,943	20,989,439
<u>\$ 32,743,780</u>	<u>\$ 24,509,972</u>	<u>\$ 24,681,497</u>	<u>\$ 26,258,123</u>	<u>\$ 27,333,872</u>	<u>\$ 34,362,326</u>
16,538	16,538	16,538	16,538	16,538	16,538
-	-	399	-	-	-
12,493,165	9,376,741	6,683,531	8,018,324	11,857,913	2,094,011
2,148,256	7,467,623	8,266,327	4,257,229	3,806,154	4,304,913
5,642,501	2,009,609	7,703,224	5,919,897	4,956,112	6,075,182
4,506,614	3,172,394	2,435,373	2,195,933	1,707,136	1,364,398
-	-	-	-	-	5,123,403
129,839	124,771	300,117	146,765	122,862	113,836
65,058	1,612,295	97,785	55,765	50,103	672,969
20,538	16,926	12,377	5,682	1,782	59,005
215,226	215,525	216,186	217,195	217,969	218,049
-	-	-	-	-	-
193,174	337,500	268,456	165,679	185,844	102,434
6,615,510	7,048,523	7,189,658	7,494,829	9,565,682	7,264,168
-	166,572	18,103	53,791	-	-
549,273	129,969	98,729	47,375	48,750	155,195
-	115,000	-	-	-	-
25,202	425,202	48,586	25,202	25,202	25,202
502,675	1,013,367	-	4,825	-	-
480,562	1,929,871	2,087,281	2,310,074	1,993,060	2,094,759
76,836	115,469	114,948	133,710	132,897	107,952
56,414	-	-	-	-	-
110,193	296,962	358,174	102,448	63,212	5,363
-	-	-	-	-	-
721,282	259,633	217,982	394,122	499,890	182,660
-	-	154,700	17,762	-	-
43,800	-	56,616	41,916	117,166	88,014
-	-	-	-	-	9,816
<u>(11,670,556)</u>	<u>(8,967,961)</u>	<u>(6,674,748)</u>	<u>(7,936,715)</u>	<u>(11,718,663)</u>	<u>(1,506,146)</u>
<u>\$ 22,942,100</u>	<u>\$ 26,882,529</u>	<u>\$ 29,670,342</u>	<u>\$ 23,688,346</u>	<u>\$ 23,649,609</u>	<u>\$ 28,571,721</u>

Town of Chapel Hill
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues				
Taxes	\$ 43,862,452	\$ 44,395,971	\$ 46,529,226	\$ 48,227,231
Intergovernmental	10,878,999	18,592,238	12,328,526	10,379,680
Charges for services	2,892,632	3,133,935	3,435,270	3,475,157
Licenses and permits	1,917,775	2,369,155	2,683,188	2,392,108
Interest on investments	34,258	91,575	34,491	39,476
Other	1,342,021	2,623,976	1,923,309	3,485,501
Total Revenues	<u>60,928,137</u>	<u>71,206,850</u>	<u>66,934,010</u>	<u>67,999,153</u>
Expenditures				
General government	8,838,537	9,493,289	9,541,046	9,589,280
Environment and development	13,666,918	14,398,580	14,745,265	15,340,737
Public safety	19,323,824	19,547,468	19,946,007	20,362,042
Leisure activities	8,094,096	8,719,780	8,449,100	8,772,826
Capital projects	11,116,359	29,185,322	9,313,279	3,696,507
Debt Service:				
Principal	4,490,000	4,995,000	4,904,000	4,594,000
Interest	2,271,774	2,294,854	2,300,475	2,168,703
Advance refunding escrow	-	344,867	-	-
Bond issuance costs	181,355	241,116	-	-
Total Expenditures	<u>67,982,863</u>	<u>89,220,276</u>	<u>69,199,172</u>	<u>64,524,095</u>
Excess of revenues over (under) expenditures	<u>(7,054,726)</u>	<u>(18,013,426)</u>	<u>(2,265,162)</u>	<u>3,475,058</u>
Other Financing Sources (Uses)				
Transfers in	2,237,579	3,348,562	3,744,153	3,989,863
Transfers out	(758,199)	(2,619,870)	(2,544,103)	(3,043,110)
Proceeds from bonds	33,455,000	1,700,000	-	-
Advance refunding	(26,499,557)	3,050,000	-	-
Premium on debt	4,683,695	(2,700,000)	-	-
Proceeds from installment notes	-	-	-	2,395,000
Total other financing sources (uses)	<u>13,118,518</u>	<u>2,778,692</u>	<u>1,200,050</u>	<u>3,341,753</u>
Net change in fund balances	<u>\$ 6,063,792</u>	<u>\$ (15,234,734)</u>	<u>\$ (1,065,112)</u>	<u>\$ 6,816,811</u>
Debt service as a percentage of non capital expenditures	10.94%	10.25%	11.31%	10.94%

Table 4

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 49,340,902	\$ 49,883,531	\$ 51,899,899	\$ 54,366,124	\$ 56,052,887	\$ 58,964,009	
10,367,311	10,891,739	15,426,936	13,330,922	13,358,209	13,475,308	
3,632,627	4,190,130	3,990,342	4,610,116	4,003,574	3,132,740	
2,710,159	2,485,929	3,322,598	3,246,115	2,925,728	3,321,503	
56,872	92,371	253,870	472,755	283,172	15,581	
1,548,178	2,130,432	2,459,468	2,307,186	1,925,030	1,911,757	
67,656,049	69,674,132	77,353,113	78,333,218	78,548,600	80,820,898	
10,729,883	14,147,529	12,898,095	13,884,472	13,760,788	12,468,122	
15,762,311	18,778,116	19,175,142	18,157,985	18,584,377	19,264,337	
20,333,988	20,645,476	21,063,210	21,187,156	21,993,688	21,492,830	
9,556,022	10,023,953	10,300,116	10,169,809	9,999,649	9,669,807	
7,685,753	19,725,287	12,545,297	10,294,241	6,833,473	7,502,044	
4,330,000	5,030,000	7,488,000	7,995,000	5,572,000	5,224,000	
2,007,653	2,025,209	2,247,661	2,433,752	2,261,011	1,965,577	
-	-	-	-	-	-	
-	-	-	-	-	-	
70,405,610	90,375,570	85,717,521	84,122,415	79,004,986	77,586,717	
(2,749,561)	(20,701,438)	(8,364,408)	(5,789,197)	(456,386)	3,234,181	
4,878,505	8,287,269	3,159,729	3,579,357	3,188,910	4,329,309	
(3,970,749)	(7,359,694)	(2,155,527)	(2,218,699)	(1,851,520)	(4,338,621)	
-	9,000,000	9,800,000	-	-	7,960,000	
-	-	-	-	(1,917,928)	-	
-	-	519,544	-	2,073,936	765,697	
7,984,000	5,760,000	-	-	-	-	
8,891,756	15,687,575	11,323,746	1,360,658	1,493,398	8,716,385	
\$ 6,142,195	\$ (5,013,863)	\$ 2,959,338	\$ (4,428,539)	\$ 1,037,012	\$ 11,950,566	
9.94%	9.94%	12.38%	13.39%	10.19%	9.95%	

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Town of Chapel Hill
Governmental Funds Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

Table 5

<u>Fiscal Year</u>	<u>Property Tax</u> (1)	<u>Sales Tax</u>	<u>Occupancy Tax</u>	<u>Other Tax</u>	<u>Total</u>
2012	33,083,532	9,765,972	956,496	56,452	43,862,452
2013	33,306,516	10,049,247	981,716	58,492	44,395,971
2014	34,876,543	10,548,129	1,044,856	59,698	46,529,226
2015	35,617,280	11,444,089	1,100,478	65,384	48,227,231
2016	36,022,725	12,040,383	1,202,806	74,988	49,340,902
2017	35,944,762	12,673,856	1,187,510	77,403	49,883,531
2018	37,167,334	13,364,922	1,281,711	85,932	51,899,899
2019	38,880,336	14,048,261	1,349,003	88,524	54,366,124
2020	40,424,574	14,562,458	986,298	79,557	56,052,887
2021	41,436,248	16,844,132	611,769	71,860	58,964,009

Notes:

(1) Property tax total includes interest received on delinquent taxes.

Town of Chapel Hill
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Combined Real Property	Personal Property
2012	*	*	6,730,528,993	471,001,413
2013	*	*	6,701,285,738	536,958,587
2014	*	*	6,823,181,920	573,309,679
2015	*	*	6,862,576,184	519,383,543
2016	*	*	6,913,283,131	541,047,846
2017	*	*	6,902,832,865	546,117,755
2018 (1)	*	*	7,399,771,971	550,409,864
2019	*	*	7,529,444,369	613,170,831
2020	*	*	7,601,209,365	598,051,765
2021	*	*	7,805,662,760	576,246,878

* The breakdown between residential and commercial property is not available for fiscal years after 2011.

Notes:

- (1) Revaluation year.
- (2) Public service companies valuations are provided by the North Carolina Department of Revenue. These amounts include both real and personal property.
- (3) Per \$100 of value. Includes taxes for general fund, debt service fund and transit fund.
- (4) The estimated market value is calculated by dividing the assessed value by an assessment-to-sales ratio determined by the Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.
- (5) Source is the Property Tax Division of the North Carolina Department of Revenue.

Table 6

Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Assessed Value to Estimated Actual Value
(2)		(3)	(4)	(5)
63,232,013	7,264,762,419	0.494	6,908,951,421	105.15%
66,253,143	7,304,497,468	0.494	7,035,732,487	103.82%
66,762,306	7,463,253,905	0.514	7,421,692,427	100.56%
65,246,662	7,447,206,389	0.524	7,606,952,389	97.90%
85,443,691	7,539,774,668	0.524	7,599,047,236	99.22%
83,768,622	7,532,719,242	0.524	7,562,971,127	99.60%
84,467,574	8,034,649,409	0.508	8,062,060,414	99.66%
80,677,065	8,223,292,265	0.528	8,263,784,811	99.51%
84,003,208	8,283,264,338	0.544	8,318,200,781	99.58%
83,305,619	8,465,215,257	0.544	8,496,652,873	99.63%

**Town of Chapel Hill
 Direct and Overlapping Property Tax Rates,
 Per \$100 of Assessed Value
 Last Ten Fiscal Years**

Year Taxes Payable	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Chapel Hill within Orange County:				
<u>Town Direct Rates:</u>				
General Fund	0.378	0.378	0.388	0.388
Transit	0.041	0.041	0.051	0.051
Debt Service	0.075	0.075	0.075	0.085
Total outside Downtown Service District	0.494	0.494	0.514	0.524
Downtown Service District	0.071	0.071	0.071	0.071
Total Direct Rates	0.565	0.565	0.585	0.595
 <u>Overlapping Rates:</u>				
Orange County	0.858	0.858	0.858	0.878
Chapel Hill - Carrboro School District	0.188	0.188	0.208	0.208
Total Overlapping Rates	1.046	1.046	1.066	1.086
Total Direct and Overlapping Rates	1.611	1.611	1.651	1.681
 Chapel Hill within Durham County:				
<u>Town Direct Rates:</u>				
General Fund	0.378	0.378	0.388	0.388
Transit	0.041	0.041	0.051	0.051
Debt Service	0.075	0.075	0.075	0.085
Total Direct Rates	0.494	0.494	0.514	0.524
 <u>Overlapping Rates:</u>				
Durham County	0.746	0.744	0.744	0.744
Total Direct and Overlapping rates	1.240	1.238	1.258	1.268

* Revaluation year

Source: North Carolina State Department of Revenue.

Table 7

Fiscal Year					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
		*			
0.388	0.388	0.376	0.386	0.386	0.386
0.051	0.051	0.050	0.060	0.060	0.060
0.085	0.085	0.082	0.082	0.098	0.098
0.524	0.524	0.508	0.528	0.544	0.544
0.071	0.071	0.070	0.070	0.070	0.070
0.595	0.595	0.578	0.598	0.614	0.614
0.878	0.878	0.838	0.850	0.868	0.868
0.208	0.208	0.202	0.202	0.202	0.202
1.086	1.086	1.040	1.052	1.070	1.070
1.681	1.681	1.618	1.650	1.684	1.684
0.388	0.388	0.376	0.386	0.386	0.386
0.051	0.051	0.050	0.060	0.060	0.060
0.085	0.085	0.082	0.082	0.098	0.098
0.524	0.524	0.508	0.528	0.544	0.544
0.793	0.740	0.768	0.778	0.712	0.712
1.317	1.264	1.276	1.306	1.256	1.256

Note: Overlapping rates are those of local and county governments that apply to property owners within the Town of Chapel Hill. Not all overlapping rates apply to all Chapel Hill property owners; for example although a county property tax rate applies to all town property owners, the Downtown Service District rates apply only to the property owners whose property is located within that district's geographic boundaries.

**Town of Chapel Hill
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Taxpayer	Type of Business
Chapel Hill Foundation Real Estate (University Square)	Shopping Center
BIR Chapel Hill LLC (formerly Village Plaza Apartments LLC)	Apartment & Retail
Northwestern Mutual Life (Chapel Watch Apartments)	Apartment Rental
NR Edge Apartments Property Owner LLC	Apartment & Retail
State Employees Credit Union	Bank
Duke Energy Carolinas LLC	Public Utility
Health Systems Properties LLC	Medical
East 54 Office Retail LLC	Office/Retail
Townhouse Apartments LLC	Apartment Rental
Chapel Hill at the Pointe Villager LLC	Apartment Rental
Corium LLC	Health Insurance
Blue Cross and Blue Shield of North Carolina	Health Insurance
Madison University Mall LLC	Shopping Center
Europa Center LLC (formerly US GT LLC)	Office Building
Southern Village Apartments	Apartment Rental
ACC GF III Chapel Ridge/Chapel View	Apartment Rental
DDRM Meadowmont Village Center LLC	Development
Exchange at Meadowmont LLC	Office Building

Totals

Total assessed valuation

Sources:

- (1) 2011-2012 Comprehensive Annual Financial Report.
- (2) Orange County Department of Revenue.

Table 8

Fiscal Year 2021			Fiscal Year 2012		
Assessed Valuation	(2) Rank	Percentage of Total Assessed Valuation	Assessed Valuation	(1) Rank	Percentage of Total Assessed Valuation
102,105,000	1	1.21%	47,460,632	2	0.64%
69,227,900	2	0.82%			
57,407,651	3	0.68%			
53,213,049	4	0.63%			
48,276,217	5	0.57%			
47,544,059	6	0.56%	31,483,929	6	0.42%
41,297,156	7	0.49%			
40,135,701	8	0.47%	48,493,425	1	0.65%
38,899,800	9	0.46%			
37,066,976	10	0.44%			
			35,399,115	4	0.48%
			39,711,858	3	0.54%
					0.00%
			27,779,617	7	0.37%
			25,076,719	8	0.34%
			34,973,545	5	0.47%
			24,463,692	9	0.33%
			21,611,559	10	0.29%
<u>\$ 535,173,509</u>		<u>6.32%</u>	<u>\$ 336,454,091</u>		<u>4.54%</u>
<u>\$ 8,465,215,257</u>			<u>\$ 7,411,059,390</u>		

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**Town of Chapel Hill
Property Tax Levies and Collections
Last Ten Fiscal Years**

Table 9

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2012	\$ 35,887,926	35,604,067	99.21%	-	\$ 35,604,067	99.21%	283,859
2013	36,084,217	35,809,148	99.24%	-	35,809,148	99.24%	275,069
2014	38,361,125	38,115,148	99.36%	-	38,115,148	99.36%	245,977
2015	39,009,200	38,849,950	99.59%	-	38,849,950	99.59%	159,250
2016	39,789,825	39,638,269	99.62%	-	39,638,269	99.62%	151,556
2017	39,471,449	39,314,757	99.60%	-	39,314,757	99.60%	156,692
2018	40,816,019	40,679,175	99.66%	-	40,679,175	99.66%	136,844
2019	43,418,983	43,206,984	99.51%	-	43,206,984	99.51%	211,999
2020	45,060,958	44,871,448	99.58%	-	44,871,448	99.58%	189,510
2021	46,050,771	45,882,304	99.63%	-	45,882,304	99.63%	168,467

Town of Chapel Hill
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Limited Obligation Bonds	Bond Premium	Installment Loans	Orange County Loan
2012	31,445,000	28,800,000	-	4,650,441	123,146
2013	30,820,000	26,585,000	-	4,172,666	123,146
2014	28,141,000	24,465,000	-	3,890,775	123,146
2015	25,662,000	22,350,000	-	5,456,766	123,146
2016	23,472,000	20,210,000	-	12,592,753	123,146
2017	31,741,000	18,045,000	-	15,351,269	123,146
2018	38,770,000	16,155,000	470,234	11,895,257	123,146
2019	35,528,000	14,235,000	446,522	8,672,083	123,146
2020	30,851,000	12,305,000	2,289,552	7,718,365	123,146
2021	36,264,000	10,325,000	2,786,058	6,958,000	123,146

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See Table 14 for personal income and population data.

Table 10

Business-type Activities			Total Primary Government	Per Capita Personal Income	Debt Per Capita (1)	Percentage of Personal Income (1)
General Obligation Bonds	Bond Premium	Installment Loans				
-	-	-	65,018,587	46,713	1,126	2.41%
-	-	-	61,700,812	48,683	1,056	2.17%
-	-	-	56,619,921	51,702	955	1.85%
-	-	-	53,591,912	52,339	898	1.72%
-	-	-	56,397,899	52,989	944	1.78%
-	-	6,408,000	71,668,415	55,338	1,203	2.17%
2,700,000	129,554	5,848,000	76,091,191	58,438	1,270	2.17%
2,565,000	123,076	5,251,000	66,943,827	62,202	1,060	1.70%
2,430,000	116,598	4,641,000	60,474,661	67,385	944	1.40%
2,295,000	110,120	4,019,000	62,880,324	65,185	988	1.52%

Town of Chapel Hill
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General bonded debt outstanding:				
General obligation bonds	\$ 31,445,000	\$ 30,820,000	\$ 28,141,000	\$ 25,662,000
Bond premium	-	-	-	-
	\$ 31,445,000	\$ 30,820,000	\$ 28,141,000	\$ 25,662,000
Percentage of estimated actual property value (1)	0.43%	0.42%	0.38%	0.34%
Per capita (2)	\$ 673	\$ 633	\$ 544	\$ 490

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See Table 6 for property value data.

(2) See Table 14 for personal income and population data.

Table 11

Fiscal Year							
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>		
\$ 23,472,000	\$ 31,741,000	\$ 38,770,000	\$ 35,528,000	\$ 30,851,000	\$ 36,264,000		
-	-	470,234	446,522	2,289,552	2,786,058		
\$ 23,472,000	\$ 31,741,000	\$ 39,240,234	\$ 35,974,522	\$ 33,140,552	\$ 39,050,058		
0.31%	0.42%	0.49%	0.44%	0.40%	0.47%		
\$ 443	\$ 574	\$ 671	\$ 578	\$ 492	\$ 580		

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**Town of Chapel Hill
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021**

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Orange County	\$ 297,899,528	37.54%	\$ 111,827,601
Durham County	251,045,000	1.41%	3,544,296
Total overlapping debt			<u>115,371,898</u>
Total direct debt			<u>56,456,204</u>
Total direct and overlapping debt			<u><u>\$ 171,828,102</u></u>

Sources:

Orange County Department of Financial Services.

Durham County Department of Finance.

Note:

The overlapping debt is calculated by taking the Town of Chapel Hill tax valuation in each County and dividing by each respective County's total valuation (per NCDOR tax valuation report)

**Town of Chapel Hill
Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total assessed valuation	\$ 7,264,762,419	\$ 7,304,497,468	\$ 7,463,253,905	\$ 7,447,206,389
Debt limit - 8% of total assessed valuation	581,180,994	584,359,797	597,060,312	595,776,511
General obligation bonds	31,445,000	30,820,000	28,141,000	25,662,000
Bonds authorized but unissued	-	-	-	-
Net debt applicable to debt limit	<u>31,445,000</u>	<u>30,820,000</u>	<u>28,141,000</u>	<u>25,662,000</u>
Legal debt margin	<u>\$ 549,735,994</u>	<u>\$ 553,539,797</u>	<u>\$ 568,919,312</u>	<u>\$ 570,114,511</u>
Legal debt margin as a percentage of the debt limit	94.59%	94.73%	95.29%	95.69%

Note: Under North Carolina general statutes, a municipality's net debt should not exceed 8% of total assessed property value.
The Town's outstanding debt that applies to this limit at June 30, 2021 totaled \$62,604,000.
This total is less than 1% of the Town's June 30, 2021 tax base (\$8.47 billion).

* Source: The North Carolina Department of Revenue final report of assessed property values for the 2020/2021 fiscal year.

North Carolina G.S §159-55.

Table 13

Fiscal Year					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 7,539,774,668	\$ 7,532,719,242	\$ 8,034,649,409	\$ 8,223,292,265	\$ 8,283,264,338	\$ 8,465,215,257
603,181,973	602,617,539	642,771,953	657,863,381	662,661,147	677,217,221
23,472,000	31,741,000	41,470,000	38,093,000	33,281,000	38,559,000
40,300,000	31,300,000	28,800,000	28,800,000	28,800,000	24,045,000
<u>63,772,000</u>	<u>63,041,000</u>	<u>70,270,000</u>	<u>66,893,000</u>	<u>62,081,000</u>	<u>62,604,000</u>
<u>\$ 539,409,973</u>	<u>\$ 539,576,539</u>	<u>\$ 572,501,953</u>	<u>\$ 590,970,381</u>	<u>\$ 600,580,147</u>	<u>\$ 614,613,221</u>
89.43%	89.54%	89.07%	89.83%	90.63%	90.76%

**Town of Chapel Hill
Demographic and Economic Statistics
Last Ten Fiscal Years**

Table 14

<u>Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
	(1)	(2)	(2)	(3)	(3)	(4)	(5)
2012	57,757	6,268,886	46,713	25.6	15.82	41,059	5.6%
2013	58,424	6,608,945	48,683	25.6	15.82	41,402	5.6%
2014	59,271	7,131,776	51,702	25.3	15.82	41,242	4.4%
2015	59,653	7,345,876	52,339	25.3	15.82	41,176	4.9%
2016	59,753	7,440,708	52,989	25.8	15.82	41,490	5.2%
2017	59,569	7,822,299	55,338	25.7	15.82	41,199	4.9%
2018	59,903	8,286,315	58,438	26.2	15.82	42,038	4.3%
2019	63,178	9,015,914	62,202	26.4	15.82	42,138	3.9%
2020	64,051	9,840,004	67,385	26.2	15.82	42,295	4.5%
2021	63,634	9,678,411	65,185	25.8	15.82	41,824	4.5%

Notes:

(1) NC Office of State Budget and Management

(2) U. S. Department of Commerce, Bureau of Economic Analysis. Data available for Orange County only.
Most recent available census data.

(3) U. S. Department of Commerce, most recent available census data.

(4) Chapel Hill-Carrboro City Schools and The University of North Carolina at Chapel Hill.

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

**Town of Chapel Hill
Principal Employers
Current Year and Nine Years Ago**

Table 15

Taxpayer	Fiscal Year 2021			Fiscal Year 2012		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
University of North Carolina at Chapel Hill	10000+	1		16,217	1	42.9%
University of North Carolina Healthcare	10000+	2	Not available	7,964	2	21.1%
Carrboro-Chapel Hill Schools	1000+	3	available	2,138	3	5.7%
Blue Cross Blue Shield of NC	-	-		1,239	4	3.3%
Town of Chapel Hill	650+	4		745	5	2.0%
Aramark Food and Support Services	250+	5				
			<u>Not available</u>	<u>37,831</u>		<u>74.8%</u>
Total Town Employment	<u>Not available</u>			<u>37,831</u>		

Source: Orange County Economic Development. Most recent year available.

**Town of Chapel Hill
Operating Indicators
Last Ten Fiscal Years**

Function/Program	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General government:				
Finance				
Purchase orders issued	1,350	1,372	1,214	1,279
Human Resources				
Recruitment for positions	39	43	68	99
Public Works				
Streets resurfaced (miles)	6.4	6.0	5.88	5.88
Refuse collected (tons)	14,656	14,711	14,746	14,082
Economic and development:				
Planning/Inspections				
Building permits issued	1,007	884	1,006	967
Public safety:				
Police				
Calls for service	36,206	36,094	36,088	37,804
Traffic citations	4,996	5,087	5,721	6,709
Fire				
Emergency responses	4,318	4,194	4,109	4,388
Property losses	\$ 1,418,764	\$ 2,449,214	\$ 2,244,585	\$ 1,001,991
Inspections	1,252	761	757	946
Leisure activities:				
Parks and Recreation				
Pass memberships	3,631	5,514	4,195	4,123
Class registrations	6,142	3,797	5,207	4,507
Daily visits	114,450	115,503	108,569	104,728
Transit				
Service miles	2,598,465	2,467,578	2,614,684	2,372,166
Parking				
Citations issued	13,130	12,968	12,970	10,465

Source: Town of Chapel Hill department representatives.

Table 16

Fiscal Year						
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	
1,353	1,318	1,218	1,354	1,542	1,588	
83	88	89	77	56	61	
5.88	4.79	2.74	3.15	2.37	4.14	
14,331	14,339	13,894	13,857	12,947	12,957	
967	762	1,069	979	1,921	2,133	
38,009	33,479	31,950	40,379	36,890	33,405	
6,459	5,567	2,601	3,785	2,633	584	
4,642	4,514	4,928	4,896	4,385	3,737	
\$ 1,145,028	\$ 951,042	\$ 77,060	\$ 325,766	\$ 264,400	\$ 283,000	
1,178	1,562	2,789	4,790	1,971	697	
4,189	4,150	2,385	2,959	1,991	604	
4,524	6,120	7,396	7,529	6,160	6,785	
95,047	82,537	136,401	121,801	76,962	20,370	
2,303,864	2,150,124	1,849,310	2,128,686	1,488,674	1,801,340	
12,598	12,754	8,729	9,330	9,105	7,178	

**Town of Chapel Hill
Capital Asset Statistics
Last Ten Fiscal Years**

Function/Program	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Government:				
Public Works				
Streets (miles)	165.7	162.7	165.2	165.2
Street lights	3,396	3,422	3,425	3,491
Public Safety:				
Police				
Patrol units	5	5	5	5
Investigative units	2	2	2	2
Other specialty units	4	4	4	4
Fire				
Number of stations	5	5	5	5
Leisure activities:				
Parks and Recreation				
Number of parks & recreational facilities	15	15	15	14
Library				
Volumes in circulation	186,290	200,105	216,985	204,271
Transportation				
Number of buses	98	99	98	98
Number of vans	19	17	19	19
Parking				
Number of spaces available	957	1,111	1,189	1,189
Housing				
Number of units occupied	308	321	321	321

Source: Town of Chapel Hill Department representatives.

Table 17

Fiscal Year						
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	
165.2	166.1	166.1	166.1	166.1	166.1	
3,522	3,566	3,600	3,605	3,651	4,876	
5	5	5	5	5	5	
2	2	2	5	5	3	
4	4	4	4	4	4	
5	5	5	5	5	5	
14	14	15	15	15	15	
199,922	210,873	339,352	385,880	342,667	477,104	
98	98	93	95	95	96	
6	18	20	19	22	22	
1,106	1,159	1,475	1,475	1,480	1,463	
321	319	300	290	290	294	

**Town of Chapel Hill
Full-time Equivalent Town Government Employees by Function,
Last Ten Fiscal Years**

Table 18

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government:										
Mayor and council	1	1	1	1	1	1	1	1	1	1
Town manager's office	9.8	7	11.75	11.75	9	9	10	10	11	12
Communication and Public Affairs	7.33	6.53	7.53	7.53	8.53	7.53	7.53	7.53	7.53	7.53
Human resources	8	8	8	7	10	10	10	10	10	10
Finance	15	15	15	16	18	18	18	18	18	18
Technology solutions	8	8	9	9	10	13	13	16	16	16
Legal	2	2	2	2	2	2	2	2	2	3
Environment and development:										
Planning & Sustainability (A)	20.53	17.75	15.75	15.75	35.65	36.65	22.65	20.65	15.65	15.65
Housing & Community	-	-	-	-	6.2	7.2	7.2	7.2	7.2	7.2
Public Works	76.25	65.25	71.25	71.25	72.25	72.55	72.55	70.2	71.2	71.2
Inspections (A)	8	8	8	12	-	-	-	-	-	-
Engineering	23	23	23	23	21	20	20	20	20	20
Public Safety:										
Police	145	139	138	136	136	134	150	150	155	141
Fire	93.53	90	92	92	95	97	96	96	96	96
Leisure activities:										
Parks & Recreation	58.84	53.51	54.01	54.41	57.83	57.83	57.8	56.5	53.8	53.8
Library	29.08	30.39	26.63	30.09	30.41	29.9	30.3	32.16	34.66	34.66
Transit	195.33	171.73	178.41	183.79	198.29	201.29	203.29	203.29	203.29	205.66
Parking	12.8	11.8	11.8	11.8	10.8	10.8	9	9.8	9.8	9.8
Housing	17	16	16	16	16	16	16	16	16	16
Stormwater	14	14	14	14	14	14.7	14.7	15.05	15.05	15.05
Vehicle Maintenance	-	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75
Downtown Service	-	1	1	1	1	1	1	1	1	1
Total	744.49	696.71	711.88	723.12	760.71	767.2	769.77	770.13	771.93	762.3

Notes:

(A) The Inspections division was moved to Police in 2017-2018.

Source: Town of Chapel Hill Department of Human Resources and Development.

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

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, Town Council and
Citizens of the Town of Chapel Hill
Town of Chapel Hill, North Carolina

We have audited, 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, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Chapel Hill, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Chapel Hill's basic financial statements, and have issued our report thereon dated November 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Chapel Hill's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Chapel Hill's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Chapel Hill's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be 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 Town of Chapel Hill's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. 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 non-compliance 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.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 3, 2021

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor, Town Council and
Citizens of the Town of Chapel Hill
Town of Chapel Hill, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the Town of Chapel Hill, North Carolina's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Chapel Hill's major federal programs for the year ended June 30, 2021. The Town of Chapel Hill's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Chapel Hill's major federal 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Chapel Hill'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 federal program. However, our audit does not provide a legal determination of the Town of Chapel Hill's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Chapel Hill complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town of Chapel Hill 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 Town of Chapel Hill's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal 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 Town'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, non-compliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 3, 2021

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor, Town Council and
Citizens of the Town of Chapel Hill
Town of Chapel Hill, North Carolina

Report on Compliance for Each Major State Program

We have audited the Town of Chapel Hill, North Carolina's, 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 Town of Chapel Hill's major state programs for the year ended June 30, 2021. The Town of Chapel Hill's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Chapel Hill'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; applicable sections of Title 2 U.S. 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, the Uniform Guidance, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance 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 Town of Chapel Hill'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 of the Town of Chapel Hill's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Chapel Hill 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, 2021.

Report on Internal Control Over Compliance

Management of the Town of Chapel Hill 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 Town of Chapel Hill's internal control over compliance with the requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an 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 Town of Chapel Hill'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, non-compliance 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 non-compliance 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 3, 2021

TOWN OF CHAPEL HILL, NORTH CAROLINA

SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2021

1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

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

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

Identification of major federal programs:

<u>Program Name</u>	<u>AL#</u>
Public and Indian Housing Program	14.850
Federal Transit Cluster	20.507, 20.526
Highway Planning and Construction Cluster	20.205
Coronavirus Relief Fund	20.019

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

Auditee qualified as low-risk auditee? Yes

TOWN OF CHAPEL HILL, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

State Awards

Internal control over major state programs:

- Material weaknesses identified? No
- Significant deficiencies identified? None reported

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

Any findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act? No

Identification of major state programs:

Program Name

Powell Bill

2. Findings Related to the Audit of the Basic Financial Statements

None reported

3. Findings and Questioned Costs Related to the Audit of Federal Awards

None reported

4. Findings and Questioned Costs Related to the Audit of State Awards

None reported

TOWN OF CHAPEL HILL, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

None reported.

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TOWN OF CHAPEL HILL, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA/AL Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures			Pass-through to subrecipients
				Federal	State	Local	
FEDERAL ASSISTANCE							
U.S. Department of Transportation							
Federal Transit Administration							
<i>Direct Programs:</i>							
FEDERAL TRANSIT CLUSTER:							
Federal Transit Administration - Federal Transit Formula Grant	20.507		802,414	641,930	-	160,484	-
Federal Transit Administration - Federal Transit Formula Grant	20.507		22,667	6,404	-	1,602	-
Federal Transit Administration - Federal Transit Formula Grant	20.507		1,505,000	1,725	-	427	-
Federal Transit Administration - Federal Transit Formula Grant	20.507		2,065,739	2,065,739	-	-	-
Federal Transit Administration - COVID-19 Federal Transit Formula Grant	20.507		5,736,790	5,736,790	-	-	-
Federal Transit Administration - Bus and Bus Facilities Formula, Comepetitive, and Low or No Emissions Programs	20.526		534,037	163,273	-	40,819	-
Federal Transit Administration - Bus and Bus Facilities Formula, Comepetitive, and Low or No Emissions Programs	20.526		592,708	21,934	-	-	-
<i>Subtotal Direct Federal Transit Cluster</i>			<i>17,204,520</i>	<i>8,637,795</i>		<i>203,332</i>	<i>-</i>

TOWN OF CHAPEL HILL, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA/AL Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures			Pass-through to subrecipients
				Federal	State	Local	
<i>Passed-Through City of Durham, North Carolina:</i>							
METROPOLITAN TRANSPORTATION PLANNING / STATE AND NON-METROPOLITAN PLANNING AND RESEARCH PROGRAM:							
Federal Transit Administration - Section 5303	20.505	U-4727	171,500	130,103	16,263	16,262	-
Federal Transit Administration - Section 5303	20.505	STP-DA 133(B)(3)(7)	112,804	<u>84,341</u>	<u>-</u>	<u>21,085</u>	<u>-</u>
<i>Subtotal Pass-Through Metro Transportation Planning Program / State and Non-Metro Planning and Research Program</i>				<i>214,444</i>	<i>16,263</i>	<i>37,347</i>	<i>-</i>
TRANSIT SERVICES PROGRAM CLUSTER:							
Federal Transit Administration Job Access and Reverse Commute Program	20.516	JARC - 5316	304,070	<u>52,819</u>	<u>-</u>	<u>54,401</u>	<u>-</u>
<i>Subtotal Pass-Through Transit Services Program Cluster</i>				<i>52,819</i>	<i>-</i>	<i>54,401</i>	<i>-</i>
Federal Highway Administration							
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER:							
Highway Planning and Construction Program NCDOT CMAQ Grant - Estes Drive Bike Construction	20.205	C-5179	2,886,618	65,219	-	-	-
NCDOT STPGDA Grant - Variable Message Construction	20.205	U-5543	1,401,300	427,838	-	198,000	-
NCDOT STPGDA Grant - Homestead Road Sidewalk	20.205	U-4726 IK	1,040,000	-	-	-	-
NCDOT-Sidepath	20.205	EB-5721	846,400	<u>39,254</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Subtotal Pass-Through Highway Planning and Construction Cluster</i>				<i>532,311</i>	<i>-</i>	<i>198,000</i>	<i>-</i>
Highway Safety Cluster							
State and Community Highway Safety Program Governor's Highway Safety Program	20.600	PS-21-05-02	67,000	<u>18,903</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Subtotal Pass-Through Highway Safety Cluster</i>				<i>18,903</i>	<i>-</i>	<i>-</i>	<i>-</i>
Total U.S. Department of Transportation				<u>9,456,272</u>	<u>16,263</u>	<u>493,080</u>	<u>-</u>

TOWN OF CHAPEL HILL, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA/AL Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures			Pass-through to subrecipients
				Federal	State	Local	
U.S. Department of Housing and Urban Development							
Office of Community Planning and Development							
<i>Direct Programs:</i>							
CDBG & ENTITLEMENT GRANTS CLUSTER:							
Community Development Block Grant Entitlement Grants	14.218		1,991,046	441,964	-	-	375,107
COVID-19 CDBG Coronavirus Relief Fund	14.218		290,902	169,679	-	-	151,863
COVID-19 CDBG Coronavirus Relief Fund	14.218		245,693	245,692	-	-	245,692
Program income			74,500	-	-	7,339	-
<i>Subtotal Direct CDBG Entitlement Grants Cluster</i>				<u>857,335</u>	-	<u>7,339</u>	<u>772,662</u>
OFFICE OF PUBLIC & INDIAN HOUSING							
Public and Indian Housing Program -							
Operating	14.850		1,158,865	1,158,865	-	-	-
COVID -19 HUD Coronavirus Relief Fund	14.850		162,170	48,247	-	-	-
Rental and other income			-	-	-	955,804	-
<i>Subtotal Direct Public Housing Capital Grants</i>				<u>1,207,112</u>	-	<u>955,804</u>	-
PUBLIC HOUSING CAPITAL FUND							
Public Housing - Capital Fund	14.872		521,212	283	-	-	-
	14.872		549,598	84,453	-	-	-
	14.872		782,242	218,232	-	-	-
	14.872		825,913	68,240	-	-	-
	14.872		891,521	5,333	-	-	-
<i>Subtotal Direct Public & Indian Housing Capital Grants</i>				<u>376,541</u>	-	-	-

TOWN OF CHAPEL HILL, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA/AL Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures			Pass-through to subrecipients
				Federal	State	Local	
<i>Passed-Through Orange County, North Carolina:</i>							
HOME INVESTMENT PARTNERSHIP PROGRAM							
Public and Indian Housing - Program Income				-	-	8,943	-
<i>Subtotal Pass-Through HOME Program</i>				-	-	8,943	-
Total U.S. Department of Housing and Urban Development				2,440,988	-	972,086	772,662
U.S. Department of Justice							
Office of Justice Programs							
<i>Direct Programs:</i>							
Bulletproof Vest Partnership Program	16.607		26,030	8,036	-	8,036	-
<i>Subtotal direct programs</i>				8,036	-	8,036	-
Total U.S. Department of Justice				8,036	-	8,036	-
U.S. Department of Homeland Security							
<i>Passed-Through NC Department of Public Safety:</i>							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW119879	290,717	290,717	-	-	-
Total U.S. Department of Homeland Security				290,717	-	-	-

TOWN OF CHAPEL HILL, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA/AL Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures			Pass-through to subrecipients
				Federal	State	Local	
U.S. Institute of Museum and Library Services							
<i>Passed-Through State Library of North Carolina:</i>							
Grants to States							
LSTA Project Literacy & Lifelong Learning Grant	45.310	LS-00-17-0034-21	6,423	6,423	-	-	-
LSTA Project Literacy & Lifelong Learning Grant	45.310	LS-00-17-0034-19	49,250	3,101	-	345	-
LSTA Project Literacy & Lifelong Learning Grant	45.310	LS-00-17-0034-19	109,600	98,006	-	7,205	-
LSTA Project Literacy & Lifelong Learning Grant	45.310	LS-00-17-0034-21	40,000	25,219	-	4,000	-
LSTA Project Literacy & Lifelong Learning Grant	45.310	LS-00-17-0034-21	54,000	48,284	-	5,400	-
COVID-19 - National Leadership Grants	45.312	IMLS CARES-21	149,435	1,030	-	-	-
Total U.S. Institute of Museum and Library Services				182,063	-	16,950	-
U.S. Department of the Interior							
<i>Passed-Through NC Department of Natural & Cultural Resources:</i>							
Historic Preservation Fund Grants - In-Aid	15.904	HPF-0770	25,000	10,000	-	15,000	-
Total U.S. Institute of Museum and Library Services				10,000	-	15,000	-
U.S. Department of Treasury							
<i>Passed-Through NC Office of Management and Budget, NC Pandemic Recovery Office:</i>							
Coronavirus State & Local Fiscal Recovery Funds	21.019	1505-0271	5,334,249	-	-	-	-
<i>Passed-Through NC Office of Management and Budget, NC Pandemic Recovery Office & Orange County:</i>							
COVID-19 Coronavirus Relief Fund	21.019	02-66-02	1,533,263	1,549,347	-	-	882,138
Total U.S. Department of Treasury				1,549,347	-	-	882,138
TOTAL FEDERAL ASSISTANCE				13,937,423	16,263	1,505,152	1,654,800

TOWN OF CHAPEL HILL, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA/AL Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures			Pass-through to subrecipients
				Federal	State	Local	
STATE ASSISTANCE							
North Carolina Department of Transportation:							
Powell Bill	5121		1,430,186	-	1,430,196	-	-
NCDOT-19 Urban Regional Bus and Facility Program	36231		45,500	-	45,500	-	-
NCDOT-18 Statewide Contingency Program	50154		465,863	-	465,863	-	-
				-	1,941,559	-	-
<i>Passed-Through Triangle J Council of Government:</i>							
Transit Demand Grant		2000004447	101,933	-	47,475	44,980	-
Total North Carolina Department of Transportation				-	1,989,034	44,980	-
North Carolina Department of Environmental Quality							
Zero Waste Grant		2021	25,650	-	17,970	4,275	-
Total NC Department of Environmental Quality				-	17,970	4,275	-
North Carolina Department of Natural and Cultural Resources:							
State Library Aid		2020-2021	30,098	-	30,098	-	-
TOTAL STATE ASSISTANCE				-	2,037,102	49,255	-
TOTAL FINANCIAL ASSISTANCE				13,937,423	2,053,365	1,554,407	1,654,800

TOWN OF CHAPEL HILL, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA/AL Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures			Pass-through to subrecipients
				Federal	State	Local	

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

1. The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Chapel Hill, North Carolina under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. 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 Town of Chapel Hill, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Chapel Hill.
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. The Town of Chapel Hill has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
4. Powell Bill expenditures as reported above represent eligible expenditures reported to the North Carolina Department of Transportation (NCDOT) for the fiscal year ending June 30, 2021. The Town is required to report annually to the NCDOT on the accumulated unspent Powell Bill funds. As of June 30, 2021, the Town had no unspent Powell Bill funds. The amount calculated as interest is based on the prior year interest rate which was used as an estimate for the current year.

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