

**Town of Chapel Hill, North Carolina
Annual Comprehensive Financial Report
For the fiscal year ended June 30, 2024**

Prepared by:

Town of Chapel Hill
Business Management Department

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MANAGER'S OFFICE
Town of Chapel Hill
405 Martin Luther King Jr. Blvd.
Chapel Hill, NC 27514-5705

phone (919) 968-2743 *fax* (919) 969-2063
www.townofchapelhill.org

November 15, 2024

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, 2024 (FY 2023-24) 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, 2024.

The town engaged Mauldin & Jenkins, 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, 2024 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 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, 2024.

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 62,195 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 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.

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

In June 2024, the Town issued \$16.121 million in limited obligation bonds in order to complete the East Rosemary Parking Deck, purchase a ladder truck, and purchase furniture & fixtures for the new police station.

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 bonds from the 2018 referendum have been fully issued.

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 10 years of the date of the referendum (3-year extension was granted). \$11.1 million remains to be issued from the 2015 referendum.

In preparation for the 2015 referendum the Council increased the portion of the property tax dedicated to debt service by a penny. In This increase provided the capacity to pay the additional debt service for the 2015 general obligation bonds. For the 2018 referendum, the Council stated that if the community approved the bonds, a one cent tax increase would be needed to pay the associated debt service. The penny increase was effective with the FY 2020 budget.

The Town issued the remaining \$7.7 million of streets and sidewalks bonds, the remaining \$5.245 million in affordable housing bonds, and almost \$2 million in 2/3 bonds in winter March 2023. The Town also issued \$8.155 million in installment notes payable for the purchase of up to 10 buses.

In August 2021, Town issued \$52.526 in two series of limited obligation bonds for the construction of a new parking deck in downtown on East Rosemary Street, the Elliott Road reconstruction project, and refunded the 2012 series limited obligation bonds and 2015 installment notes payable.

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 FY 2016 and the second part in the amount of \$6,460,000 was issued in FY 2022.

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.

The Town has embarked on two complementary work programs that will steer the future growth of Chapel Hill. The first is the Transit Oriented Development (TOD) plan – Shaping Our Future - which provides an opportunity for the Town to capitalize on the future investment in transit opportunities in the North-South Corridor (one of the most heavily traveled corridors in the Town). Transit and Planning staff are working to develop recommendations for implementing the TOD described in the plan including, but not limited to, regulatory mechanisms and development incentives related to density, dimensional standards, building topologies, and other critical design and aesthetic elements that will be integrated into the Town's LUMO updates.

The second is the Complete Communities Strategy (CCS) which is an initiative to address the housing needs of the community. It outlines a new approach to housing creation and growth in the town, aiming to meet projected housing demands. The CCS was endorsed by the Council in December 2022, and in May 2023, it was incorporated into the Town's vision document, Chapel Hill 2020, through an amendment to the Comprehensive Plan. The CCS expands on the vision of the 2020 Comprehensive Plan and integrates various plan elements that have been added since its adoption in 2012. It serves as a roadmap for future decisions on how the Town should evolve over time.

The CCS includes several specific goals, ranging from increasing the availability of affordable housing to promoting sustainable development. It also outlines a range of strategies to achieve these goals, such as incentivizing the development of more diverse housing types, providing greater access to transportation and employment opportunities, and strengthening the links between existing neighborhoods and proposed development. The goal is to create a more equitable and inclusive community for all Chapel Hill residents.

In addition to the Complete Community Strategy, the Council is working on the rewrite process for the Town's Land Use Management Ordinance (LUMO), a comprehensive revision of the town's zoning code. The LUMO rewrite aims to modernize and streamline the zoning regulations to better align with the goals and vision of the Complete Community Strategy. It seeks to create a more user-friendly and transparent zoning code that promotes sustainable development, encourages mixed-use neighborhoods, and enhances the overall quality of life in Chapel Hill. The LUMO rewrite is an important component of the Council's efforts to create a more inclusive and vibrant community that meets the evolving needs of its residents.

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, 2023.

The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of State and local government financial reports. 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 2023-24. 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, Mauldin & Jenkins 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 black ink, appearing to read "Chris Blue". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Chris Blue
Town Manager

A handwritten signature in black ink, appearing to read "Amy Oland". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

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**

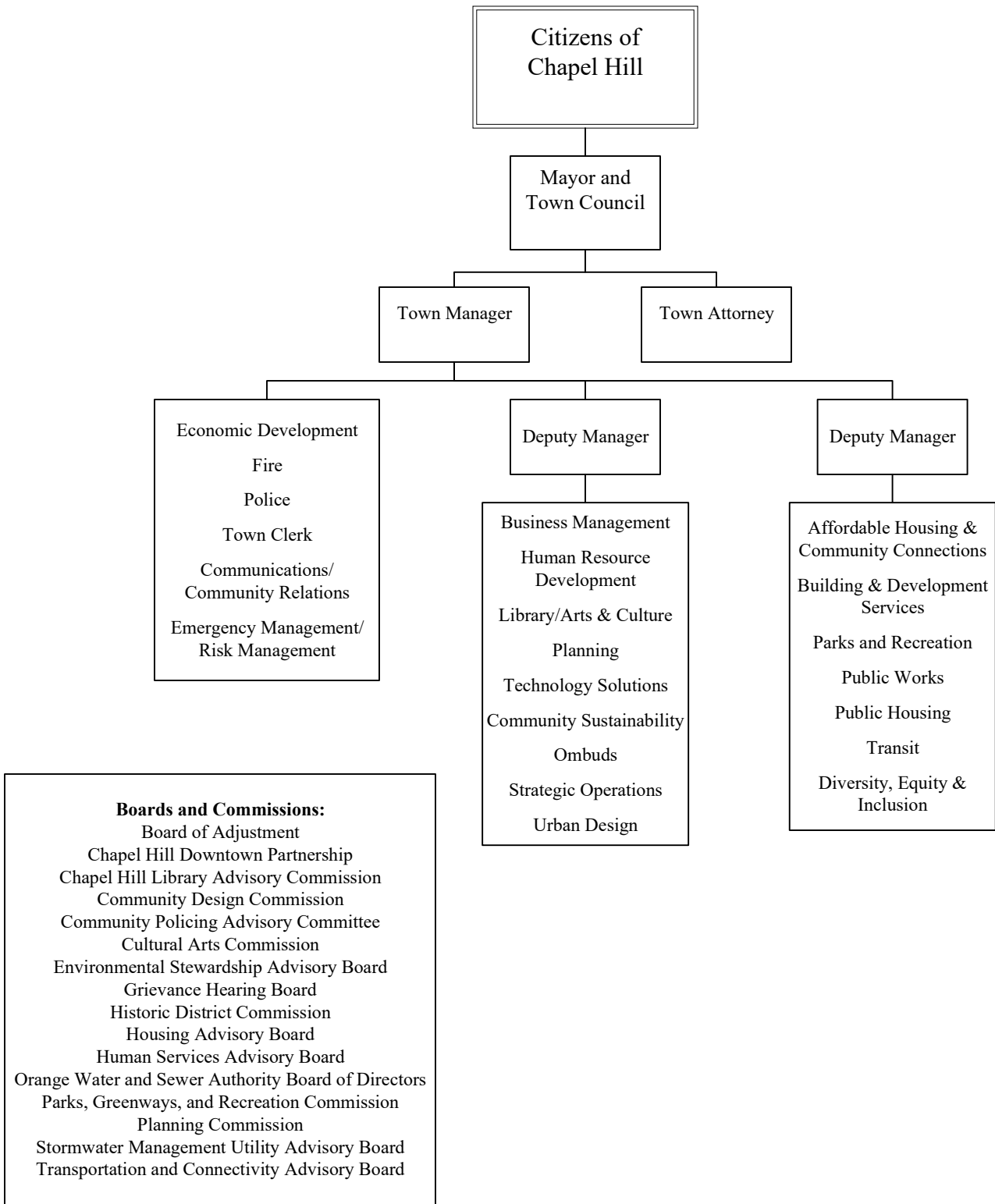
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

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, 2024
MEMBERS OF THE GOVERNING BODY**

Mayor

Jessica Anderson

Mayor pro tem

Amy Ryan

Council Members

Camille Berry

Adam Searing

Melissa McCullough

Elizabeth Sharp

Paris Miller-Foushee

Karen Stegman

Theodore Nollert

Administrative and Financial Staff

Chris Blue

Town Manager

Mary Jane Nirdlinger

Deputy Town Manager

Loryn Clark

Deputy Town Manager

Amy Oland

Business Management Director

Ann Anderson

Town Attorney

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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** (the "Town") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditor, the accompanying financial statements referred to above present fairly, in all material respects, the 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, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison statement for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Orange Water and Sewer Authority ("OWASA"), which represent 100% of the assets, net position, and revenues of the discretely presented component unit as of June 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for OWASA are based solely on the report of the other auditor.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules related to the Town's pension and other post-employment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining non-major fund statements as schedules, budgetary statements, and other supplemental schedules, as listed in the table of contents, and the schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of North Carolina Single Audit Implementation Act (collectively, "the supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2024, on our consideration of the Town'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'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 Town's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Raleigh, North Carolina
November 15, 2024

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, 2024. 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, 2024, 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 \$184.0 million (net position).
- The government's total net position increased by about \$16.9 million, the total of a \$8.4 million increase in governmental activities net position and a \$8.5 million increase in business-type activities net position. The governmental activities increase is largely the result capital related expenditures (East Rosemary Parking Deck, Estes Drive improvements, and Homestead Road sidewalk) and increases in debt with the issuance of the 2024 limited obligation bonds, a large increase in the net pension liability for LGERS, offset by the debt payments made in FY 2024. The business-type activities increase is largely due to capital contributions from the Transit Capital Grants fund and the purchase of seven electric buses and lapsed salary savings due to the job market and operational cost savings.
- At June 30, 2024, total net position was \$184.0 million which is made up of \$129.7 million invested in capital assets, \$22.2 restricted net position which has been reserved for specific purposes, and a remaining balance of \$32.1 million that is unrestricted. Restrictions for Stabilization by State Statue accounts for \$21.7 million of net position, largely representing debt service (\$9.2 million), outstanding purchase orders for ongoing Town operating costs (\$1.8 million), and the remaining representing receivables due to the Town.
- As of the close of the current fiscal year, Chapel Hill's governmental funds reported combined ending fund balances of approximately \$85.6 million, a decrease of \$7.9 million in comparison with the prior year. This net decrease is largely due to the 2024 limited obligation bonds

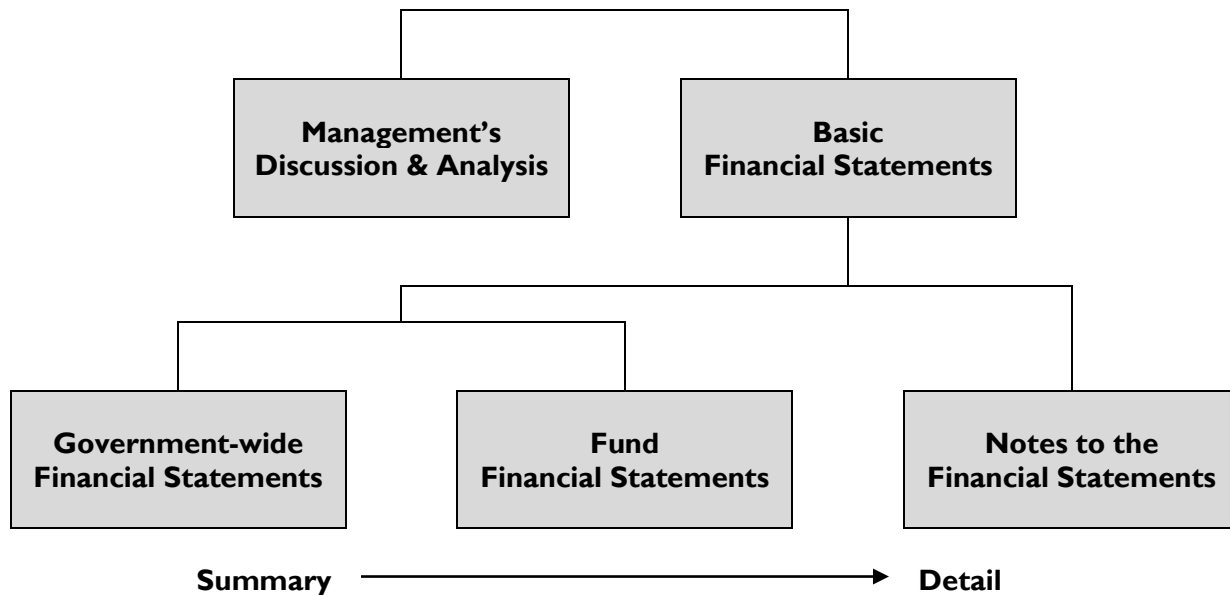
Management's Discussion and Analysis

issuance less the capital related expenditures in FY 2024 (specifically tied to the East Rosemary Parking Deck) and lapsed salary and operational cost savings.

- Unassigned fund balance of the General Fund (totaling approximately \$20.8 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 increased by \$11.6 million to \$188.0 million because of the issuance of the 2024 limited obligation bonds to complete the East Rosemary Parking Deck and to purchase a ladder truck and furniture/fixtures for the new PD station and a large increase in the net pension liability for LGERS (due to actuarially determined plan projections) offset by annual debt payments and decreases to the net OPEB liability.
- For FY 2024, the Town adopted a tax rate at 57.2 cents, a 5.0 cent increase, in line with the Town's 5-year budget strategy to help support the Town's priority spending areas.
- Property taxes supported 47.6% of the governmental services to citizens and the community in fiscal year 2024.
- 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 41 through 98 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 99 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, 2024 (as shown in Exhibit 1) with comparative data from June 30, 2023.

| Town of Chapel Hill's Net Position | | | | | | |
|--------------------------------------|-------------------------|----------------|--------------------------|---------------|----------------|----------------|
| Figure 2 | | | | | | |
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and other assets | \$ 107,231,051 | \$ 114,653,448 | \$ 69,447,986 | \$ 65,986,159 | \$ 176,679,037 | \$ 180,639,607 |
| Capital assets | 166,649,128 | 143,746,667 | 42,903,711 | 39,091,914 | 209,552,839 | 182,838,581 |
| Total assets | 273,880,179 | 258,400,115 | 112,351,697 | 105,078,073 | 386,231,876 | 363,478,188 |
| Total deferred outflows of resources | 18,292,136 | 16,702,809 | 6,765,700 | 6,214,386 | 25,057,836 | 22,917,195 |
| Current liabilities | 32,006,206 | 29,653,442 | 5,224,058 | 4,007,395 | 37,230,264 | 33,660,837 |
| Non-current liabilities | 158,535,034 | 147,041,938 | 29,502,271 | 29,395,251 | 188,037,305 | 176,437,189 |
| Total liabilities | 190,541,240 | 176,695,380 | 34,726,329 | 33,402,646 | 225,267,569 | 210,098,026 |
| Deferred inflows of resources | 1,519,853 | 6,719,232 | 483,546 | 2,473,328 | 2,003,399 | 9,192,560 |
| Net position: | | | | | | |
| Net investment in capital assets | 89,875,363 | 81,211,942 | 39,786,397 | 34,133,753 | 129,661,760 | 115,345,695 |
| Restricted for: | | | | | | |
| Stabilization by State Statute | 21,733,107 | 19,927,655 | - | - | 21,733,107 | 19,927,655 |
| Capital projects | 288,610 | 1,227,873 | - | - | 288,610 | 1,227,873 |
| Inspections | 129,583 | 655,158 | - | - | 129,583 | 655,158 |
| Public housing | 130,433 | 130,269 | - | - | 130,433 | 130,269 |
| Other functions | - | - | - | - | - | - |
| Unrestricted | (12,045,874) | (11,464,585) | 44,121,125 | 41,282,732 | 32,075,251 | 29,818,147 |
| Total net position | \$ 100,111,222 | \$ 91,688,312 | \$ 83,907,522 | \$ 75,416,485 | \$ 184,018,744 | \$ 167,104,797 |

Net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflow of resources of the Town of Chapel Hill exceeded liabilities and deferred inflows of resources by \$184.0 million as of June 30, 2024. The Town's net position increased by a total of \$16.9 million, the total of a \$8.4 million increase in governmental activities net position and a \$8.5 million increase in business-type activities net position. The governmental activities increase is largely the result capital related expenditures (East Rosemary Parking Deck, Estes Drive improvements, and Homestead Road sidewalk) and increases in debt with the issuance of the 2024 limited obligation bonds, a large increase in the net pension liability for LGERS, offset by the debt payments made in FY 2024. The business-type activities increase is largely due to capital contributions from the Transit Capital Grants fund and the purchase of seven electric buses and lapsed salary savings due to the job market and operational cost savings.

The largest portion of net position (about \$129.7 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

Management's Discussion and Analysis

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 \$22.2 million) represents resources that are subject to external restrictions on how they may be used, leaving a remaining balance of \$32.1 million in unrestricted net position.

Current and other assets decreased by \$4.0 million from the prior year. Most of this decrease is due to spending down proceeds from general obligation & limited obligation bond issuances. Capital assets are up \$26.7 million from the prior year due to capital expenditures for large scale projects (including the East Rosemary Parking Deck, Estes Drive improvements, and Homestead Road sidewalk) tied to recent borrowings.

Total liabilities are up \$15.2 million from the prior year. This is due to the 2024 limited obligation bond issuance, a large increase in the net pension liability, offset by annual debt service and a decrease to the net OPEB liability.

The Town of Chapel Hill implemented GASB Statement 96 in FY 2023. The implementation of the statement required the Town to recognize all IT subscriptions as an asset and a liability.

The Town of Chapel Hill implemented GASB Statement 87 in FY 2022. The implementation of the statement required the Town to recognize all lessee and lessor leases under a single reporting model.

Governmental activities. Governmental activities show an increase in net position of about \$8.4 million. Most of the increase in the governmental activities net position is the new debt from the 2024 limited obligation bond issuance, a large increase in the net pension liability for LGERS, offset by capital expenditures for large scale projects where the Town recently borrowed funds to complete.

Business-type activities: Business-type activities show an increase in net position of about \$8.5 million which was largely attributed to the capital contribution in the Transit Fund from the purchase of 7 electric buses in the Transit Capital Grants Fund. There were smaller increases in Parking and Stormwater due to a normal amount of lapsed salary and operational savings. There was a planned decrease in the Housing Fund due to the Trinity Court project contribution.

Figure 3 presents a summary of government-wide activity (as presented in Exhibit 2) for the year ended June 30, 2024, with comparative data for June 30, 2023.

Management's Discussion and Analysis

Town of Chapel Hill's Changes in Net Position

Figure 3

| | Governmental | | Business-Type | | Total | |
|--|--------------------|-------------------|-------------------|-------------------|--------------------|--------------------|
| | Activities | | Activities | | | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 8,146,105 | \$ 9,854,613 | \$ 8,071,500 | \$ 8,003,109 | \$ 16,217,605 | \$ 17,857,722 |
| Operating grants and contributions | 6,398,685 | 6,213,385 | 28,885,386 | 23,666,484 | 35,284,071 | 29,879,869 |
| Capital grants and contributions | 12,594,217 | 3,242,227 | 8,985,741 | 1,453,225 | 21,579,958 | 4,695,452 |
| General revenues: | | | | | | |
| Taxes | 72,765,403 | 66,645,209 | 5,983,593 | 5,909,203 | 78,748,996 | 72,554,412 |
| Grants and contributions not restricted to specific programs | 6,095,059 | 5,346,418 | - | - | 6,095,059 | 5,346,418 |
| Investment earnings | 3,479,076 | 2,160,179 | 2,364,287 | 881,398 | 5,843,363 | 3,041,577 |
| Other | 2,293,412 | 1,756,672 | 36,245 | 75,295 | 2,329,657 | 1,831,967 |
| Total revenues | 111,771,957 | 95,218,703 | 54,326,752 | 39,988,714 | 166,098,709 | 135,207,417 |
| Expenses: | | | | | | |
| General government | 19,224,518 | 16,712,092 | - | - | 19,224,518 | 16,712,092 |
| Environment and development | 36,105,253 | 29,093,531 | - | - | 36,105,253 | 29,093,531 |
| Public safety | 29,699,796 | 24,308,967 | - | - | 29,699,796 | 24,308,967 |
| Leisure activities | 16,897,412 | 13,871,414 | - | - | 16,897,412 | 13,871,414 |
| Interest expense | 2,595,056 | 2,214,168 | - | - | 2,595,056 | 2,214,168 |
| Transportation | - | - | 35,227,924 | 30,106,122 | 35,227,924 | 30,106,122 |
| Parking facilities | - | - | 2,107,049 | 1,934,504 | 2,107,049 | 1,934,504 |
| Housing operations | - | - | 4,338,655 | 2,721,018 | 4,338,655 | 2,721,018 |
| Stormwater management | - | - | 2,989,099 | 2,570,213 | 2,989,099 | 2,570,213 |
| Total expenses | 104,522,035 | 86,200,172 | 44,662,727 | 37,331,857 | 149,184,762 | 123,532,029 |
| Increase (decrease) in net position before transfers | 7,249,922 | 9,018,531 | 9,664,025 | 2,656,857 | 16,913,947 | 11,675,388 |
| Transfers | 1,172,988 | 633,408 | (1,172,988) | (633,408) | - | - |
| Increase (decrease) in net position | 8,422,910 | 9,651,939 | 8,491,037 | 2,023,449 | 16,913,947 | 11,675,388 |
| Net position, July 1 | 91,688,312 | 82,036,373 | 75,416,485 | 73,393,036 | 167,104,797 | 155,429,409 |
| Net position, June 30 | \$ 100,111,222 | \$ 91,688,312 | \$ 83,907,522 | \$ 75,416,485 | \$ 184,018,744 | \$ 167,104,797 |

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, 2024, the governmental funds of Chapel Hill reported a combined fund balance of about \$85.6 million, a decrease of \$7.9 million or 8.4% 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 \$20.8 million, with total fund balance of \$35.5 million. The fund balance available for appropriation according to the statutory calculation is 24.6% of expenditures for FY24, 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 58.5% of total fund balance. Total fund balance, which includes reserves and designated amounts, represents 42.0% of total 2023-24 General Fund expenditures and other uses. The total fund balance had a planned decrease of about \$306K to help address organizational needs.

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 \$91K to cover debt service costs.

The Capital Projects Ordinance Fund reflects an \$8.4 million decrease in fund balance, representing the issuance of the 2024 limited obligation bonds offset by the planned capital expenditures for the projects covered under this and previous years' borrowings.

The American Rescue Plan Fund represents \$5.3 million in cash that was received in May 2021 and an additional \$5.3 million in cash that was received in June 2022. The sum of these two payments less the amount spent in prior years plus the current year expenditures of \$1.2 million was deferred until projects are completed.

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.

Revenues were about \$1.4 million more than budgeted. The increase is due to conservative budget practices in budgeting revenues and higher than anticipated revenues for interest income, occupancy tax, and utility franchise tax offset by less than anticipated revenues for property taxes and sales taxes.

Expenditures were about \$3.5 million less than budgeted. About \$1.9 million represents lapsed salary and benefit savings from vacant positions, \$235K from economic incentives that won't be paid out until FY 2024, and other various operational savings. About \$832K 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 was \$35.8 million for the Transit Fund, \$3.6 million for the Housing Operating Fund and \$6.2 million for the Stormwater Management Fund. The Parking Facilities Fund shows a deficit in unrestricted net position of \$1.5 million with \$3.5 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, 2024, capital assets totaled \$209.6 million compared with \$182.8 million in the prior fiscal year. These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles, other equipment, right to use assets for leases and IT subscriptions.

Major capital asset transactions during the year include the following: East Rosemary Parking Deck, Estes Drive improvements, Homestead Road sidewalk, Elliott Road reconstruction, and bus purchases.

| Town of Chapel Hill Capital Assets (net of depreciation & amortization) Figure 4 | | | | | | |
|---|----------------------------|-----------------------|-----------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | \$ 39,824,974 | \$ 39,426,813 | \$ 7,341,298 | \$ 7,341,298 | \$ 47,166,272 | \$ 46,768,111 |
| Easements | 696,434 | 678,950 | 3,000 | 3,000 | 699,434 | 681,950 |
| Land improvements | 34,727,069 | 22,017,439 | 4,910,561 | 5,316,351 | 39,637,630 | 27,333,790 |
| Infrastructure | - | 269,193 | - | - | - | 269,193 |
| Buildings and building improvements | 25,477,087 | 27,189,607 | 9,121,626 | 9,773,571 | 34,598,713 | 36,963,178 |
| Equipment | 1,034,839 | 726,384 | 968,349 | 638,459 | 2,003,188 | 1,364,843 |
| Vehicles | 6,162,301 | 4,722,725 | 20,137,561 | 15,261,571 | 26,299,862 | 19,984,296 |
| Construction in progress | 58,629,725 | 48,521,426 | 340,870 | 587,744 | 58,970,595 | 49,109,170 |
| Right to use assets: | | | | | | |
| Leased land | - | 6,998 | - | - | - | 6,998 |
| Leased land improvements | - | - | - | 20,520 | - | 20,520 |
| Leased buildings | - | - | 80,446 | 149,400 | 80,446 | 149,400 |
| IT subscriptions | 96,699 | 187,132 | - | - | 96,699 | 187,132 |
| Total | \$ 166,649,128 | \$ 143,746,667 | \$ 42,903,711 | \$ 39,091,914 | \$ 209,552,839 | \$ 182,838,581 |

Additional information on the Town’s capital assets can be found in Note F, Capital Assets beginning on page 60 of the Basic Financial Statements.

Long-term Debt. As shown in Figure 5, as of June 30, 2024, the Town of Chapel Hill had total outstanding bonded debt, backed by the full faith and credit of the Town, of \$43,676,000. The Town also had \$57,001,000 of debt in limited obligation bonds for the construction of the East Rosemary Parking Deck, Elliott Road reconstruction project, to refund the 2012 limited obligation bonds for funding construction of the Town Operations Center and the 140 West Parking Deck, and to refund installment notes for renovations to various municipal facilities. The Town’s total debt of about \$202.5 million also includes the net other postemployment liability of \$30.5 million as required by GASB 75, total pension liability of \$7.3 million for the law enforcement special separation allowance as required by

Management's Discussion and Analysis

GASB 73 and \$36.7 for LGERS. For more information on these GASB statements and their effect on the Town's financial statements, please refer to pages 67-81 of the Notes to the Financial Statements.

| Town of Chapel Hill Outstanding Debt Figure 5 | | | | | | |
|--|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| General obligation bonds | \$ 41,786,000 | \$ 45,491,000 | \$ 1,890,000 | \$ 2,025,000 | \$ 43,676,000 | \$ 47,516,000 |
| Limited obligation bonds | 57,001,000 | 44,900,000 | - | - | 57,001,000 | 44,900,000 |
| Installment notes payable | 3,710,000 | 4,268,000 | 9,551,000 | 10,889,000 | 13,261,000 | 15,157,000 |
| Orange County loan payable | 123,146 | 123,146 | - | - | 123,146 | 123,146 |
| Bond premium | 9,231,585 | 9,922,381 | 90,686 | 97,164 | 9,322,271 | 10,019,545 |
| Lease liability | - | - | 92,481 | 157,112 | 92,481 | 157,112 |
| IT subscription liability | 61,390 | 176,189 | - | - | 61,390 | 176,189 |
| Total pension liability for LEO | 7,288,242 | 6,398,481 | - | - | 7,288,242 | 6,398,481 |
| Net pension liability for LGERS | 26,023,950 | 21,365,683 | 10,697,756 | 8,795,084 | 36,721,706 | 30,160,767 |
| Compensated absences | 3,561,348 | 3,356,706 | 867,652 | 858,183 | 4,429,000 | 4,214,889 |
| Net other postemployment liability | 21,695,359 | 21,894,043 | 8,784,212 | 8,864,657 | 30,479,571 | 30,758,700 |
| Total | \$170,482,020 | \$157,895,629 | \$ 31,973,787 | \$ 31,686,200 | \$202,455,807 | \$189,581,829 |

The Town's total debt from governmental activities increased by \$12.6 million or 8.0%, to \$170.5 million during the past fiscal year. The increase represents the increase in limited obligation bonds due to the issuance in the current year and the large increase to the net pension liability for LGERS offset by payments made during the year toward general obligation bonds, limited obligation bonds, installment notes payable, and other debt.

Business-type debt increased by about \$288K or 0.9% to \$32.0 million, resulting mostly from the large increase to the net pension liability for LGERS offset by 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, 2024 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 March 2023, the Town issued \$7.7 million in general obligation bonds for streets & sidewalks.

Management's Discussion and Analysis

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 March 2023, the Town issued the remaining \$5.245 million in general obligation bonds for affordable housing projects in the community.

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 \$718 million, which is well above the town's outstanding debt for general obligation bonds of approximately \$43.7 million plus the \$11.1 million authorized but unissued, which combined is about 7.1% 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 67 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:

- The Town was awarded \$10.67 million in Coronavirus State and Local Fiscal Recovery Funds to support the pandemic response efforts and replace lost revenue. The Town has spent \$3.4 million and has allocated the remaining amounts on eligible projects including downtown revitalization, parks & recreation capital needs, affordable housing, and funding community partners. Funds will be contractually obligated by the December 31, 2024 deadline and expended by the December 31, 2026 deadline.
- The Town of Chapel Hill had an unemployment rate of about 3.4% at June 30, 2024 which is just below the state average of 3.6%.
- Stable property tax base with a continuing property tax collection rate in excess of 99%.
- The Town is experiencing a significant amount of growth and development of commercial properties in the downtown area.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities:

General Fund revenues budgeted for FY 2025 total \$89.5 million. Town Council adopted a tax rate of 59.2 cents for the FY 24-25 budget, which represents a 2.0 cent increase over the prior year. The breakdown in cents per \$100 valuation is as follows: General Fund 43.7 cents, Debt Service Fund 8.8 cents and Transit Fund 6.7 cents. The tax base for 2024-25 is estimated to be \$9.79 billion, a 0.6% increase over prior year, which is in line with expected annual growth. Property taxes are budgeted at \$42.8 million for the General Fund.

Sales taxes are budgeted at \$23.0 million, a 4.5% increase from prior year as we have continued to budget conservatively while actual collections continue to exceed expectations. Growth is projected in licenses and permits (inspection permits) which are budgeted at \$3.5 million, a 11.2% increase from prior year budget, charges for services which are budgeted at \$5.6 million, a 3.8% increase from prior year budget (parks facilities and program revenues) and occupancy tax which is budgeted at \$1.7 million,

Management's Discussion and Analysis

a 13.3% increase from prior year budget (tourism returns to pre-pandemic levels). Appropriated fund balance is budgeted at \$2.5 million.

General Fund expenditures of \$89.5 million represent an 5.4% increase from the budget for 2023-24. The goal of the budget is to align allocations with Council and community priorities. The 2-cent tax increase for FY 2025 focuses on personnel, facilities, capital, vehicle replacements, and affordable housing. The Town's 5-year budget strategy helped design and shape the budget focus areas with a forward look to restore our focus on long-term priorities, especially those that will require an ongoing commitment such as employee pay, affordable housing, climate action, social equity, and infrastructure.

Debt service costs in 2024-25 are budgeted at \$9.7 million. The Debt Service tax rate, which remains the same in 2025, of 8.8 cents per \$100 in valuation is expected to generate about \$8.6 million. Revenues are anticipated to be more than sufficient to offset existing debt service costs.

Other governmental activities budgeted for 2024-25 reflect a continuation of existing service levels in keeping with budget goals.

Business-type Activities:

The Transit Fund's 2024-25 budget of \$36.7 million continues the fare-free system with increases in contributions from the system partners, the University of North Carolina and Town of Carrboro, and the Town with the 21.4% annual growth in the dedicated portion of the Town's tax rate (0.5 cent increase to 6.7 cents) allocated to Transit and corresponding increases for the other partners. Overall, the Transit budget increased 14.0% over the 2023-24 budget.

The Parking Facilities Fund budget decreased 9.5% overall from 2023-24 due to the opening of the East Rosemary Parking Deck and with the generation of parking fees from the new deck it is anticipated that a smaller transfer will be needed from the Debt Service Fund to cover debt service.

The Housing Operations budget increased 4.3% overall from 2023-24 with an anticipated increase in tenant rent revenues which is somewhat offset by an anticipated decrease in HUD contributions which help manage the public housing program.

Stormwater Management's budget increased 7.3% overall from 2023-24 to cover the increase in personnel costs.

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, 2024

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|----------------|----------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 40,267,203 | \$ 58,703,805 | \$ 98,971,008 | \$ 29,722,431 |
| Taxes receivable, net | 179,793 | 17,030 | 196,823 | - |
| Accounts receivable, net | 882,057 | 1,704,736 | 2,586,793 | 6,979,054 |
| Lease receivable | 43,739 | - | 43,739 | 317,302 |
| Due from other governments | 12,448,979 | 8,616,611 | 21,065,590 | - |
| Internal balances | 20,327 | (20,327) | - | - |
| Inventories | 103,968 | 921,520 | 1,025,488 | 2,139,890 |
| Prepaid items | - | 5,647 | 5,647 | 119,865 |
| Restricted cash and cash equivalents | 7,328,981 | 112,725 | 7,441,706 | 10,475,028 |
| Total current assets | 61,275,047 | 70,061,747 | 131,336,794 | 49,753,570 |
| Non-current assets: | | | | |
| Restricted cash and cash equivalents | 36,792,624 | 8,506,853 | 45,299,477 | 406,286 |
| Internal balances | 9,120,614 | (9,120,614) | - | - |
| Lease receivable | 42,766 | - | 42,766 | 527,178 |
| Capital assets (Note E): | | | | |
| Land and construction in progress | 99,151,133 | 7,685,168 | 106,836,301 | 51,541,391 |
| Other capital assets, net of accumulated depreciation | 67,401,296 | 35,138,097 | 102,539,393 | 332,114,448 |
| Right to use lease asset, net of amortization | - | 80,446 | 80,446 | 954,557 |
| Right to use subscription asset, net of amort | 96,699 | - | 96,699 | 984,371 |
| Total capital assets | 166,649,128 | 42,903,711 | 209,552,839 | 385,594,767 |
| Total non-current assets | 212,605,132 | 42,289,950 | 254,895,082 | 386,528,231 |
| Total assets | 273,880,179 | 112,351,697 | 386,231,876 | 436,281,801 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension and OPEB deferrals | 18,292,136 | 6,765,700 | 25,057,836 | 6,895,100 |
| Deferred charge on refunding | - | - | - | 245,702 |
| Total deferred outflows of resources | 18,292,136 | 6,765,700 | 25,057,836 | 7,140,802 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable and accrued liabilities | 5,454,042 | 2,622,787 | 8,076,829 | 4,888,950 |
| Advance from grantor | 7,276,197 | - | 7,276,197 | - |
| Other liabilities | - | 17,030 | 17,030 | - |
| Liabilities payable from restricted assets | 7,328,981 | 112,725 | 7,441,706 | 2,184,594 |
| Current portion of long-term liabilities | 11,946,986 | 2,471,516 | 14,418,502 | 9,620,338 |
| Total current liabilities | 32,006,206 | 5,224,058 | 37,230,264 | 16,693,882 |
| Non-current liabilities: | | | | |
| Net other postemployment liability | 21,695,359 | 8,784,212 | 30,479,571 | 12,262,674 |
| Net pension liability (LGERS) | 26,023,950 | 10,697,756 | 36,721,706 | 7,379,115 |
| Total pension liability (LEOSSA) | 7,288,242 | - | 7,288,242 | - |
| Due in more than one year | 103,527,483 | 10,020,303 | 113,547,786 | 94,580,319 |
| Total non-current liabilities | 158,535,034 | 29,502,271 | 188,037,305 | 114,222,108 |
| Total liabilities | 190,541,240 | 34,726,329 | 225,267,569 | 130,915,990 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Prepaid taxes | 4,358 | - | 4,358 | - |
| Leases | 85,850 | - | 85,850 | 884,336 |
| Pension and OPEB deferrals | 1,429,645 | 483,546 | 1,913,191 | 4,862,136 |
| Total deferred inflows of resources | 1,519,853 | 483,546 | 2,003,399 | 5,746,472 |
| NET POSITION | | | | |
| Net investment in capital assets | 89,875,363 | 39,786,397 | 129,661,760 | 282,821,833 |
| Restricted for: | | | | |
| Stabilization by State Statute | 21,733,107 | - | 21,733,107 | - |
| Capital projects | 288,610 | - | 288,610 | - |
| Inspections | 129,583 | - | 129,583 | - |
| Public housing | 130,433 | - | 130,433 | - |
| Water and sewer | - | - | - | 406,286 |
| Unrestricted | (12,045,874) | 44,121,125 | 32,075,251 | 23,532,022 |
| Total net position | \$ 100,111,222 | \$ 83,907,522 | \$ 184,018,744 | \$ 306,760,141 |

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

TOWN OF CHAPEL HILL, NORTH CAROLINA

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

| Functions/Programs | Expenses | Program Revenues | |
|---|-----------------------|----------------------|------------------------------------|
| | | Charges for Services | Operating Grants and Contributions |
| Primary Government: | | | |
| Governmental activities: | | | |
| General government | \$ 19,224,518 | \$ 2,212,421 | \$ - |
| Environment and development | 36,105,253 | 3,886,226 | 4,102,990 |
| Public safety | 29,699,796 | 506,001 | 1,480,821 |
| Leisure activities | 16,897,412 | 1,541,457 | 814,874 |
| Interest expense | 2,595,056 | - | - |
| Total governmental activities | <u>104,522,035</u> | <u>8,146,105</u> | <u>6,398,685</u> |
| Business-type activities: | | | |
| Transportation | 35,227,924 | 940,111 | 27,587,234 |
| Parking Facilities | 2,107,049 | 2,688,809 | - |
| Housing Operations | 4,338,655 | 1,364,236 | 1,284,152 |
| Stormwater Management | 2,989,099 | 3,078,344 | 14,000 |
| Total business-type activities | <u>44,662,727</u> | <u>8,071,500</u> | <u>28,885,386</u> |
| Total primary government | <u>\$ 149,184,762</u> | <u>\$ 16,217,605</u> | <u>\$ 35,284,071</u> |
| Component unit - Orange Water and Sewer Authority | <u>\$ 44,713,363</u> | <u>\$ 48,228,558</u> | <u>\$ -</u> |

General revenues:

- Property taxes
- Sales tax
- Occupancy tax
- Other taxes

Grants and contributions not restricted to specific programs:

- Intergovernmental
- Investment earnings
- Miscellaneous

Total general revenues not including transfers

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning

Net position - ending

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

| Net (Expense) Revenue and Changes in Net Position | | | | |
|--|------------------------------------|-------------------------------------|-----------------------|---------------------------|
| Capital Grants and Contributions | Primary Government | | | Component Unit |
| | Governmental Activities | Business-type Activities | Total | |
| \$ - | \$ (17,012,097) | \$ - | \$ (17,012,097) | \$ - |
| 12,505,518 | (15,610,519) | - | (15,610,519) | - |
| - | (27,712,974) | - | (27,712,974) | - |
| 88,699 | (14,452,382) | - | (14,452,382) | - |
| - | (2,595,056) | - | (2,595,056) | - |
| <u>12,594,217</u> | <u>(77,383,028)</u> | <u>-</u> | <u>(77,383,028)</u> | <u>-</u> |
| 8,303,356 | - | 1,602,777 | 1,602,777 | - |
| - | - | 581,760 | 581,760 | - |
| 682,385 | - | (1,007,882) | (1,007,882) | - |
| - | - | 103,245 | 103,245 | - |
| <u>8,985,741</u> | <u>-</u> | <u>1,279,900</u> | <u>1,279,900</u> | <u>-</u> |
| <u>\$ 21,579,958</u> | <u>(77,383,028)</u> | <u>1,279,900</u> | <u>(76,103,128)</u> | <u>-</u> |
| <u>\$ 6,100,451</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,615,646</u> |
| | 49,735,817 | 5,983,593 | 55,719,410 | - |
| | 21,166,868 | - | 21,166,868 | - |
| | 1,763,710 | - | 1,763,710 | - |
| | 99,008 | - | 99,008 | - |
| | 6,095,059 | - | 6,095,059 | - |
| | 3,479,076 | 2,364,287 | 5,843,363 | 1,069,799 |
| | <u>2,293,412</u> | <u>36,245</u> | <u>2,329,657</u> | <u>3,962,801</u> |
| | 84,632,950 | 8,384,125 | 93,017,075 | 5,032,600 |
| | <u>1,172,988</u> | <u>(1,172,988)</u> | <u>-</u> | <u>-</u> |
| | <u>85,805,938</u> | <u>7,211,137</u> | <u>93,017,075</u> | <u>5,032,600</u> |
| | 8,422,910 | 8,491,037 | 16,913,947 | 14,648,246 |
| | <u>91,688,312</u> | <u>75,416,485</u> | <u>167,104,797</u> | <u>292,111,895</u> |
| | <u>\$ 100,111,222</u> | <u>\$ 83,907,522</u> | <u>\$ 184,018,744</u> | <u>\$ 306,760,141</u> |

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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, 2024

| | Major Funds | | | | | Total Governmental Funds |
|---|----------------------|---------------------|----------------------------------|-------------------------|--------------------------------|--------------------------------|
| | General | Debt Service | Capital Projects Ordinance | American Rescue Plan | Other Governmental Funds | |
| ASSETS | | | | | | |
| Cash and cash equivalents | \$ 29,500,613 | \$ 623,548 | \$ 1,247,803 | \$ - | \$ 7,454,309 | \$ 38,826,273 |
| Receivables: | | | | | | |
| Due from other funds | 1,798,782 | - | - | - | - | 1,798,782 |
| Property taxes, net | 153,857 | 24,163 | - | - | 1,773 | 179,793 |
| Governmental units and agencies | 8,089,659 | 41,656 | 1,985,244 | - | 2,332,420 | 12,448,979 |
| Leases | 86,505 | - | - | - | - | 86,505 |
| Other | 804,182 | - | - | - | 17,593 | 821,775 |
| Inventories | 970 | - | - | - | 16,538 | 17,508 |
| Restricted cash and equivalents | 915,947 | - | 35,139,356 | 7,480,543 | 585,759 | 44,121,605 |
| Advances due in more than one year | - | 9,120,614 | - | - | - | 9,120,614 |
| TOTAL ASSETS | \$ 41,350,515 | \$ 9,809,981 | \$ 38,372,403 | \$ 7,480,543 | \$ 10,408,392 | \$ 107,421,834 |
| LIABILITIES AND FUND BALANCES | | | | | | |
| LIABILITIES | | | | | | |
| Due to other funds | \$ - | \$ - | \$ - | \$ - | \$ 1,778,455 | \$ 1,778,455 |
| Accounts payable | 1,942,762 | - | 302 | - | 481,667 | 2,424,731 |
| Accrued liabilities | 2,453,801 | - | - | - | 62,595 | 2,516,396 |
| Advance from grantor | - | - | - | 7,276,197 | - | 7,276,197 |
| Accounts payable from restricted assets | 168,010 | - | 5,993,393 | 204,346 | 170,371 | 6,536,120 |
| Other payables from restricted assets | 747,937 | - | - | - | 44,924 | 792,861 |
| Total liabilities | <u>5,312,510</u> | <u>-</u> | <u>5,993,695</u> | <u>7,480,543</u> | <u>2,538,012</u> | <u>21,324,760</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Property taxes receivable | 153,857 | 24,163 | - | - | 1,773 | 179,793 |
| Fees and charges receivable | 271,112 | - | - | - | - | 271,112 |
| Prepaid taxes | 4,358 | - | - | - | - | 4,358 |
| Leases | 85,850 | - | - | - | - | 85,850 |
| Total deferred inflows of resources | <u>515,177</u> | <u>24,163</u> | <u>-</u> | <u>-</u> | <u>1,773</u> | <u>541,113</u> |

Continued

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2024

| | Major Funds | | | | | Total Governmental Funds |
|------------------------------------|----------------------|---------------------|----------------------------------|-------------------------|--------------------------------|--------------------------------|
| | General | Debt Service | Capital Projects Ordinance | American Rescue Plan | Other Governmental Funds | |
| FUND BALANCES | | | | | | |
| Nonspendable | | | | | | |
| Inventories | \$ 970 | \$ - | \$ - | \$ - | \$ 16,538 | \$ 17,508 |
| Leases | 655 | - | - | - | - | 655 |
| Restricted | | | | | | |
| Stabilization by State Statute | 11,253,309 | 9,162,270 | - | - | 1,317,528 | 21,733,107 |
| Inspections | 129,583 | - | - | - | - | 129,583 |
| Parks capital projects | 105,754 | - | 3,656,720 | - | - | 3,762,474 |
| Streets capital projects | 483,622 | - | 8,103,660 | - | - | 8,587,282 |
| Municipal buildings projects | - | - | 8,000,570 | - | - | 8,000,570 |
| Affordable housing projects | - | - | 8,582,784 | - | - | 8,582,784 |
| Public housing | - | - | - | - | 130,433 | 130,433 |
| Public safety | 174,876 | - | 4,034,974 | - | - | 4,209,850 |
| Transit capital purchases | - | - | - | - | 1,050 | 1,050 |
| Infrastructure capital projects | - | - | - | - | 230,634 | 230,634 |
| Library | - | - | - | - | 159,591 | 159,591 |
| Committed | | | | | | |
| Debt service payments | - | 623,548 | - | - | - | 623,548 |
| Municipal buildings projects | - | - | - | - | 105,960 | 105,960 |
| Parks capital projects | - | - | - | - | 117,957 | 117,957 |
| Public housing | - | - | - | - | 4,019,730 | 4,019,730 |
| Climate action | - | - | - | - | 204,673 | 204,673 |
| Economic development | - | - | - | - | 130,877 | 130,877 |
| Assigned | | | | | | |
| Subsequent year's expenditures | 2,485,658 | - | - | - | 27,033 | 2,512,691 |
| Workforce Development | 4,079 | - | - | - | - | 4,079 |
| Municipal buildings projects | - | - | - | - | 304,191 | 304,191 |
| Streets capital projects | - | - | - | - | 1,000,000 | 1,000,000 |
| Infrastructure capital projects | - | - | - | - | 165,623 | 165,623 |
| Public safety capital projects | - | - | - | - | 200,000 | 200,000 |
| Economic development | 89,053 | - | - | - | - | 89,053 |
| Unassigned | 20,795,269 | - | - | - | (263,211) | 20,532,058 |
| Total fund balances | <u>35,522,828</u> | <u>9,785,818</u> | <u>32,378,708</u> | <u>-</u> | <u>7,868,607</u> | <u>85,555,961</u> |
| TOTAL LIABILITIES, DEFERRED | | | | | | |
| INFLOWS AND FUND BALANCES | <u>\$ 41,350,515</u> | <u>\$ 9,809,981</u> | <u>\$ 38,372,403</u> | <u>\$ 7,480,543</u> | <u>\$ 10,408,392</u> | <u>\$ 107,421,834</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, 2024

| | | |
|--|----|------------|
| Fund balances - total governmental funds | \$ | 85,555,961 |
|--|----|------------|

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 | 298,568,278 | |
| Less accumulated depreciation | <u>135,475,238</u> | 163,093,040 |

Right to use lease assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

| | | |
|--|---------------|---|
| Right to use lease assets at historical cost | 23,794 | |
| Less accumulated amortization | <u>23,794</u> | - |

Right to use IT subscription assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

| | | |
|--|----------------|--------|
| Right to use IT subscription assets at historical cost | 274,021 | |
| Less accumulated amortization | <u>177,322</u> | 96,699 |

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 | (102,497,000) | |
| Net other postemployment liability | (21,305,220) | |
| Orange County loan payable | (123,146) | |
| Bond premium | (9,231,585) | |
| Accrued vacation payable | (3,515,448) | |
| Net pension liability (LGERS) | (25,663,948) | |
| Total pension liability (LEO) | (7,288,242) | |
| IT subscription liability | <u>(61,390)</u> | (169,685,979) |

| | | |
|--|------------------|------------|
| Deferred outflows of resources - pension | 15,889,841 | |
| Deferred outflows of resources - OPEB | 496,411 | |
| Deferred outflows of resources - LEOSSA | <u>1,638,110</u> | 18,024,362 |

| | | |
|---|------------------|-------------|
| Deferred inflows of resources - pension | (214,233) | |
| Deferred inflows of resources - OPEB | (573,314) | |
| Deferred inflows of resources - LEOSSA | <u>(621,531)</u> | (1,409,078) |

| | |
|---|---------|
| Liabilities for earned revenues considered deferred inflows of resources in the governmental funds. | 450,905 |
|---|---------|

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>3,985,312</u> |
|---|------------------|

| | |
|---|-----------------------|
| Net position of governmental activities | <u>\$ 100,111,222</u> |
|---|-----------------------|

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, 2024

| | Major Funds | | | | | Total Governmental Funds |
|--|-------------------|-------------------|----------------------------------|-------------------------|--------------------------------|--------------------------------|
| | General | Debt Service | Capital Projects Ordinance | American Rescue Plan | Other Governmental Funds | |
| REVENUES | | | | | | |
| Taxes | \$ 63,868,692 | \$ 8,489,995 | \$ - | \$ - | \$ 406,716 | \$ 72,765,403 |
| Licenses and permits | 3,261,218 | - | - | - | - | 3,261,218 |
| Fines and forfeitures | 33,394 | - | - | - | - | 33,394 |
| Intergovernmental revenues | | | | | | |
| Federal government | 4,433 | - | 4,006,510 | 1,192,570 | 7,739,856 | 12,943,369 |
| State government | 8,600,840 | - | 6,008 | - | 2,030,096 | 10,636,944 |
| Other | 782,005 | - | - | - | 725,643 | 1,507,648 |
| Charges for services | 4,649,876 | - | - | - | - | 4,649,876 |
| Interest on investments | 1,412,490 | 2,579,116 | (675,730) | - | 163,200 | 3,479,076 |
| Franchise rental fees | - | - | - | - | 67,439 | 67,439 |
| Program income | - | - | - | - | 134,178 | 134,178 |
| Donations | 172,709 | - | 750 | - | 179,522 | 352,981 |
| Revenue in lieu | 52,800 | - | - | - | - | 52,800 |
| Mutual aid reimbursements | 730,778 | - | - | - | - | 730,778 |
| Other | 337,708 | - | 748,909 | - | 1,214 | 1,087,831 |
| Total revenues | 83,906,943 | 11,069,111 | 4,086,447 | 1,192,570 | 11,447,864 | 111,702,935 |
| EXPENDITURES | | | | | | |
| General government | 18,788,878 | - | - | - | - | 18,788,878 |
| Environment and development | 20,101,239 | - | - | 1,020,761 | 2,832,008 | 23,954,008 |
| Public safety | 27,887,326 | - | - | - | 428,749 | 28,316,075 |
| Leisure activities | 12,951,341 | - | - | 36,100 | 204,698 | 13,192,139 |
| Capital projects | - | - | 28,404,932 | 135,709 | 12,465,330 | 41,005,971 |
| Debt service: | | | | | | |
| Principal | 212,448 | 8,323,000 | - | - | - | 8,535,448 |
| Interest and fiscal charges | 3,939 | 3,266,913 | - | - | - | 3,270,852 |
| Bond issuance costs | - | 15,000 | - | - | - | 15,000 |
| Total expenditures | 79,945,171 | 11,604,913 | 28,404,932 | 1,192,570 | 15,930,785 | 137,078,371 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 3,961,772 | (535,802) | (24,318,485) | - | (4,482,921) | (25,375,436) |

Continued

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024

| | Major Funds | | | | | Total Governmental Funds |
|--------------------------------------|----------------------|---------------------|----------------------------------|-------------------------|--------------------------------|--------------------------------|
| | General | Debt Service | Capital Projects Ordinance | American Rescue Plan | Other Governmental Funds | |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Issuance of general obligation bonds | - | - | 16,161,000 | - | - | 16,161,000 |
| Insurance recovery | 69,022 | - | - | - | - | 69,022 |
| Subscription financing | 97,649 | - | - | - | - | 97,649 |
| Transfer from other funds | 295,000 | 445,100 | (250,000) | - | 5,469,535 | 5,959,635 |
| Transfer to other funds | (4,729,717) | - | - | - | (56,930) | (4,786,647) |
| Total other financing sources (uses) | (4,268,046) | 445,100 | 15,911,000 | - | 5,412,605 | 17,500,659 |
| NET CHANGE IN TOTAL FUND BALANCES | (306,274) | (90,702) | (8,407,485) | - | 929,684 | (7,874,777) |
| FUND BALANCES, BEGINNING | 35,829,102 | 9,876,520 | 40,786,193 | - | 6,938,923 | 93,430,738 |
| FUND BALANCES, ENDING | <u>\$ 35,522,828</u> | <u>\$ 9,785,818</u> | <u>\$ 32,378,708</u> | <u>\$ -</u> | <u>\$ 7,868,607</u> | <u>\$ 85,555,961</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, 2024

| | |
|--|----------------|
| Net change in fund balances - total governmental funds | \$ (7,874,777) |
|--|----------------|

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 | 29,808,730 | |
| Current year's depreciation | <u>7,774,570</u> | 22,034,160 |

Right to use leased asset capital outlay expenditures which were capitalized

| | | |
|---|-------------------|---------|
| Amortization expense for leased intangible assets | <u>-</u> 6,998 | (6,998) |
|---|-------------------|---------|

Right to use IT subscription asset capital outlay expenditures which were capitalized

| | | |
|--|---------------------------|----------|
| Amortization expense for IT subscription intangible assets | <u>114,214</u> 204,647 | (90,433) |
|--|---------------------------|----------|

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.

8,535,448

The issuance of long-term debt provides current financial resources to governmental funds and does not have any effect on net position.

(16,258,649)

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 | 690,796 |
| Change in long-term compensated absences | (201,767) |
| Change in long-term separation allowance | (889,761) |
| Other postemployment benefits | 195,112 |
| Pension expense | 9,003,665 |

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities

(6,668,794)

Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities

(301,870)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

(188,335)

Internal service funds are used by management to charge the costs of certain activities to individual funds

445,113

Change in net position of governmental activities

\$ 8,422,910

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, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|--|--------------------|--------------------|----------------------|--------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Ad valorem taxes | \$ 41,128,500 | \$ 41,128,500 | \$ 40,839,106 | \$ (289,394) |
| Local option sales taxes | 21,993,943 | 21,993,943 | 21,166,868 | (827,075) |
| Other taxes | 1,610,000 | 1,610,000 | 1,862,718 | 252,718 |
| Licenses and permits | 3,388,980 | 3,388,980 | 3,261,218 | (127,762) |
| Fines and forfeitures | 21,250 | 21,250 | 33,394 | 12,144 |
| Intergovernmental revenues | 8,607,348 | 8,674,770 | 9,387,278 | 712,508 |
| Charges for services | 4,648,176 | 4,648,176 | 4,649,876 | 1,700 |
| Interest on investments | 100,000 | 100,000 | 1,412,490 | 1,312,490 |
| Other | 841,444 | 900,463 | 1,293,995 | 393,532 |
| TOTAL REVENUES | 82,339,641 | 82,466,082 | 83,906,943 | 1,440,861 |
| EXPENDITURES | | | | |
| General government | 19,075,190 | 20,271,620 | 19,005,265 | 1,266,355 |
| Environment and development | 20,387,054 | 21,913,791 | 20,101,239 | 1,812,552 |
| Public safety | 27,766,413 | 28,030,848 | 27,887,326 | 143,522 |
| Leisure activities | 13,112,254 | 13,272,691 | 12,951,341 | 321,350 |
| Total expenditures | 80,340,911 | 83,488,950 | 79,945,171 | 3,543,779 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,998,730 | (1,022,868) | 3,961,772 | 4,984,640 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Insurance recovery | 25,000 | 25,000 | 69,022 | 44,022 |
| Subscription financing | - | - | 97,649 | |
| Transfer from other funds | 45,000 | 295,000 | 295,000 | - |
| Transfer to other funds | (4,538,089) | (4,739,658) | (4,729,717) | 9,941 |
| Appropriated fund balance | 2,469,359 | 5,442,526 | - | (5,442,526) |
| Total other financing sources (uses) | (1,998,730) | 1,022,868 | (4,268,046) | (5,388,563) |
| NET CHANGE IN TOTAL FUND BALANCE | \$ - | \$ - | (306,274) | \$ (306,274) |
| FUND BALANCE, BEGINNING | | | 35,829,102 | |
| FUND BALANCE, ENDING | | | \$ 35,522,828 | |

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, 2024

| | Transit Fund | Parking Facilities Fund | Housing Operating Fund | Stormwater Management Fund |
|---|----------------------|-------------------------------|------------------------------|----------------------------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 39,633,503 | \$ 8,168,321 | \$ 4,317,133 | \$ 6,584,848 |
| Restricted cash and cash equivalents | - | - | 82,550 | 30,175 |
| Receivables: | | | | |
| Accounts receivable, net | 841,711 | 90,733 | 288,480 | 483,812 |
| Governmental units and agencies | 8,611,065 | - | - | 5,546 |
| Property taxes, net | 17,030 | - | - | - |
| Prepaid items | - | - | - | 5,647 |
| Inventories | 888,232 | - | 33,288 | - |
| Total current assets | <u>49,991,541</u> | <u>8,259,054</u> | <u>4,721,451</u> | <u>7,110,028</u> |
| NONCURRENT ASSETS | | | | |
| Restricted cash and cash equivalents | 8,506,853 | - | - | - |
| Capital assets: | | | | |
| Land and other non-depreciable assets | 2,151,677 | 3,449,845 | 1,701,659 | 381,987 |
| Other capital assets, net of accumulated depreciation | 26,037,490 | 76,515 | 4,935,942 | 4,088,150 |
| Right to use lease asset, net of amortization | - | - | - | 80,446 |
| Total capital assets, net | <u>28,189,167</u> | <u>3,526,360</u> | <u>6,637,601</u> | <u>4,550,583</u> |
| Total noncurrent assets | <u>36,696,020</u> | <u>3,526,360</u> | <u>6,637,601</u> | <u>4,550,583</u> |
| TOTAL ASSETS | <u>86,687,561</u> | <u>11,785,414</u> | <u>11,359,052</u> | <u>11,660,611</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension & OPEB deferrals | 5,637,587 | 254,520 | 454,832 | 418,761 |
| Total deferred outflows of resource: | <u>5,637,587</u> | <u>254,520</u> | <u>454,832</u> | <u>418,761</u> |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | 1,596,486 | 103,947 | 59,858 | 49,021 |
| Accrued liabilities | 672,196 | 30,711 | 45,080 | 65,488 |
| Deposits payable from restricted assets | - | - | 82,550 | 30,175 |
| Due to other funds | - | - | 20,327 | - |
| Compensated absences | 703,589 | 36,031 | 44,211 | 73,027 |
| Unearned revenue | 17,030 | - | - | - |
| Lease liability | - | - | - | 76,658 |
| Bonds payable | - | - | - | 135,000 |
| Installment purchase agreements | 1,403,000 | - | - | - |
| Total current liabilities | <u>4,392,301</u> | <u>170,689</u> | <u>252,026</u> | <u>429,369</u> |
| NONCURRENT LIABILITIES | | | | |
| Advances due in more than one year | - | 9,120,614 | - | - |
| Compensated absences | - | 10,794 | - | - |
| Net other postemployment liability | 7,366,912 | 356,611 | 576,064 | 484,625 |
| Net pension liability | 9,021,382 | 352,305 | 735,499 | 588,570 |
| Lease liability | - | - | - | 15,823 |
| Bonds payable | - | - | - | 1,845,686 |
| Installment purchase agreements | 8,148,000 | - | - | - |
| Total noncurrent liabilities | <u>24,536,294</u> | <u>9,840,324</u> | <u>1,311,563</u> | <u>2,934,704</u> |
| Total liabilities | <u>28,928,595</u> | <u>10,011,013</u> | <u>1,563,589</u> | <u>3,364,073</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension deferrals | 404,443 | 19,061 | 31,991 | 28,051 |
| Total deferred inflows of resources | <u>404,443</u> | <u>19,061</u> | <u>31,991</u> | <u>28,051</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 27,145,020 | 3,526,360 | 6,637,601 | 2,477,416 |
| Unrestricted | 35,847,090 | (1,516,500) | 3,580,703 | 6,209,832 |
| Total net position | <u>\$ 62,992,110</u> | <u>\$ 2,009,860</u> | <u>\$ 10,218,304</u> | <u>\$ 8,687,248</u> |

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

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2024

| | Enterprise Funds Total | Internal Service Funds Total |
|---|---------------------------|---------------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 58,703,805 | \$ 1,440,930 |
| Restricted cash and cash equivalents | 112,725 | - |
| Receivables: | | |
| Accounts receivable, net | 1,704,736 | 60,282 |
| Governmental units and agencies | 8,616,611 | - |
| Property taxes, net | 17,030 | - |
| Prepaid items | 5,647 | - |
| Inventories | 921,520 | 86,460 |
| Total current assets | <u>70,082,074</u> | <u>1,587,672</u> |
| NONCURRENT ASSETS | | |
| Restricted cash and cash equivalents | 8,506,853 | - |
| Capital assets: | | |
| Land and other non-depreciable assets | 7,685,168 | - |
| Other capital assets, net of accumulated depreciation | 35,138,097 | 3,459,389 |
| Right to use leased asset, net of amortization | 80,446 | - |
| Total capital assets, net | <u>42,903,711</u> | <u>3,459,389</u> |
| Total noncurrent assets | <u>51,410,564</u> | <u>3,459,389</u> |
| TOTAL ASSETS | <u>121,492,638</u> | <u>5,047,061</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension deferrals | 6,765,700 | 267,774 |
| Total deferred outflows of resource: | <u>6,765,700</u> | <u>267,774</u> |
| LIABILITIES | | |
| CURRENT LIABILITIES | | |
| Accounts payable | 1,809,312 | 481,242 |
| Accrued liabilities | 813,475 | 31,673 |
| Deposits payable from restricted assets | 112,725 | - |
| Due to other funds | 20,327 | - |
| Compensated absences | 856,858 | 39,896 |
| Unearned revenue | 17,030 | - |
| Lease liability | 76,658 | - |
| Bonds payable | 135,000 | - |
| Installment purchase agreements | 1,403,000 | - |
| Total current liabilities | <u>5,244,385</u> | <u>552,811</u> |
| NONCURRENT LIABILITIES | | |
| Advances due in more than one year | 9,120,614 | - |
| Compensated absences | 10,794 | 6,004 |
| Net other postemployment liability | 8,784,212 | 390,139 |
| Net pension liability | 10,697,756 | 360,002 |
| Lease liability | 15,823 | - |
| Bonds payable | 1,845,686 | - |
| Installment purchase agreements | 8,148,000 | - |
| Total noncurrent liabilities | <u>38,622,885</u> | <u>756,145</u> |
| Total liabilities | <u>43,867,270</u> | <u>1,308,956</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension deferrals | 483,546 | 20,567 |
| Total deferred inflows of resources | <u>483,546</u> | <u>20,567</u> |
| NET POSITION | | |
| Net investment in capital assets | 39,786,397 | 3,459,389 |
| Unrestricted | 44,121,125 | 525,923 |
| Total net position | <u>\$ 83,907,522</u> | <u>\$ 3,985,312</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, 2024**

| | Transit Fund | Parking Facilities Fund | Housing Operating Fund | Stormwater Management Fund |
|---|----------------------|-------------------------------|------------------------------|----------------------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 497,772 | \$ 2,688,809 | \$ 1,364,236 | \$ 3,078,344 |
| OPERATING EXPENSES | | | | |
| Personnel | 16,788,935 | 680,232 | 1,191,368 | 1,696,641 |
| Depreciation and amortization | 4,286,221 | 85,829 | 664,724 | 393,402 |
| Drainage maintenance | - | - | - | 129,073 |
| Fuel and tires | 1,448,751 | - | - | - |
| Indirect costs | 1,548,342 | 60,884 | - | 156,578 |
| Maintenance and repairs | - | 3,186 | 107,382 | - |
| Building maintenance | 892,106 | - | - | - |
| Vehicle maintenance | 1,057,485 | - | - | - |
| Utilities | - | 27,518 | 281,015 | - |
| Insurance | 468,484 | - | - | - |
| Contributions to agencies | - | - | 1,500,000 | - |
| Professional services | 300 | - | - | 67,887 |
| Contracted services | 7,390,908 | 168,578 | 388,110 | 419,922 |
| Tarheel Express | 288,052 | - | - | - |
| Uniforms and supplies | 148,835 | - | - | - |
| Credit card fees | - | 139,233 | - | - |
| Parking lots | - | 764,861 | - | - |
| Other | 564,947 | 176,728 | 206,056 | 60,764 |
| Total operating expenses | <u>34,883,366</u> | <u>2,107,049</u> | <u>4,338,655</u> | <u>2,924,267</u> |
| OPERATING INCOME (LOSS) | <u>(34,385,594)</u> | <u>581,760</u> | <u>(2,974,419)</u> | <u>154,077</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Federal Operating Assistance Grant | 7,964,491 | - | 1,284,152 | - |
| State Operating Assistance Grant | 3,631,704 | - | - | - |
| Operating assistance-UNC Chapel Hill | 10,630,812 | - | - | - |
| Operating assistance-Town of Carrboro | 2,308,917 | - | - | 14,000 |
| Operating assistance - TTA Vehicle Fees | 3,051,310 | - | - | - |
| Vehicle licenses | 442,339 | - | - | - |
| Ad valorem taxes | 5,983,593 | - | - | - |
| Interest on investments | 1,898,108 | 169,796 | 28,160 | 268,223 |
| Insurance recovery | 8,641 | - | - | - |
| Interest expense | (344,558) | - | - | (64,832) |
| Gain (Loss) on sale of capital assets | 25,029 | - | 2,575 | - |
| Total nonoperating revenues (expenses), net | <u>35,600,386</u> | <u>169,796</u> | <u>1,314,887</u> | <u>217,391</u> |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | 1,214,792 | 751,556 | (1,659,532) | 371,468 |
| CAPITAL CONTRIBUTIONS | 8,303,356 | - | 682,385 | - |
| TRANSFERS | | | | |
| Transfers in | - | - | - | 9,710 |
| Transfers out | (1,182,698) | - | - | - |
| Total transfers | <u>(1,182,698)</u> | <u>-</u> | <u>-</u> | <u>9,710</u> |
| CHANGE IN NET POSITION | 8,335,450 | 751,556 | (977,147) | 381,178 |
| NET POSITION, BEGINNING | <u>54,656,660</u> | <u>1,258,304</u> | <u>11,195,451</u> | <u>8,306,070</u> |
| NET POSITION, ENDING | <u>\$ 62,992,110</u> | <u>\$ 2,009,860</u> | <u>\$ 10,218,304</u> | <u>\$ 8,687,248</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, 2024

| | Enterprise Funds Total | Internal Service Funds Total |
|---|---------------------------|---------------------------------|
| OPERATING REVENUES | | |
| Charges for services | \$ 7,629,161 | \$ 3,103,032 |
| OPERATING EXPENSES | | |
| Personnel | 20,357,176 | 721,690 |
| Depreciation and amortization | 5,430,176 | 806,134 |
| Drainage maintenance | 129,073 | - |
| Fuel and tires | 1,448,751 | - |
| Indirect costs | 1,765,804 | - |
| Maintenance and repairs | 110,568 | - |
| Building maintenance | 892,106 | - |
| Vehicle maintenance | 1,057,485 | - |
| Utilities | 308,533 | - |
| Insurance | 468,484 | - |
| Advertising and marketing | 1,500,000 | - |
| Professional services | 68,187 | - |
| Contracted services | 8,367,518 | - |
| Tarheel Express | 288,052 | - |
| Uniforms and supplies | 148,835 | - |
| Credit card fees | 139,233 | - |
| Parking lots | 764,861 | - |
| Other | 1,008,495 | 1,347,249 |
| Total operating expenses | 44,253,337 | 2,875,073 |
| OPERATING INCOME (LOSS) | (36,624,176) | 227,959 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Federal Operating Assistance Grant | 9,248,643 | - |
| State Operating Assistance Grant | 3,631,704 | - |
| Operating assistance-UNC Chapel Hill | 10,630,812 | - |
| Operating assistance-Town of Carrboro | 2,322,917 | - |
| Operating assistance - TTA Vehicle Fees | 3,051,310 | - |
| Vehicle licenses | 442,339 | - |
| Ad valorem taxes | 5,983,593 | - |
| Interest on investments | 2,364,287 | 69,463 |
| Insurance recovery | 8,641 | 3,860 |
| Interest expense | (409,390) | - |
| Gain (Loss) on sale of capital assets | 27,604 | 143,831 |
| Total nonoperating revenues (expenses), net | 37,302,460 | 217,154 |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | 678,284 | 445,113 |
| CAPITAL CONTRIBUTIONS | 8,985,741 | - |
| TRANSFERS | | |
| Transfers in | 9,710 | - |
| Transfers out | (1,182,698) | - |
| Total transfers | (1,172,988) | - |
| CHANGE IN NET POSITION | 8,491,037 | 445,113 |
| NET POSITION, BEGINNING | 75,416,485 | 3,540,199 |
| NET POSITION, ENDING | \$ 83,907,522 | \$ 3,985,312 |

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, 2024**

| | Transit Fund | Parking Facilities Fund | Housing Operating Fund | Stormwater Management Fund |
|--|-------------------------|--|---------------------------------------|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Receipts from customers | \$ 498,483 | \$ 2,676,471 | \$ 1,243,397 | \$ 2,992,343 |
| Payments to employees | (17,111,969) | (697,862) | (1,249,595) | (1,695,388) |
| Payments to suppliers | (17,842,750) | 2,170,543 | (3,031,753) | (888,310) |
| Net cash provided by (used in) operating activities | <u>(34,456,236)</u> | <u>4,149,152</u> | <u>(3,037,951)</u> | <u>408,645</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Grant funds received | 11,596,195 | - | 1,284,152 | - |
| Transit partner assistance received | 15,991,039 | - | - | - |
| Operating assistance received | - | - | - | 14,000 |
| Taxes and licenses received | 6,425,932 | - | - | - |
| Transfers to other funds | (1,182,698) | - | - | - |
| Transfers from other funds | - | - | - | 9,710 |
| Net cash provided by (used in) noncapital financing activities | <u>32,830,468</u> | <u>-</u> | <u>1,284,152</u> | <u>23,710</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Principal paid on GO bonds, LOBs, and installment purchase agreements | (1,338,000) | - | - | (135,000) |
| Interest paid on GO bonds, LOBs, and installment purchase agreements | (344,558) | - | - | (61,866) |
| Principal paid on leases | - | - | - | (64,631) |
| Interest paid on leases | - | - | - | (2,966) |
| Proceeds from sale of capital assets | 25,029 | - | 2,575 | - |
| Proceeds from insurance recovery | 8,641 | - | - | - |
| Acquisition and construction of capital assets | (256,232) | - | - | - |
| Net cash provided by (used in) capital and related financing activities | <u>(1,905,120)</u> | <u>-</u> | <u>2,575</u> | <u>(264,463)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest on investments | <u>1,898,108</u> | <u>169,796</u> | <u>28,160</u> | <u>268,223</u> |
| Net cash provided by investing activities | <u>1,898,108</u> | <u>169,796</u> | <u>28,160</u> | <u>268,223</u> |

Continued

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

| | Enterprise Funds Total | Internal Service Funds Total |
|---|---------------------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from customers | \$ 7,410,694 | \$ 3,062,890 |
| Payments to employees | (20,754,814) | (748,363) |
| Payments to suppliers | (19,592,270) | (1,309,297) |
| Net cash provided by (used in) operating activities | (32,936,390) | 1,005,230 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Grant funds received | 12,880,347 | - |
| Transit partner assistance received | 15,991,039 | - |
| Operating assistance received | 14,000 | - |
| Taxes and licenses received | 6,425,932 | - |
| Transfers to other funds | (1,182,698) | - |
| Transfers from other funds | 9,710 | - |
| Net cash provided by (used in) noncapital financing activities | 34,138,330 | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Principal paid on GO bonds, LOBs, and installment purchase agreements | (1,473,000) | - |
| Interest paid on GO bonds, LOBs, and installment purchase agreements | (406,424) | - |
| Principal paid on leases | (64,631) | - |
| Interest paid on leases | (2,966) | - |
| Proceeds from sale of capital assets | 27,604 | 143,831 |
| Proceeds from insurance recovery | 8,641 | 3,860 |
| Acquisition and construction of capital assets | (256,232) | (1,771,866) |
| Net cash provided by (used in) capital and related financing activities | (2,167,008) | (1,624,175) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Interest on investments | 2,364,287 | 69,463 |
| Net cash provided by investing activities | 2,364,287 | 69,463 |

TOWN OF CHAPEL HILL, NORTH CAROLINA

PROPRIETARY FUNDS

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024**

| | Transit Fund | Parking Facilities Fund | Housing Operating Fund | Stormwater Management Fund |
|---|-------------------------|--|---------------------------------------|---|
| NET INCREASE (DECREASE) IN CASH AND INVESTMENTS | (1,632,780) | 4,318,948 | (1,723,064) | 436,115 |
| CASH AND INVESTMENTS, BEGINNING | 49,773,136 | 3,849,373 | 6,122,747 | 6,178,908 |
| CASH AND INVESTMENTS, ENDING | <u>\$ 48,140,356</u> | <u>\$ 8,168,321</u> | <u>\$ 4,399,683</u> | <u>\$ 6,615,023</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ (34,385,594) | \$ 581,760 | \$ (2,974,419) | \$ 154,077 |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | | | |
| Depreciation and amortization | 4,286,221 | 85,829 | 664,724 | 386,924 |
| Pension expense | (547,608) | (32,653) | (38,137) | (20,026) |
| Changes in assets and liabilities: | | | | |
| Receivables | (4,804,516) | (12,338) | (120,711) | (86,001) |
| Inventories | 44,911 | - | 102 | - |
| Due from other funds | - | 3,471,169 | (549,577) | - |
| Accounts payable | 725,065 | 40,362 | 285 | (41,961) |
| Accrued liabilities | 260,976 | 14,009 | 10,360 | 26,417 |
| Customer deposits | - | - | (128) | - |
| Unearned revenue | 711 | - | - | - |
| Accrued compensated absences | 31,064 | 4,280 | (25,175) | (700) |
| Accrued OPEB liability | (67,466) | (3,266) | (5,275) | (4,438) |
| Net cash provided by (used in) operating activities | <u>\$ (34,456,236)</u> | <u>\$ 4,149,152</u> | <u>\$ (3,037,951)</u> | <u>\$ 408,645</u> |
| SUMMARY OF NON-CASH & RELATED FINANCING ACTIVITIES: | | | | |
| Capital asset contributions | <u>\$ 8,303,356</u> | <u>\$ -</u> | <u>\$ 682,385</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, 2024

| | <u>Enterprise Funds Total</u> | <u>Internal Service Funds Total</u> |
|--|-----------------------------------|---|
| NET INCREASE (DECREASE) IN CASH AND INVESTMENTS | 1,399,219 | (549,482) |
| CASH AND INVESTMENTS, BEGINNING | 65,924,164 | 1,990,412 |
| CASH AND INVESTMENTS, ENDING | <u>\$ 67,323,383</u> | <u>\$ 1,440,930</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Operating income (loss) | \$ (36,624,176) | \$ 227,959 |
| Adjustments to reconcile operating income to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 5,423,698 | 806,134 |
| Pension expense | (638,424) | (39,294) |
| Changes in assets and liabilities: | | |
| Receivables | (5,023,566) | (40,142) |
| Inventories | 45,013 | (5,763) |
| Due from other funds | 2,921,592 | - |
| Accounts payable | 723,751 | 43,715 |
| Accrued liabilities | 311,762 | 13,318 |
| Customer deposits | (128) | - |
| Unearned revenue | 711 | - |
| Accrued compensated absences | 9,469 | 2,875 |
| Accrued OPEB liability | (80,445) | (3,572) |
| Net cash provided by (used in) operating activities | <u>\$ (32,936,390)</u> | <u>\$ 1,005,230</u> |
| SUMMARY OF NON-CASH & RELATED FINANCING ACTIVITIES: | | |
| Capital asset contributions | <u>\$ 8,985,741</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, 2024

| | OPEB Trust Fund |
|---|----------------------------|
| ASSETS | |
| Restricted assets: | |
| Investments: | |
| Cash and cash equivalents | \$ - |
| Equity Index | 8,639,705 |
| Bond Index | - |
| Short Term Investment | - |
| TOTAL ASSETS | \$ 8,639,705 |
| NET POSITION | |
| Net position restricted for postemployment benefits other than pensions | \$ 8,639,705 |

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, 2024

| | <u>OPEB Trust Fund</u> |
|--|----------------------------|
| Additions: | |
| Employer contributions | \$ 2,729,461 |
| Investment income | 430,354 |
| Total additions | <u>3,159,815</u> |
| Deductions: | |
| Benefit payments | 2,274,761 |
| Administrative expense | - |
| Total deductions | <u>2,274,761</u> |
| Change in net position | <u>885,054</u> |
| Net position restricted for postemployment benefits other than pensions: | |
| Beginning of year | 7,754,651 |
| End of year | <u>\$ 8,639,705</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, 2024**

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 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.

Climate Action Fund – This fund is used to account for projects tied to the Climate Action Plan.

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 assets (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/amortization 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, leases initiated during the year, and new IT subscription acquisition 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 Grants 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 the other annual funds and multi-year funds. The Town Council must approve amendments at the functional level of the General Fund and at the fund level in all other governmental and

enterprise funds. The budgets in the supplemental section represent the budget as amended through June 30, 2024.

The Council’s schedule for developing the 2023-24 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 May. Additional work sessions were held in March and May. The budget was adopted by the Council on June 7, 2023.

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 | |
| Climate Action 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)(8)] 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." Cash equivalents are short-term investments that can be easily converted to cash and have a low risk of value change.

7. Restricted Assets

Certain unspent proceeds of the general obligation bonds, limited obligation bonds, 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 and Transit Fund are restricted for capital projects and buses, respectively. All funds held in the Capital Reserve Fund are restricted for capital projects. Restrictions are in place for grants in the American Rescue Plan Fund, Community Development Entitlement Fund, and Grants Fund. Donations in the Library Gift Fund are also classified as restricted.

Governmental Activities:

| | | |
|--|----|--------------------------|
| General Fund | | |
| Surety deposits | \$ | 915,947 |
| Capital Projects Ordinance Fund | | |
| Unspent bond proceeds | | 35,139,356 |
| American Rescue Plan Fund | | |
| Grant restrictions | | 7,480,543 |
| Capital Projects Fund | | |
| Tenant deposits | | 1,347 |
| Capital Reserve Fund | | |
| Capital project restrictions | | 230,634 |
| Community Development Entitlement Fund | | |
| Grant restrictions | | 74,294 |
| Transitional Housing Fund | | |
| Tenant deposits | | 43,577 |
| Grants Fund | | |
| Grant restrictions | | 35,296 |
| Library Gift Fund | | |
| Donation restrictions | | 200,611 |
| | | <hr/> |
| Total government activities | \$ | <u>44,121,605</u> |
| Business-type Activities: | | |
| Transit Fund | | |
| Unspent financing proceeds | \$ | 8,506,853 |
| Housing Fund | | |
| Customer deposits | | 82,550 |
| Stormwater Fund | | |
| Surety deposits | | 30,175 |
| | | <hr/> |
| Total business-type activities | \$ | <u>8,619,578</u> |
| | | <hr/> |
| Total Restricted Cash | \$ | <u><u>52,741,183</u></u> |

8. Ad Valorem Taxes 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. These taxes are based on the assessed values as of January 1, 2023.

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. Lease Receivable

The Town's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Town may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

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

11. 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.

12. 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.

13. 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 two years 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 value.

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.

The Town's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Town reports a lease (only applies when the Town is lessee) or agreements where the Town reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

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

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

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

| | |
|-------------------|----------------|
| Land improvements | 10 – 100 years |
| Buildings | 10 – 40 years |
| Infrastructure | 25 years |
| Equipment | 3 – 20 years |
| Buses | 12 years |

| | |
|----------------------------------|---------------|
| Fixtures and equipment | 5 – 20 years |
| Water treatment and distribution | 20 – 60 years |
| Sewer collection and treatment | 40 – 60 years |

14. 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 assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion: pension deferrals for the 2024 fiscal year and OPEB deferrals for the 2024 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 assets that applies to a future period and so will not be recognized as revenue until then. The Town has six items that meet the criterion for this category: prepaid taxes, fees and charges receivable, property taxes receivable, deferrals of pension expense, deferrals of OPEB, and leases.

15. 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.

16. 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 last-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.

17. Reimbursement for Pandemic Related Expenditures

In FY 2020-21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The Town was allocated \$10,668,497 of fiscal recovery funds to be paid in two equal installments. The first installment was received in May 2021. The second installment was received in June 2022. Town Council has allocated all of the available funding. \$650,000 has been allocated for ReVive, a downtown economic recovery program, and \$10 million for revenue replacement. At June 30, 2024, the Town had \$7,276,197 remaining to be spent. The Town is working on obligating the remaining dollars to meet the December 31, 2024 deadline and has plans in place to ensure that all funds are spent by December 31, 2026.

18. 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.

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.

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

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

Restricted for Stabilization by State statute – 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 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 Transit – portion of fund balance that is restricted by revenue source for Transit related capital purchases.

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 parks 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 climate action – portion of fund balance directed by the Town Council to projects that support the Town’s Climate Action Plan.

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, streets, infrastructure, and public safety 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.

19. Pension and OPEB Plan

The Town participates in a cost-sharing, multiple-employer, defined benefit pension plan that is administered by the State: the Local Governmental Employees' Retirement System (LGERS). 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, 2024, the Town's deposits had a carrying amount of \$73,528,634 and a bank balance of \$74,443,001. Of the bank balance, \$15,004,000 was covered by federal depository insurance, \$4,149,583 was covered by collateral held under the Dedicated Method, and \$54,375,051 was covered by collateral held under the Pooling Method. The Town had petty cash on hand of \$4,762 at year end.

At June 30, 2024, OWASA's deposits had a carrying amount of \$16,969,511 and a bank balance of \$17,028,930. Of the bank balance, \$250,000 was covered by federal depository insurance and \$16,778,930 in deposits was covered by collateral held under the Pooling Method. OWASA had cash on hand of \$1,800 at year end.

C. Investments

At June 30, 2024, the Town's investment balances were as follows:

| Investments by Type | Valuation Measurement Method | Book Value at 06/30/2024 | Maturity | Rating |
|---|-------------------------------------|---------------------------------|-----------------|---------------|
| NC Capital Management Trust - Government Portfolio | Fair Value Level I | \$ 78,178,795 | N/A | AAAm |
| NC Capital Management Trust - Government Portfolio (OPEB Trust) | Fair Value Level I | 8,639,705 | N/A | AAAm |
| Total: | | \$ 86,818,500 | | |

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 I debt securities are valued using directly observable quoted prices (unadjusted) in active markets for identical assets.

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, 2024, the Town of Chapel Hill had \$78,178,795 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's (S&P) and AAAMf by Moody's Investor Service.

At June 30, 2024, the Town's Healthcare Benefits (HCB) Plan fund had \$8,639,705 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, 2024, OWASA had \$23,632,434 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, 2024.

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, 2024 consists of the following:

| | Governmental Funds | Business-Type Funds |
|------------------------------|-------------------------------|--------------------------------|
| Sales tax refunds receivable | \$ 651,906 | \$ - |
| Due from Federal Government | 2,395,213 | 8,047,950 |
| Due from State | 8,985,650 | 131,563 |
| Due from local governments | 416,210 | 437,098 |
| | <u>\$ 12,448,979</u> | <u>\$ 8,616,611</u> |

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

| | | |
|---------------------------|-------------------|------------------|
| Property taxes receivable | \$ 335,210 | \$ - |
| Accounts receivable | 7,002 | 28,221 |
| | <u>\$ 342,212</u> | <u>\$ 28,221</u> |

E. Leases Receivable

On 07/01/2021, Town of Chapel Hill, NC entered into a 60-month lease as Lessor for the use of 100-A Cleland Drive. An initial lease receivable was recorded in the amount of \$169,204. As of 06/30/2024, the value of the lease receivable is \$68,622. The lessee is required to make monthly fixed payments of \$2,889. The lease has an interest rate of 0.98%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2024 was \$67,682, and the Town recognized lease revenue of \$33,841 during the fiscal year. The lessee has 2 extension options, each for 60 months.

On 07/01/2021, Town of Chapel Hill, NC entered into a 59-month lease as Lessor for the use of Network Hut Site. An initial lease receivable was recorded in the amount of \$41,021. As of 06/30/2024, the value of the lease receivable is \$16,493. The lessee is required to make annual fixed payments of \$8,368. The lease has an interest rate of 0.98%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2024 was \$16,174, and the Town recognized lease revenue of \$8,282 during the fiscal year. The lessee has 1 extension option for 24 months. The lessee had a termination period of 1 month as of the lease commencement.

On 07/01/2021, Town of Chapel Hill, NC entered into a 37-month lease as Lessor for the use of 179 E Franklin Street. An initial lease receivable was recorded in the amount of \$50,943. As of 06/30/2024, the value of the lease receivable is \$1,390. The lessee is required to make monthly fixed payments of \$1,390. The lease has an interest rate of 0.648%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2024 was \$1,994, and Town of Chapel Hill recognized lease revenue of \$16,316 during the fiscal year. The lessee has 1 extension option for 60 months. The lessee had a termination period of 1 month as of the lease commencement.

| Governmental Activities | | | |
|--------------------------------|------------------|-----------------|------------------|
| Year Ending | Principal | Interest | |
| June 30 | Payments | Payments | Total |
| 2025 | 43,739 | 682 | 44,421 |
| 2026 | 42,766 | 264 | 43,030 |
| Total | <u>\$ 86,505</u> | <u>\$ 946</u> | <u>\$ 87,451</u> |

OWASA's leases receivable as of June 30, 2024 consists of the following:

In October 2021, the Authority entered into a 60-month lease as lessor with a cell phone carrier. An initial lease receivable was recorded in the amount of \$266,371. Under the lease, the cell phone carrier pays the Authority \$55,000 annually through 10/19/2026 in exchange for a license to a portion of the property located at 609 Piney Mountain Road, Chapel Hill, NC for placement of cellular equipment. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.62%, which is the calculated Incremental Borrowing Rate. As of June 30, 2024, the value of the lease receivable is \$107,384 and the value of the deferred inflow of resources was \$106,548. During fiscal year 2024, the Authority recognized \$53,274 of lease revenue and \$2,589 of interest revenue under the lease.

In December 2022, the Authority entered into a 60-month lease as lessor with a cell phone carrier. An initial lease receivable was recorded in the amount of \$257,019. Under the lease, the cell phone carrier pays the Authority \$55,000 annually through 12/14/2027 in exchange for a license to a portion of the property located at 609 Piney Mountain Road, Chapel Hill, NC for placement of cellular equipment. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.5%, which is the calculated Incremental Borrowing Rate. As of June 30, 2024, the value of the lease receivable is \$154,090 and the value of the deferred inflow of resources was \$154,211. During fiscal year 2024, the Authority recognized \$51,404 of lease revenue under the lease and \$7,071 of interest revenue under the lease.

In February 2022, the Authority entered into a 60-month lease as lessor with a cell phone carrier. An initial lease receivable was recorded in the amount of \$262,809. Under the lease, the cell phone carrier pays the Authority \$55,000 annually through 2/14/2027 in exchange for a license to a portion of the property located at 251 Manning Drive, Chapel Hill, NC for placement of cellular equipment. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.32%, which is the calculated Incremental Borrowing Rate. As of June 30, 2024, the value of the lease receivable is \$106,287 and the value of the deferred inflow of resources was \$105,123. During fiscal year 2024, the Authority recognized \$52,562 of lease revenue and \$3,657 of interest revenue under the lease.

In April 2024, the Authority entered into a 60-month lease as lessor with a cell phone carrier. An initial lease receivable was recorded in the amount of \$280,627. Under the lease, the cell phone carrier pays the Authority \$60,500 annually through 3/31/2028 in exchange for a license to a portion of the property located at 609 Piney Mountain Road, Chapel Hill, NC for placement of cellular equipment. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.9%, which is the calculated Incremental Borrowing Rate. As of June 30, 2024, the value of the lease receivable is \$220,127 and the value of the deferred inflow of

resources was \$224,502. During fiscal year 2024, the Authority recognized \$56,124 of lease revenue and \$0 of interest revenue under the lease.

In July 2023, the Authority entered into a 60-month lease as lessor with a cell phone carrier. An initial lease receivable was recorded in the amount of \$255,116. Under the lease, the cell phone carrier pays the Authority \$55,000 annually through 7/31/2027 in exchange for a license to a portion of the property located at 251 Manning Drive, Chapel Hill, NC for placement of cellular equipment. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.9%, which is the calculated Incremental Borrowing Rate. As of June 30, 2024, the value of the lease receivable is \$200,116 and the value of the deferred inflow of resources was \$204,093. During fiscal year 2024, the Authority recognized \$51,023 of lease revenue under the lease and \$0 of interest revenue under the lease.

In August 2020, the Authority entered into a 60-month lease as lessor with a cell phone carrier. An initial lease receivable was recorded in the amount of \$224,646. Under the lease the cell phone carrier pays the Authority \$55,000 annually. Commencing August 1, 2020, and each year thereafter, the license fee will increase by 2.0% over the license paid in the previous year. This will continue through 8/1/2025 in exchange for a license to a portion of the property located at 251 Manning Drive, Chapel Hill, NC for placement of cellular equipment. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.14%, which is the calculated Incremental Borrowing Rate. As of June 30, 2024, the value of the lease receivable is \$56,476 and the value of the deferred inflow of resources was \$89,859. During fiscal year 2024, the Authority recognized \$44,929 of lease revenue and \$1,280 of interest revenue under the lease.

| Year Ending | Lease Receivables | | |
|-------------|-------------------|-----------|------------|
| | Principal | Interest | |
| June 30 | Payments | Payments | Total |
| 2025 | \$ 317,302 | \$ 26,632 | \$ 343,934 |
| 2026 | 264,298 | 18,305 | 282,603 |
| 2027 | 158,029 | 10,368 | 168,397 |
| 2028 | 104,851 | 4,335 | 109,186 |
| Total | \$ 844,480 | \$ 59,640 | \$ 904,120 |

F. Capital Assets

A summary of changes in the value of the Town's capital assets for the year ended June 30, 2024 follows:

| | July 1, 2023 | Increases | Decreases | June 30, 2024 |
|---|-----------------------|----------------------|----------------------|-----------------------|
| Governmental activities: | | | | |
| Non-Depreciable Assets: | | | | |
| Land | \$ 39,426,813 | \$ 398,161 | \$ - | \$ 39,824,974 |
| Easements | 678,950 | 17,484 | - | 696,434 |
| Construction in progress | 48,521,426 | 28,629,838 | 18,521,539 | 58,629,725 |
| Total non-depreciable assets | <u>88,627,189</u> | <u>29,045,483</u> | <u>18,521,539</u> | <u>99,151,133</u> |
| Depreciable Assets: | | | | |
| Land improvements | 40,861,609 | 14,937,402 | - | 55,799,011 |
| Infrastructure | 36,920,716 | 1,083,086 | - | 38,003,802 |
| Buildings and building improvements | 88,130,947 | 1,990,124 | - | 90,121,071 |
| Equipment | 10,016,668 | 526,419 | 181,874 | 10,361,213 |
| Vehicles | 20,920,880 | 2,519,621 | 1,443,669 | 21,996,832 |
| Right-to-use lease land | 23,794 | - | 23,794 | - |
| Subscription assets | 351,357 | 114,214 | 191,550 | 274,021 |
| Total depreciable assets | <u>197,225,971</u> | <u>21,170,866</u> | <u>1,840,887</u> | <u>216,555,950</u> |
| Less Accumulated Depreciation and Amortization: | | | | |
| Land improvements | 18,844,170 | 2,227,772 | - | 21,071,942 |
| Infrastructure | 36,651,523 | 1,352,279 | - | 38,003,802 |
| Buildings and building improvements | 60,941,340 | 3,702,644 | - | 64,643,984 |
| Equipment | 9,290,284 | 217,964 | 181,874 | 9,326,374 |
| Vehicles | 16,198,155 | 1,080,045 | 1,443,669 | 15,834,531 |
| Right-to-use lease land | 16,796 | 6,998 | 23,794 | - |
| Subscription assets | 164,225 | 204,647 | 191,550 | 177,322 |
| Total accumulated depreciation and amortization | <u>142,106,493</u> | <u>8,792,349</u> | <u>1,840,887</u> | <u>149,057,955</u> |
| Total depreciable assets, net | <u>55,119,478</u> | <u>12,378,517</u> | <u>-</u> | <u>67,497,995</u> |
| Governmental activities capital assets, net | <u>\$ 143,746,667</u> | <u>\$ 41,424,000</u> | <u>\$ 18,521,539</u> | <u>\$ 166,649,128</u> |

| | July 1, 2023 | Increases | Decreases | June 30, 2024 |
|--|----------------------|---------------------|-------------------|----------------------|
| Business-type activities: | | | | |
| Transit Fund: | | | | |
| Non-Depreciable Assets: | | | | |
| Land | \$ 2,099,537 | \$ - | \$ - | \$ 2,099,537 |
| Construction in progress | - | 52,140 | - | 52,140 |
| Total non-depreciable assets | <u>2,099,537</u> | <u>52,140</u> | <u>-</u> | <u>2,151,677</u> |
| Depreciable Assets: | | | | |
| Land improvements | 6,377,748 | - | - | 6,377,748 |
| Buildings and building improvements | 18,511,337 | - | - | 18,511,337 |
| Equipment | 2,750,702 | 538,734 | - | 3,289,436 |
| Vehicles | 51,870,226 | 7,968,714 | 2,296,126 | 57,542,814 |
| Total depreciable assets | <u>79,510,013</u> | <u>8,507,448</u> | <u>2,296,126</u> | <u>85,721,335</u> |
| Less Accumulated Depreciation: | | | | |
| Land improvements | 5,405,104 | 132,800 | - | 5,537,904 |
| Buildings and building improvements | 13,248,467 | 858,531 | - | 14,106,998 |
| Equipment | 2,274,296 | 131,904 | - | 2,406,200 |
| Vehicles | 36,765,883 | 3,162,986 | 2,296,126 | 37,632,743 |
| Total accumulated depreciation | <u>57,693,750</u> | <u>4,286,221</u> | <u>2,296,126</u> | <u>59,683,845</u> |
| Total depreciable assets, net | <u>21,816,263</u> | <u>4,221,227</u> | <u>-</u> | <u>26,037,490</u> |
| Transit fund capital assets, net | <u>\$ 23,915,800</u> | <u>\$ 4,273,367</u> | <u>\$ -</u> | <u>\$ 28,189,167</u> |
| Housing Operating Fund: | | | | |
| Non-Depreciable Assets: | | | | |
| Land | \$ 1,701,659 | \$ - | \$ - | \$ 1,701,659 |
| Construction in progress | 299,014 | - | 299,014 | - |
| Total non-depreciable assets | <u>2,000,673</u> | <u>-</u> | <u>299,014</u> | <u>1,701,659</u> |
| Depreciable Assets: | | | | |
| Land improvements | 395,171 | 7,360 | - | 402,531 |
| Buildings and building improvements | 23,830,993 | 840,691 | - | 24,671,684 |
| Equipment | 438,283 | - | - | 438,283 |
| Vehicles | 315,401 | 133,348 | 17,863 | 430,886 |
| Total depreciable assets | <u>24,979,848</u> | <u>981,399</u> | <u>17,863</u> | <u>25,943,384</u> |
| Less Accumulated Depreciation: | | | | |
| Land improvements | 333,453 | 6,361 | - | 339,814 |
| Buildings and building improvements | 19,327,073 | 633,516 | - | 19,960,589 |
| Equipment | 438,283 | - | - | 438,283 |
| Vehicles | 261,772 | 24,847 | 17,863 | 268,756 |
| Total accumulated depreciation | <u>20,360,581</u> | <u>664,724</u> | <u>17,863</u> | <u>21,007,442</u> |
| Total depreciable assets, net | <u>4,619,267</u> | <u>316,675</u> | <u>-</u> | <u>4,935,942</u> |
| Housing operating fund capital assets, net | <u>\$ 6,619,940</u> | <u>\$ 316,675</u> | <u>\$ 299,014</u> | <u>\$ 6,637,601</u> |

| | July 1, 2023 | Increases | Decreases | June 30, 2024 |
|---|---------------------|--------------------|---------------|---------------------|
| Parking Facilities Fund: | | | | |
| Non-Depreciable Assets: | | | | |
| Land | \$ 3,161,115 | \$ - | \$ - | \$ 3,161,115 |
| Construction in progress | 288,730 | - | - | 288,730 |
| Total non-depreciable assets | <u>3,449,845</u> | - | - | <u>3,449,845</u> |
| Depreciable Assets: | | | | |
| Land improvements | 493,631 | - | - | 493,631 |
| Buildings and building improvements | 7,296,236 | - | - | 7,296,236 |
| Equipment | 841,207 | - | - | 841,207 |
| Right-to-use lease land improvements | 94,392 | - | 94,392 | - |
| Total depreciable assets | <u>8,725,466</u> | - | 94,392 | <u>8,631,074</u> |
| Less Accumulated Depreciation and Amortization: | | | | |
| Land improvements | 442,343 | 5,571 | - | 447,914 |
| Buildings and building improvements | 7,289,455 | 589 | - | 7,290,044 |
| Equipment | 757,452 | 59,149 | - | 816,601 |
| Right-to-use lease land improvements | 73,872 | 20,520 | 94,392 | - |
| Total accumulated depreciation and amortization | <u>8,563,122</u> | <u>85,829</u> | <u>94,392</u> | <u>8,554,559</u> |
| Total depreciable assets, net | <u>162,344</u> | <u>(85,829)</u> | - | <u>76,515</u> |
| Parking facilities fund capital assets, net | <u>\$ 3,612,189</u> | <u>\$ (85,829)</u> | <u>\$ -</u> | <u>\$ 3,526,360</u> |

| | July 1, 2023 | Increases | Decreases | June 30, 2024 |
|---|----------------------|---------------------|-------------------|----------------------|
| Stormwater Management Fund: | | | | |
| Non-Depreciable Assets: | | | | |
| Land | \$ 378,987 | \$ - | \$ - | \$ 378,987 |
| Easements | 3,000 | - | - | 3,000 |
| Construction in progress | - | - | - | - |
| Total non-depreciable assets | <u>381,987</u> | <u>-</u> | <u>-</u> | <u>381,987</u> |
| Depreciable Assets: | | | | |
| Land improvements | 5,405,743 | - | - | 5,405,743 |
| Equipment | 213,097 | - | - | 213,097 |
| Vehicles | 267,516 | - | - | 267,516 |
| Right-to-use lease buildings | 340,658 | - | - | 340,658 |
| Total depreciable assets | <u>6,227,014</u> | <u>-</u> | <u>-</u> | <u>6,227,014</u> |
| Less Accumulated Depreciation and Amortization: | | | | |
| Land improvements | 1,175,042 | 268,418 | - | 1,443,460 |
| Equipment | 134,799 | 17,791 | - | 152,590 |
| Vehicles | 163,917 | 38,239 | - | 202,156 |
| Right-to-use lease buildings | 191,258 | 68,954 | - | 260,212 |
| Total accumulated depreciation and amortization | <u>1,665,016</u> | <u>393,402</u> | <u>-</u> | <u>2,058,418</u> |
| Total depreciable assets, net | <u>4,561,998</u> | <u>(393,402)</u> | <u>-</u> | <u>4,168,596</u> |
| Stormwater management fund capital assets, net | <u>\$ 4,943,985</u> | <u>\$ (393,402)</u> | <u>\$ -</u> | <u>\$ 4,550,583</u> |
| Business-type activities capital assets, net | <u>\$ 39,091,914</u> | <u>\$ 4,110,811</u> | <u>\$ 299,014</u> | <u>\$ 42,903,711</u> |

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

Governmental activities:

| | |
|--|--------------|
| General government | \$ 307,436 |
| Environment and development | 4,533,513 |
| Public safety | 445,790 |
| Leisure activities | 2,699,476 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | 806,134 |
| Total depreciation and amortization expense - governmental activities | \$ 8,792,349 |

Business-type activities:

| | |
|--|--------------|
| Transit | \$ 4,286,221 |
| Parking facilities | 85,829 |
| Housing Operating | 664,724 |
| Stormwater Management | 393,402 |
| Total depreciation and amortization expense - business-type activities | \$ 5,430,176 |

A summary of changes in the value of OWASA's capital assets for the year ended June 30, 2024, follows:

| | July 1, 2023 | Increases | Decreases | Transfers | June 30, 2024 |
|--|-----------------|---------------|--------------|--------------|------------------|
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 17,844,022 | \$ - | \$ - | | \$ 17,844,022 |
| Construction in progress | 30,601,968 | 19,704,741 | (116,097) | (16,493,243) | 33,697,369 |
| Total capital assets, not being depreciated | 48,445,990 | 19,704,741 | (116,097) | (16,493,243) | 51,541,391 |
| Capital assets, being depreciated: | | | | | |
| Water treatment and distribution | 214,336,236 | 3,851,321 | - | 9,339,325 | 227,526,882 |
| Sewer collection and treatment | 271,686,932 | 2,432,324 | - | 6,062,209 | 280,181,465 |
| Fixtures and equipment | 60,566,463 | 820,419 | (580,236) | 1,091,709 | 61,898,355 |
| Right-to-use lease equipment | 234,009 | 148,767 | (16,124) | - | 366,652 |
| Right-to-use lease solar equipment | 846,702 | - | - | - | 846,702 |
| Subscription assets | 186,337 | 1,227,496 | (28,740) | - | 1,385,093 |
| Total capital assets, being depreciated | 547,856,679 | 8,480,327 | (625,100) | 16,493,243 | 572,205,149 |
| Less accumulated depreciation for: | | | | | |
| Water treatment and distribution | 87,084,961 | 3,972,110 | - | - | 91,057,071 |
| Sewer collection and treatment | 96,342,116 | 5,918,418 | - | - | 102,260,534 |
| Fixtures and equipment | 42,247,574 | 2,481,199 | (554,124) | - | 44,174,649 |
| Right-to-use lease equipment | 93,746 | 94,799 | (16,124) | - | 172,421 |
| Right-to-use lease solar equipment | 52,508 | 33,868 | - | - | 86,376 |
| Subscription assets | 67,836 | 338,634 | (5,748) | - | 400,722 |
| Total accumulated depreciation | 225,888,741 | 12,839,028 | (575,996) | - | 238,151,773 |
| Total capital assets, being depreciated, net | 321,967,938 | (4,358,701) | (49,104) | 16,493,243 | 334,053,376 |
| Total capital assets, net | \$ 370,413,928 | \$ 15,346,040 | \$ (165,201) | \$ - | \$ 385,594,767 |

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

| | |
|--|-----------------------|
| Capital assets | \$ 298,568,278 |
| Depreciation | <u>(135,475,238)</u> |
| | 163,093,040 |
| Right to use leased assets | 23,794 |
| Amortization | <u>(23,794)</u> |
| | - |
| Right to use IT subscription assets | 274,021 |
| Amortization | <u>(177,322)</u> |
| | 96,699 |
| Internal service fund capital assets, net of depreciation | <u>3,459,389</u> |
| Total Capital Assets, net | <u>\$ 166,649,128</u> |
| Debt: | |
| Short-term portion of debt | \$ 11,946,986 |
| Long-term portion of debt | <u>158,535,034</u> |
| Total Debt | 170,482,020 |
| Less Total pension liability (LEOSAA) (unrelated to capital) | (7,288,242) |
| Less Net Pension Liability (LGERS) (unrelated to capital) | (26,023,950) |
| Less Compensated absences (unrelated to capital) | (3,561,348) |
| Less Other Postemployment Benefits (unrelated to capital) | (21,695,359) |
| Unspent proceeds, governmental funds | <u>(35,139,356)</u> |
| Capital Related Debt | <u>76,773,765</u> |
| Net investment in capital assets | <u>\$ 89,875,363</u> |

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

| | |
|---|----------------------|
| Capital assets, net | \$ 42,823,265 |
| Right to use leased assets, net | <u>80,446</u> |
| Total capital assets, net | <u>\$ 42,903,711</u> |
| Debt: | |
| Short-term portion of debt | \$ 2,471,516 |
| Long-term portion of debt | <u>29,502,271</u> |
| Total Debt | 31,973,787 |
| Less Net Pension Liability (LGERS) (unrelated to capital) | (10,697,756) |
| Less Compensated Absences (unrelated to capital) | (867,652) |
| Less Other Postemployment Benefits (unrelated to capital) | (8,784,212) |
| Unspent proceeds, business-type funds | <u>(8,506,853)</u> |
| Capital Related Debt | <u>3,117,314</u> |
| Net investment in capital assets | <u>\$ 39,786,397</u> |

G. Payables

Payables at the government-wide level at June 30, 2024, were as follows:

| | Vendors | Other | Total |
|----------------------------------|---------------------|---------------------|----------------------|
| Governmental Activities: | | | |
| General | \$ 2,110,772 | \$ 3,201,738 | \$ 5,312,510 |
| Other Governmental | <u>7,331,321</u> | <u>139,192</u> | <u>7,470,513</u> |
| | <u>\$ 9,442,093</u> | <u>\$ 3,340,930</u> | <u>\$ 12,783,023</u> |
| Business-Type Activities: | | | |
| Transit | \$ 1,596,486 | \$ 672,196 | \$ 2,268,682 |
| Parking Facilities | 103,947 | 30,711 | 134,658 |
| Housing Operations | 59,858 | 127,630 | 187,488 |
| Stormwater Management | <u>49,021</u> | <u>95,663</u> | <u>144,684</u> |
| | <u>\$ 1,809,312</u> | <u>\$ 926,200</u> | <u>\$ 2,735,512</u> |

H. Long-Term Debta. Leases

The Town has entered into agreements to lease certain land, land improvements and buildings. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

On 07/01/2021, Town of Chapel Hill, NC (Enterprise) entered into a 62-month lease as Lessee for the use of 208 N. Columbia Street. An initial lease liability was recorded in the amount of \$132,496. As of 06/30/2024, the value of the lease liability is \$92,481. The Town (Enterprise) is required to make monthly fixed payments of \$5,646. The lease has an interest rate of 2.19%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2024 is \$340,658 with accumulated amortization of \$260,212.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

| Year Ending | Business-Type Activities | | |
|--------------------|---------------------------------|-----------------|------------------|
| | Principal | Interest | Total |
| June 30 | Payments | Payments | |
| 2025 | 76,658 | 1,307 | 77,965 |
| 2026 | <u>15,823</u> | <u>43</u> | <u>15,866</u> |
| Total | <u>\$ 92,481</u> | <u>\$ 1,350</u> | <u>\$ 93,831</u> |

OWASA's leases liabilities as of June 30, 2024 consists of the following:

In April 2024, the Authority entered into an agreement to lease printing equipment and requires 60 monthly payments of \$561. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.9%, which is the stated rate in the lease agreement, and has an ending balance of \$29,141 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$29,099 at June 30, 2024.

In December 2021, the Authority entered into an agreement to lease postage equipment and requires 20 monthly payments of \$916. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.95%, which is the stated rate in the lease agreement, and has an ending balance of \$8,918 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$8,748 at June 30, 2024.

In July 2021, the Authority entered into an agreement to lease printing equipment and requires 60 monthly payments of \$3,213. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.3%, which is the stated rate in the lease agreement, and has an ending balance of \$76,099 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$74,740 at June 30, 2024.

In July 2021, the Authority entered into an agreement to solar energy equipment and requires 26 annual payments of \$7,280. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.2%, which is the stated rate in the lease agreement, and has an ending balance of \$113,672 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$112,543 at June 30, 2024.

In July 2021, the Authority entered into an agreement to solar energy equipment and requires 25 annual payments of \$13,000. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.4%, which is the stated rate in the lease agreement, and has an ending balance of \$219,297 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$212,229 at June 30, 2024.

In July 2021, the Authority entered into an agreement to solar energy equipment and requires 25 annual payments of \$5,260. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.7%, which is the stated rate in the lease agreement, and has an ending balance of \$86,088 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$85,297 at June 30, 2024.

In December 2022, the Authority entered into an agreement to lease solar energy equipment which requires 25 annual payments of beginning at \$18,000 and escalating every five years to eventually reach \$25,500 in years 21 through 25. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.5%, which is the stated rate in the lease agreement, and has an ending balance of \$333,385 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$350,256 on June 30, 2024.

In November 2022, the Authority entered into an agreement to lease mailing equipment which requires 20 quarterly payments of \$734. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.5%, which is the stated rate in the lease agreement, and has an ending balance of \$8,987 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$8,800 on June 30, 2024.

In March 2024, the Authority entered into an agreement to lease mailing equipment which requires 60 monthly payments of \$582. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.9%, which is the stated rate in the lease agreement, and has an ending balance of \$29,760 at year end. As a result of the lease, the Authority has recorded a right-to-use asset with a net book value of \$29,670 on June 30, 2024.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

| Year Ending June 30 | OWASA | | |
|------------------------|-----------------------|----------------------|---------------------|
| | Principal Payments | Interest Payments | Total |
| 2025 | \$ 118,473 | \$ 27,941 | \$ 146,414 |
| 2026 | 77,841 | 24,574 | 102,415 |
| 2027 | 38,983 | 23,042 | 62,025 |
| 2028 | 37,684 | 21,807 | 59,491 |
| 2029 | 34,160 | 20,585 | 54,745 |
| 2030-2034 | 138,570 | 90,630 | 229,200 |
| 2035-2039 | 171,463 | 67,737 | 239,200 |
| 2040-2044 | 210,009 | 39,191 | 249,200 |
| 2045-2047 | 120,512 | 7,067 | 127,579 |
| Total | <u>\$ 947,695</u> | <u>\$ 322,574</u> | <u>\$ 1,270,269</u> |

b. IT Subscriptions

The Town has entered into subscription agreements for the use of technology applications. The subscription agreements qualify as other than short-term subscriptions under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

On 08/11/2022, Town of Chapel Hill, NC entered into a 24-month subscription for the use of Cornerstone LMS. An initial subscription liability was recorded in the amount of \$49,704. As of 06/30/2024, the value of the subscription liability is \$0. The Town is required to make annual fixed payments of \$24,962. The subscription has an interest rate of 1.8937%. The value of the right to use asset as of 06/30/2024 is \$49,704 with accumulated amortization of \$46,943.

On 07/01/2022, Town of Chapel Hill, NC entered into a 28-month subscription for the use of SGEA GIS Software. An initial subscription liability was recorded in the amount of \$110,103. As of 06/30/2024, the value of the subscription liability is \$0. The Town is required to make fixed annual payments of \$60,500. The subscription has an interest rate of 1.8937%. The value of the right to use asset as of 06/30/2024 is \$110,103 with accumulated depreciation of \$92,718.

On 09/01/2023, Town of Chapel Hill, NC entered into a 36-month subscription for the use of Brightly Software. An initial subscription liability was recorded in the amount of \$51,834. As of 06/30/2024, the value of the subscription liability is \$35,075. The Town is required to make annual fixed payments of

\$16,759. The subscription has an interest rate of 2.848%. The value of the right to use asset as of 06/30/2024 is \$66,059 with accumulated amortization of \$18,350.

On 10/01/2023, Town of Chapel Hill, NC entered into a 36-month subscription for the use of Korterra (NC811 Ticket Management) software. An initial subscription liability was recorded in the amount of \$16,726. As of 06/30/2024, the value of the subscription liability is \$11,226. The Town is required to make annual fixed payments of \$5,500. The subscription has an interest rate of 3.591%. The value of the right to use asset as of 06/30/2024 is \$19,066 with accumulated amortization of \$4,766.

On 07/01/2023, Town of Chapel Hill, NC entered into a 24-month subscription for the use of West Publishing software. An initial subscription liability was recorded in the amount of \$29,089. As of 06/30/2024, the value of the subscription liability is \$15,089. The Town is required to make fixed monthly payments of \$1,217. The subscription has an interest rate of 2.978%. The value of the right to use asset as of 06/30/2024 is \$29,089 with accumulated amortization of \$14,545.

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2024, were as follows:

| Year Ending June 30 | Governmental Activities | | |
|------------------------|-------------------------|----------------------|-----------|
| | Principal Payments | Interest Payments | Total |
| 2024 | \$ 37,227 | \$ 1,647 | \$ 38,874 |
| 2025 | 24,163 | 732 | 24,895 |
| Total | \$ 61,390 | \$ 2,379 | \$ 63,769 |

OWASA's subscription agreements as of June 30, 2024 consists of the following:

In July 2022, the Authority entered into an agreement to use software which requires three annual payments of \$8,536, \$8,523, and \$8,444. There are no variable payment components of the agreement. The subscription liability is measure as a discount rate of 3.5%, which is the stated rate in the lease agreement, and has an ending balance of \$8,739 at year end. As a result of the agreement, the Authority has recorded a right to use asset with a net book value of \$8,503 on June 30, 2024.

In July 2022, the Authority entered into an agreement to use software which requires three annual payments of \$15,770, \$15,960, and \$15,960. There are no variable payment components of the agreement. The subscription liability is measured at a discount rate of 3.5%, which is the stated rate in the lease agreement, and has an ending balance of \$15,420 at year end. As a result of the agreement, the Authority has recorded a right to use asset with a net book value of \$15,363 on June 30, 2024.

In April 2023, the Authority entered into an agreement to use software which requires two annual payments of \$8,316. There are no variable payment components of the agreement. The subscription liability is measured at a discount rate of 3.5%, which is the calculated Incremental Borrowing Rate, and has an ending balance of \$8,035 at year end. As a result of the agreement, the Authority has recorded a right to use asset with a net book value of \$7,899 on June 30, 2024.

In July 2022, the Authority entered into an agreement to use software which requires 48 annual payments of \$3,180, escalating at two percent per year. There are no variable components of the agreement. The subscription liability is measured at a discount rate of 3.5%, which is the calculated Incremental Borrowing Rate, and has an ending balance of \$10,063 at year end. As a result of the agreement, the Authority has recorded a right to use asset with a net book value of \$9,555 on June 30, 2024.

In April 2023, the Authority entered into an agreement to use software which requires three annual payments of \$4,267. There are no variable payment components of the agreement. The subscription liability is measured at a discount rate of 3.9%, which is the calculated Incremental Borrowing Rate, and has an ending balance of \$8,059 at year end. As a result of the agreement, the Authority has recorded a right-to-use asset with a net book value of \$8,217 on June 30, 2024.

In December 2022, the Authority entered into an agreement to use software which requires three annual payments of \$18,295. There are no variable components of the agreement. The subscription liability is measured at a discount rate of 3.9%, which is the calculated Incremental Borrowing Rate, and has an ending balance of \$17,608 at year end. As a result of the agreement, the Authority has recorded a right-to-use asset with a net book value of \$17,617 on June 30, 2024.

In November 2023, the Authority entered into an agreement to use software which requires eleven annual payments of \$66,000, escalating by 5% annually. There are no variable payment components of the agreement. The subscription liability is measured at a discount rate of 3.9%, which is the calculated Incremental Borrowing Rate, and has an ending balance of \$657,665 at year end. As a result of the agreement, the Authority has recorded a right-to-use asset with a net book value of \$917,217 on June 30, 2024.

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2024, were as follows:

| Year Ending June 30 | OWASA | | |
|------------------------|-----------------------|----------------------|-------------------|
| | Principal Payments | Interest Payments | Total |
| 2025 | \$ 110,933 | \$ 27,835 | \$ 138,768 |
| 2026 | 56,699 | 23,971 | 80,670 |
| 2027 | 58,463 | 21,760 | 80,223 |
| 2028 | 64,754 | 19,480 | 84,234 |
| 2029 | 71,491 | 16,955 | 88,446 |
| 2030-2034 | 363,249 | 37,027 | 400,276 |
| Total | <u>\$ 725,589</u> | <u>\$ 147,028</u> | <u>\$ 872,617</u> |

c. 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, 2024 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% | \$ 185,000 |
| \$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% | 680,000 |
| \$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% | 696,000 |
| \$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% | 5,850,000 |
| \$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% | 435,000 |
| \$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% | 6,860,000 |
| \$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% | 6,240,000 |

| | |
|--|----------------------|
| \$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% | 2,725,000 |
| \$4,755,000 Affordable Housing projects - 2021 serial bonds payable in annual installments of \$235,000 to \$240,000 through 2041; interest at 1% to 4% | 4,040,000 |
| \$1,980,000 Purchase of public safety equipment - 2023 serial bonds payable payable in annual installments of \$195,000 to \$200,000 through 2033; interest at 5% | 1,780,000 |
| \$12,945,000 Construction and renovation to Town facilities including streets and sidewalks (\$7,700,000) and affordable housing projects (\$5,245,000) - serial bonds payable in annual installments of \$645,000 to \$650,000 through 2043; interest at 3% to 5% | 12,295,000 |
| | <u>\$ 41,786,000</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>\$ 1,890,000</u> |
|--|---------------------|

At June 30, 2024, the Town of Chapel Hill had bonds authorized but unissued of \$11.1 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 |
| 2025 | \$ 3,710,000 | \$ 1,625,904 | \$ 135,000 | \$ 61,594 |
| 2026 | 3,534,000 | 1,461,706 | 135,000 | 54,844 |
| 2027 | 3,487,000 | 1,302,328 | 135,000 | 48,094 |
| 2028 | 3,165,000 | 1,155,625 | 135,000 | 44,719 |
| 2029 | 3,180,000 | 1,020,293 | 135,000 | 41,344 |
| 2030-2034 | 12,830,000 | 3,239,972 | 675,000 | 147,150 |
| 2035-2039 | 8,510,000 | 1,325,751 | 540,000 | 43,368 |
| 2040-2043 | 3,370,000 | 281,697 | - | - |
| | <u>\$ 41,786,000</u> | <u>\$ 11,413,276</u> | <u>\$ 1,890,000</u> | <u>\$ 441,113</u> |

d. Limited Obligation Bonds

Serviced by the Debt Service Fund:

| | |
|--|----------------------|
| \$32,805,000 - Limited Obligation Bonds to refinance installment notes payable for renovations to various municipal facilities and new financing for the construction of a new parking deck in downtown on East Rosemary Street and the Elliott Road reconstruction project - 2021 series A limited obligation bonds payable in annual installments at \$1,575,000 to \$1,720,000 through 2042; interest at 1.75% to 5%; East Rosemary Street Parking Deck pledged as collateral for the debt | \$ 29,405,000 |
| \$18,721,000 - Limited Obligation Bonds to refinance 2012 series limited obligation bonds that were used to finance the acquisition and construction of the Town Operations Center and new financing for the construction of a new parking deck in downtown on East Rosemary Street - 2021 series B limited obligation bonds payable in annual installments at \$392,000 to \$2,625,000 through 2042; interest at 1.76%; East Rosemary Street Parking Deck pledged as collateral for the debt | 11,435,000 |
| \$12,121,000 - Limited Obligation Bonds to complete the construction of a new parking deck in downtown on East Rosemary Street - 2024 series A limited obligation bonds payable in annual installments at \$606,000 to \$607,000 through 2043; interest at 4.98%; East Rosemary Street Parking Deck pledged as collateral for the debt | 12,121,000 |
| \$4,040,000 - Limited Obligation Bonds to complete purchase a fire ladder truck and to provide furniture & fixtures for the new Police Department - 2024 series B limited obligation bonds payable in annual installments at \$404,000 through 2033; interest at 4.44%; ladder truck and furniture & fixtures pledged as collateral for the debt | 4,040,000 |
| | <u>\$ 57,001,000</u> |

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

| Year Ending June 30, | Governmental Activities | |
|----------------------|-------------------------|----------------------|
| | Principal | Interest |
| 2025 | \$ 4,827,000 | \$ 2,043,585 |
| 2026 | 3,472,000 | 1,921,850 |
| 2027 | 3,481,000 | 1,774,919 |
| 2028 | 3,490,000 | 1,627,749 |
| 2029 | 3,501,000 | 1,480,241 |
| 2030-2034 | 16,384,000 | 5,258,988 |
| 2035-2039 | 12,905,000 | 2,583,252 |
| 2040-2044 | 8,941,000 | 621,205 |
| | <u>\$ 57,001,000</u> | <u>\$ 17,311,789</u> |

e. 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:

\$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 \$ 3,710,000

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 \$ 2,072,000
 \$8,155,000 - Truist Bank direct placement installment purchase contract entered into March 2023 payable in annual installments of \$467,606 to \$499,470 through 2033; interest at 3.29%; buses pledged as collateral for the debt 7,479,000
\$ 9,551,000

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 |
| 2025 | \$ 566,000 | \$ 86,072 | \$ 1,403,000 | \$ 279,844 |
| 2026 | 572,000 | 72,941 | 1,442,000 | 241,516 |
| 2027 | 499,000 | 59,670 | 1,481,000 | 202,106 |
| 2028 | 506,000 | 48,094 | 801,000 | 165,323 |
| 2029 | 514,000 | 36,354 | 828,000 | 138,739 |
| 2030-2031 | 1,053,000 | 36,749 | 3,596,000 | 270,981 |
| | <u>\$ 3,710,000</u> | <u>\$ 339,880</u> | <u>\$ 9,551,000</u> | <u>\$ 1,298,509</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, 2024, the legal debt margin for the Town was approximately \$718 million.

Long-term debt activity for the year ended June 30, 2024 was as follows:

| | June 30, 2023 | Additions | Reductions | June 30, 2024 | Due Within One Year |
|---|-----------------------|----------------------|----------------------|-----------------------|------------------------|
| Governmental activities: | | | | | |
| General obligation bonds | \$ 45,491,000 | \$ - | \$ 3,705,000 | \$ 41,786,000 | \$ 3,710,000 |
| Limited obligation bonds | 44,900,000 | 16,161,000 | 4,060,000 | 57,001,000 | 4,827,000 |
| Direct placement installment notes payable | 4,268,000 | - | 558,000 | 3,710,000 | 566,000 |
| Orange County loan payable | 123,146 | - | - | 123,146 | - |
| Bond premium | 9,922,381 | - | 690,796 | 9,231,585 | - |
| IT subscription liability | 176,189 | 97,649 | 212,448 | 61,390 | 37,227 |
| Total pension liability for LEO | 6,398,481 | 889,761 | - | 7,288,242 | - |
| Net pension liability for LGERS | 21,071,291 | 4,592,657 | - | 25,663,948 | - |
| Net pension liability for LGERS - internal service | 294,392 | 65,610 | - | 360,002 | - |
| Compensated absences - governmental activities | 3,313,681 | 2,968,630 | 2,766,863 | 3,515,448 | 2,766,863 |
| Compensated absences - internal service | 43,025 | 42,771 | 39,896 | 45,900 | 39,896 |
| Net other postemployment liability | 21,500,332 | - | 195,112 | 21,305,220 | - |
| Net other postemployment liability - internal service | 393,711 | - | 3,572 | 390,139 | - |
| Long-term debt | <u>\$ 157,895,629</u> | <u>\$ 24,818,078</u> | <u>\$ 12,231,687</u> | <u>\$ 170,482,020</u> | <u>\$ 11,946,986</u> |
| Business-type activities: | | | | | |
| General obligation bonds | \$ 2,025,000 | \$ - | \$ 135,000 | \$ 1,890,000 | \$ 135,000 |
| Direct placement installment notes payable | 10,889,000 | - | 1,338,000 | 9,551,000 | 1,403,000 |
| Bond premium | 97,164 | - | 6,478 | 90,686 | - |
| Lease liability | 157,112 | - | 64,631 | 92,481 | 76,658 |
| Net pension liability for LGERS | 8,795,084 | 1,902,672 | - | 10,697,756 | - |
| Compensated absences | 858,183 | 866,327 | 856,858 | 867,652 | 856,858 |
| Net other postemployment liability | 8,864,657 | - | 80,445 | 8,784,212 | - |
| Long-term debt | <u>\$ 31,686,200</u> | <u>\$ 2,768,999</u> | <u>\$ 2,481,412</u> | <u>\$ 31,973,787</u> | <u>\$ 2,471,516</u> |

In August 2021, the Town issued \$12,047,000 in advanced refunding limited obligation bonds and defeased the 2012 series limited obligation bonds and a 2015 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 reacquisition price exceeded the net carrying amount of the old debt by \$481,044. This amount is amortized over the life of the refunded debt. The refinancing was undertaken as part of a larger borrowing to reduce total debt payments over the next 20 years and resulted in an economic gain of approximately \$1.07 million. On June 30, 2024, \$5,550,000 of limited obligation bonds and installment purchase contract is considered defeased.

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 an economic gain of approximately \$850,000. On June 30, 2024, \$7,150,000 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 an economic gain of approximately \$800,000. On June 30, 2024, \$2,040,000 of certificates of participation is considered defeased.

OWASA's long-term debt as of June 30, 2024 consists of the following:

Revenue Bonds:

| | |
|--|---------------|
| Revenue bonds payable, Series 2024 Refunding Revenue Serial Bonds, in the amount of \$14,525,000, issued June 27, 2024, with a coupon rates of 4.0 and 5.0%; final maturity July 2049; net of unamortized bond premium of \$1,140,842 at June 30, 2024 | 14,525,000 |
| 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 \$1,033,056 at June 30, 2024 | \$ 17,835,000 |
| 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 \$175,225 at June 30, 2024 | 3,325,000 |
| 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 \$1,365,505 at June 30, 2024 | 14,960,000 |
| 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 \$539,525 at June 30, 2024 | 13,485,000 |
| 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 \$391,748 at June 30, 2024 | 9,705,000 |
| | \$ 73,835,000 |

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 | \$ 3,280,000 |
| 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 | 691,991 |
| 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 | 2,248,055 |
| 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 | 1,326,400 |
| 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 | 1,209,807 |
| 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 | 3,847,915 |
| Note payable to NCDEQ in the amount of \$1,451,268 issued June 13, 2023, interest at 1.02%, State Revolving Loan, beginning November 2024, due in semi-annual installments, varying, with a final payment due in May 2044 | 1,451,268 |
| Note payable to NCDEQ in the amount of \$3,812,365 issued March 1, 2022, interest at 1.13%, State Revolving Loan, beginning May 2024, due in semi-annual installments, varying, with a final payment due in May 2043 | 3,602,010 |
| Note payable to NCDEQ in the amount of \$568,853 issued April 4, 2013, interest at 1.16%, State Revolving Loan, beginning November 2025, due in semi-annual installments, varying, with a final payment due in May 2045 | 568,854 |
| 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 | 3,996,440 |
| 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 | 641,710 |
| | \$ 22,864,450 |

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 | | | Interest |
|--------------|--|---------------------|----------------------|----------------------|
| | Maturities | Losses | Total | |
| 2025 | \$ 6,000,000 | \$ 703,930 | \$ 6,703,930 | \$ 2,767,646 |
| 2026 | 6,305,000 | 599,002 | 6,904,002 | 2,511,812 |
| 2027 | 4,835,000 | 496,823 | 5,331,823 | 2,223,101 |
| 2028 | 5,015,000 | 419,744 | 5,434,744 | 2,027,225 |
| 2029 | 5,245,000 | 375,728 | 5,620,728 | 1,823,438 |
| 2030-2034 | 15,750,000 | 999,912 | 16,749,912 | 6,484,287 |
| 2035-2039 | 11,190,000 | 519,473 | 11,709,473 | 4,260,188 |
| 2040-2044 | 13,085,000 | 255,205 | 13,340,205 | 2,366,688 |
| 2045-2046 | 6,410,000 | 30,383 | 6,440,383 | 604,117 |
| Total | \$ 73,835,000 | \$ 4,400,200 | \$ 78,235,200 | \$ 25,068,502 |

OWASA notes payable maturities are as follows:

| Fiscal Year | Maturities | Interest | Total |
|--------------|----------------------|---------------------|----------------------|
| 2025 | \$ 1,688,417 | \$ 147,631 | \$ 1,836,048 |
| 2026 | 1,892,727 | 218,024 | 2,110,751 |
| 2027 | 1,892,727 | 160,192 | 2,052,919 |
| 2028 | 1,848,649 | 142,699 | 1,991,348 |
| 2029 | 1,688,417 | 127,369 | 1,815,786 |
| 2030-2034 | 7,522,485 | 450,113 | 7,972,598 |
| 2035-2039 | 5,567,222 | 191,916 | 5,759,138 |
| 2040-2044 | 763,806 | 17,418 | 781,224 |
| Total | \$ 22,864,450 | \$ 1,455,362 | \$ 24,319,812 |

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 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.

OWASA's long-term liability activity for the year ended June 30, 2024 is as follows:

| | July 1, 2023 | Additions | Reductions | June 30, 2024 | Due Within One Year |
|-------------------------------|-----------------------|----------------------|---------------------|-----------------------|------------------------|
| Direct Borrowings | \$ 16,671,578 | \$ 7,644,202 | \$ 1,451,330 | \$ 22,864,450 | \$ 1,688,417 |
| Bonds payable: | | | | | |
| Revenue bonds | 64,630,000 | 14,525,000 | 5,320,000 | 73,835,000 | 6,000,000 |
| For issuance premiums | 4,352,668 | 1,140,842 | 847,608 | 4,645,902 | 739,031 |
| Lease liabilities | 914,229 | 148,766 | 115,300 | 947,695 | 118,473 |
| Subscription liabilities | 117,622 | 846,652 | 238,685 | 725,589 | 110,933 |
| Compensated absences | 696,608 | 822,879 | 645,338 | 874,149 | 655,612 |
| Net pension liability (LGERS) | 6,896,084 | 483,031 | - | 7,379,115 | - |
| Total OPEB liability | 12,348,033 | 222,513 | - | 12,570,546 | 307,872 |
| Total bonds payable | \$ 106,626,822 | \$ 25,833,885 | \$ 8,618,261 | \$ 123,842,446 | \$ 9,620,338 |

OWASA has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$73,835,000 in revenue bonds issued in 2014, 2018, 2019, 2020, 2021 and 2024. 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 22% of net revenues.

Principal and interest on the bonds are payable through 2049, solely from the water and sewer customer net revenues. The total principal and interest remaining to be paid on the bonds is \$98,903,502. Principal and interest paid in the year ended June 30, 2024 was \$7,728,513 and total customer net revenues for the year ended June 30, 2024 was \$48,228,558. 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 2014, 2018, 2019, 2020, 2021 and 2024. The Bond Order requires the debt service coverage ratio to be no less than the greater of (i) 120% of the debt service requirements for parity indebtedness and (ii) 100% of the debt service requirements for parity indebtedness and subordinated indebtedness for such fiscal year.

The debt service coverage ratio calculation for the year ended June 30, 2024, is as follows:

| | |
|--|----------------------|
| Operating revenues | \$ 48,228,558 |
| System development fees | 2,776,005 |
| Operating expenses * | <u>29,207,388</u> |
| Income available for debt service | <u>\$ 21,797,175</u> |
| Debt service on parity indebtedness, principal and interest paid | <u>\$ 7,728,513</u> |
| Debt service coverage ratio for parity debt | <u>282%</u> |
| Subordinated indebtedness debt service - principal and interest paid | <u>\$ 2,015,788</u> |
| Debt Service coverage ratio - parity and subordinated indebttness | <u>224%</u> |

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

I. Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

| Source | Amount |
|---|----------------------|
| Contributions to pension plan in current year | \$ 6,970,664 |
| Pension deferral | 17,376,999 |
| OPEB deferral | 710,173 |
| | <u>\$ 25,057,836</u> |

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

| Source | Amount |
|------------------------------|---------------------|
| Prepaid taxes (General Fund) | \$ 4,358 |
| Leases (General Fund) | 85,850 |
| Pension deferral | 1,093,000 |
| OPEB deferral | 820,191 |
| | <u>\$ 2,003,399</u> |

J. 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 | \$ 35,522,828 |
| Less: | |
| Inventories | 970 |
| Leases | 655 |
| Stabilization by State Statute | 11,253,309 |
| Inspections | 129,583 |
| Parks projects | 105,754 |
| Streets projects | 483,622 |
| Public safety | 174,876 |
| Workforce development | 4,079 |
| Economic development | 89,053 |
| Appropriated in FY25 budget | 2,485,658 |
| Working capital fund balance reserve | 10,162,974 |
| Remaining fund balance | 10,632,295 |

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 | \$ 831,798 |
| Capital Projects Ordinance Fund | 10,417,077 |
| American Rescue Plan Fund | 2,819,568 |
| Non-major funds | 7,118,465 |

K. Interfund Receivables, Payables and Transfers

Interfund receivables and payables. At June 30, 2024, the statements of the Town include a net of balances due to/from other funds in the amount of \$9,140,941 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 payment by the Debt service fund of the initial debt service costs on the East Rosemary Deck prior to revenue generation and initial project costs. The payable from the Housing Capital Grants Fund and Transit 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 | 20,327 |
| Debt service fund | Parking facility fund | 9,120,614 |
| | | <u>\$ 9,140,941</u> |

Between governmental funds:

| Receivable Fund | Payable Fund | Amount |
|-----------------|---|---------------------|
| General Fund | Nonmajor Fund - Housing Capital Grants Fund | 57,824 |
| General Fund | Nonmajor Fund - Transit Capital Grants Fund | 1,720,631 |
| | | <u>\$ 1,778,455</u> |

Interfund transfers. A schedule of interfund transfers for the year ended June 30, 2024 is as follows:

Interfund transfers to/(from) governmental funds

| | |
|--|---------------------|
| From General Fund to Stormwater Fund | (9,710) |
| From Transit Fund to Nonmajor Fund | 1,182,698 |
| Total transfers to governmental funds from proprietary funds | <u>\$ 1,172,988</u> |

Transfers between governmental funds:

| | |
|--|-----------|
| From Nonmajor Fund to General Fund | 45,000 |
| From Capital Projects Ordinance Fund to General Fund | 250,000 |
| From Nonmajor Fund to Nonmajor Fund | 11,930 |
| From General Fund to Nonmajor Fund | 4,274,907 |
| From General Fund to Debt Fund | 445,100 |

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 \$9,710 from the General Fund to the Stormwater Fund is to cover the stormwater fee exemption. Transit made a transfer of \$1,182,698 in 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 to the Affordable Housing Development Reserve Fund and the Climate Action Fund for its annual contribution to the funds, to the Grants Fund for grant matches, to the Capital Projects Fund to fund pay-go capital, and to the Debt Fund for the incremental tax value increase in the Blue Hill District for the debt payment for Ephesus Fordham. The transfer of \$250,000 from the Capital Projects Ordinance Fund to the General Fund represents the return of FY 2022 excess fund balance funding to purchase public safety radios which came in under budget. The transfer from the Capital Projects Fund to the Grants Fund represents a local match.

L. 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, 2024, was 14.04% of compensation for law enforcement officers and 12.90% 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 12.88%. The Town's contributions to the pension for the year ended June 30, 2024, were \$6,668,794 and OWASA's contributions were \$1,458,877.

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, 2024, the Town reported a liability of \$36,721,706 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 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, 2024, the Town's proportion was 0.55445% (measured as of June 30, 2023), which was an increase of 0.01982% from its proportion as of June 30, 2023 (measured as of June 30, 2022).

For the year ended June 30, 2024, the Town recognized pension expense of \$10,467,132. At June 30, 2024, 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 | \$ 4,091,885 | \$ 88,091 |
| Changes of assumptions | 1,560,461 | - |
| Net difference between projected and actual earnings on pension plan investments | 9,828,336 | - |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 560,077 | 383,378 |
| Town contributions subsequent to measurement date | 6,668,794 | - |
| Total | <u>\$ 22,709,553</u> | <u>\$ 471,469</u> |

\$6,668,794 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, 2025. 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:

| | | |
|------------|----|-------------------|
| 2025 | \$ | 5,544,431 |
| 2026 | | 2,854,575 |
| 2027 | | 6,754,691 |
| 2028 | | 415,593 |
| 2029 | | - |
| Thereafter | | - |
| | \$ | <u>15,569,290</u> |

Actuarial Assumptions. The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: (a) inflation rate of 3.00 percent, (b) salary increases of 3.50%, (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, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and 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, 2024 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 | 33.0% | 2.4% |
| Global Equity | 38.0% | 6.9% |
| Real Estate | 8.0% | 6.0% |
| Alternatives | 8.0% | 8.6% |
| Opportunistic Fixed Income | 7.0% | 5.3% |
| Inflation Sensitive | 6.0% | 4.3% |
| | <u>100%</u> | |

The information above is based on 30-year expectations developed with an investment consulting firm’s 2024 long term capital market assumptions. 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 2.38%. All rates of return and inflation are annualized. Source data is provided in the Annual Comprehensive Financial Report (ACFR) published at the [NC Office of State Controller](#).

Discount rate. The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

| | <u>1% Decrease (5.50%)</u> | <u>Discount Rate (6.50%)</u> | <u>1% Increase (7.50%)</u> |
|---|--------------------------------|----------------------------------|--------------------------------|
| Town's proportionate share of the net pension liability (asset) | \$ 63,618,913 | \$ 36,721,706 | \$ 14,577,405 |

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, 2023, the Separation Allowance's membership consisted of:

| | |
|--|----------------------------|
| Retirees receiving benefits | 25 |
| Terminated plan members entitled to but not yet receiving benefits | 0 |
| Active Plan members | 93 |
| | <hr style="width: 100%;"/> |
| | 118 |
| | <hr style="width: 100%;"/> |

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, 2022 valuation. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: (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 4.00%. The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2023. 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 \$513,869 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, 2024, the Town reported a total pension liability of \$7,288,242. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$980,791.

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 810,409 | \$ - |
| Changes of assumptions | 525,831 | 621,531 |
| Town benefit payments and plan administrative expense made subsequent to the measurement date | 301,870 | - |
| Total | <u>\$ 1,638,110</u> | <u>\$ 621,531</u> |

\$301,870 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, 2025. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as:

Year ending June 30:

| | | |
|------------|-----------|----------------|
| 2025 | \$ | 438,500 |
| 2026 | | 81,573 |
| 2027 | | 25,214 |
| 2028 | | 169,422 |
| 2029 | | - |
| Thereafter | | - |
| | <u>\$</u> | <u>714,709</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 4.00%, 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 (3.00%) or one percentage point higher (5.00%) than the current rate:

| | 1% Decrease (3.00%) | Discount Rate (4.00%) | 1% Increase (5.00%) |
|-------------------------|--------------------------------|----------------------------------|--------------------------------|
| Total pension liability | \$ 7,775,306 | \$ 7,288,242 | \$ 6,841,224 |

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

| | <u>2024</u> |
|--|---------------------|
| Total Pension Liability as of December 31, 2022 | \$ 6,398,481 |
| Changes for the year: | |
| Service Cost at End of Year | 216,515 |
| Interest on the total pension liability | 264,701 |
| Changes in benefit terms | - |
| Differences between expected and actuarial experience in the measurement of the total pension liability | 788,023 |
| Changes of assumptions and other inputs | 134,391 |
| Benefit payments | (513,869) |
| Other changes | - |
| Net Changes | 889,761 |
| Total Pension Liability as of December 31, 2023 | \$ 7,288,242 |

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, 2022 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 | \$ 10,467,132 | \$ 980,791 | \$ 11,447,923 |
| Pension Liability | 36,721,706 | 7,288,242 | 44,009,948 |
| Proportionate Share of the Net Pension Liability | 0.55445% | n/a | |

| | <u>LGERS</u> | <u>LEOSSA</u> | <u>Total</u> |
|---|--------------|---------------|--------------|
| <u>Deferred Outflows of Resources</u> | | | |
| Differences between expected and actual experience | \$ 4,091,885 | \$ 810,409 | \$ 4,902,294 |
| Changes of assumptions | 1,560,461 | 525,831 | 2,086,292 |
| Net difference between projected and actual earnings on plan investments | 9,828,336 | - | 9,828,336 |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 560,077 | - | 560,077 |
| Benefit payments and administrative costs paid subsequent to the measurement date | 6,668,794 | 301,870 | 6,970,664 |
| <u>Deferred Inflows of Resources</u> | | | |
| Differences between expected and actual experience | \$ 88,091 | \$ - | \$ 88,091 |
| Changes of assumptions | - | 621,531 | 621,531 |
| Net difference between projected and actual earnings on plan investments | - | - | - |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 383,378 | - | 383,378 |

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, 2024 were \$575,157 which consisted of \$385,339 from the Town and \$189,818 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, 2024, were \$3,267,025, which consisted of \$2,151,444 from the Town and \$1,115,581 from employees. No amounts were forfeited.

M. 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, 2022, the date of the latest actuarial valuation:

| | |
|---|------------|
| Inactive plan members or beneficiaries currently receiving benefits | 332 |
| Inactive plan members entitled to but not yet receiving benefits | 0 |
| Active plan members | 223 |
| | <u>555</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, 2024, 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, 2024, the Town made payments for post-retirement health benefit premiums of \$1,847,561 plus an implicit subsidy credit of \$427,200 and the retirees made payments of \$47,492 for dependent care and for the employee's share of coverage according to the schedule above. For the fiscal year ended June 30, 2024, 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, 2024:

| 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, 2024, the annual money weighted rate of return on investments, net of investment expense was 5.37%. 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, 2024 were as follows:

| | | |
|--|----|--------------------------|
| Total OPEB Liability | \$ | 39,119,276 |
| Plan fiduciary net position | | <u>8,639,705</u> |
| Town's net OPEB liability | \$ | <u><u>30,479,571</u></u> |
| | | |
| Plan fiduciary net position as a percentage of the total OPEB liability | | 22.09% |

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 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 2022 decreasing to an ultimate rate of 4.50% by 2032 for pre-medicare, 5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025 for Medicare and 2.00% for vision.

The total OPEB liability was rolled forward to June 30, 2024, 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, 2022 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 2024, 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 | \$ 34,747,622 | \$ 30,479,581 | \$ 26,891,139 |

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 | \$ 26,087,229 | \$ 30,479,571 | \$ 35,735,789 |

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2024, the Town reported a net OPEB liability of \$30,479,571. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2024, 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, 2023 | \$ 38,513,351 | \$ 7,754,651 | \$ 30,758,700 |
| Changes for the Year: | | | |
| Service Cost | 409,227 | - | 409,227 |
| Interest | 2,524,132 | - | 2,524,132 |
| Difference between Expected and Actual experience | (52,673) | - | (52,673) |
| Changes of assumptions | - | - | - |
| Contributions | - | 2,729,461 | (2,729,461) |
| Net Investment Income | - | 430,354 | (430,354) |
| Benefit Payments | (2,274,761) | (2,274,761) | - |
| Net Changes | 605,925 | 885,054 | (279,129) |
| Balances at June 30, 2024 | <u>\$ 39,119,276</u> | <u>\$ 8,639,705</u> | <u>\$ 30,479,571</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, 2024, the Town recognized OPEB expense (income) of (\$3,586,939). At June 30, 2024, 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 | \$ 38,493 | \$ 820,191 |
| Changes of assumptions | 189,285 | - |
| Net difference between projected and actual earnings on plan investments | 482,395 | - |
| Total | \$ 710,173 | \$ 820,191 |

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

| Year Ending June 30: | |
|-----------------------------|--------------|
| 2025 | \$ (338,538) |
| 2026 | 141,318 |
| 2027 | 65,565 |
| 2028 | 21,637 |
| 2029 | - |
| Thereafter | - |

N. 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.

O. Commitments and Contingencies

The Town has commitments related to capital improvements, capital purchases and town-wide development projects at June 30, 2024 for the following:

| | | |
|---|-----------|-------------------|
| Vehicle/Bus/Truck Purchases | \$ | 17,203,390 |
| Parking Projects | | 6,083,803 |
| Streets, Paving, Drainage and Sidewalks | | 3,904,540 |
| Transit Projects | | 3,201,778 |
| Parks & Recreation Projects | | 2,654,894 |
| Miscellaneous Projects | | 1,272,122 |
| Affordable Housing Projects | | 877,777 |
| Estes Drive Project | | 644,628 |
| Ephesus - Fordham Project | | 36,866 |
| | <u>\$</u> | <u>35,879,798</u> |

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 \$10,750,717 at June 30, 2024.

P. 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 was individually bonded for \$200,000 through December 31, 2022. Effective with the bond renewal on January 1, 2023, the Town increased the bonding for the Finance Officer to \$1,000,000 in order to comply with S.L. 2022-53, Section 9(a).

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, 2024 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.

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

Exhibit 14

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|
| Chapel Hill's proportion of the net pension liability (asset) (%) | 0.55445% | 0.53463% | 0.55816% | 0.57376% | 0.58506% | 0.61249% | 0.60097% | 0.59862% | 0.60393% | 0.60203% |
| Chapel Hill's proportion of the net pension liability (asset) (\$) | \$ 36,721,706 | \$ 30,160,767 | \$ 8,559,919 | \$ 20,502,889 | \$ 15,977,532 | \$ 14,530,358 | \$ 9,181,157 | \$ 12,704,722 | \$ 2,710,402 | \$ (3,550,448) |
| Chapel Hill's covered payroll | \$ 49,117,176 | \$ 41,011,892 | \$ 40,095,018 | \$ 41,416,643 | \$ 41,035,819 | \$ 40,092,466 | \$ 38,271,235 | \$ 36,637,712 | \$ 34,697,974 | \$ 33,509,249 |
| Chapel Hill's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 74.76% | 73.54% | 21.35% | 49.50% | 38.94% | 36.24% | 23.99% | 34.68% | 7.81% | -10.60% |
| Plan fiduciary net position as a percentage of the total pension liability** | 82.49% | 84.14% | 95.51% | 88.61% | 90.86% | 91.63% | 94.18% | 91.47% | 98.09% | 102.64% |

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

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

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

Exhibit 15

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 6,668,794 | \$ 6,012,195 | \$ 4,696,807 | \$ 4,119,308 | \$ 3,757,640 | \$ 3,226,999 | \$ 3,054,299 | \$ 2,827,073 | \$ 2,483,084 | \$ 2,451,541 |
| Contributions in relation to the contractually required contribution | <u>6,668,794</u> | <u>6,012,195</u> | <u>4,696,807</u> | <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> |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Chapel Hill's covered payroll | \$ 51,152,438 | \$ 49,117,176 | \$ 41,011,892 | \$ 40,095,018 | \$ 41,416,643 | \$ 41,035,819 | \$ 40,092,466 | \$ 38,271,235 | \$ 36,637,712 | \$ 34,697,974 |
| Contributions as a percentage of covered payroll | 13.04% | 12.24% | 11.45% | 10.27% | 9.07% | 7.86% | 7.62% | 7.39% | 6.78% | 7.07% |

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

Exhibit 16

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Beginning balance | \$ 6,398,481 | \$ 7,312,232 | \$ 7,320,909 | \$ 5,341,805 | \$ 5,042,365 | \$ 4,945,342 | \$ 4,798,949 | \$ 4,897,799 |
| Service Cost | 216,515 | 276,048 | 309,333 | 170,917 | 157,834 | 172,847 | 143,418 | 171,252 |
| Interest on the total pension liability | 264,701 | 158,912 | 136,878 | 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 | 788,023 | 80,206 | 166,095 | 245,731 | 238,153 | 333,831 | (32,879) | - |
| Changes of assumptions or other inputs | 134,391 | (929,975) | (163,454) | 1,833,662 | 134,564 | (170,913) | 251,543 | (100,964) |
| Benefit payments | (513,869) | (498,942) | (457,529) | (438,206) | (407,241) | (388,871) | (393,337) | (337,957) |
| Other changes | - | - | - | - | - | - | - | - |
| Ending balance of the total pension liability | <u>\$ 7,288,242</u> | <u>\$ 6,398,481</u> | <u>\$ 7,312,232</u> | <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 Eight Fiscal Years ****

Exhibit 17

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total pension liability | \$ 7,288,242 | \$ 6,398,481 | \$ 7,312,232 | \$ 7,320,909 | \$ 5,341,805 | \$ 5,042,365 | \$ 4,945,342 | \$ 4,798,949 |
| Covered employee payroll | 7,414,281 | 6,346,123 | 6,692,878 | 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 | 98.30% | 100.83% | 109.25% | 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 Eight Fiscal Years **

Exhibit 18

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--|----------------------|-----------------------|----------------------|------------------------|----------------------|----------------------|-----------------------|----------------------|
| Total OPEB Liability | | | | | | | | |
| Service Cost | \$ 409,227 | \$ 548,350 | \$ 531,090 | \$ 1,070,335 | \$ 1,034,141 | \$ 1,163,364 | \$ 1,324,222 | \$ 1,246,561 |
| Interest | 2,524,132 | 2,618,180 | 2,543,143 | 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 | (52,673) | (3,035,677) | 210,852 | (29,507,839) | (273,944) | 814,769 | 100,626 | - |
| Changes of assumptions | - | 730,101 | - | (224,110) | - | 544,350 | (4,415,924) | - |
| Benefit payments | (2,274,761) | (2,234,424) | (2,114,394) | (2,022,687) | (2,098,826) | (2,124,615) | (1,928,442) | (1,775,352) |
| Net change in total OPEB liability | \$ 605,925 | \$ (1,373,470) | \$ 1,170,691 | \$ (26,358,888) | \$ 2,795,556 | \$ 4,244,681 | \$ (1,283,173) | \$ 2,928,942 |
| Total OPEB liability - beginning | 38,513,351 | 39,886,821 | 38,716,130 | 65,075,018 | 62,279,462 | 58,034,781 | 59,317,954 | 56,389,012 |
| Total OPEB liability - ending | \$ 39,119,276 | \$ 38,513,351 | \$ 39,886,821 | \$ 38,716,130 | \$ 65,075,018 | \$ 62,279,462 | \$ 58,034,781 | \$ 59,317,954 |
| Plan fiduciary net position | | | | | | | | |
| Contributions - employer | \$ 2,729,461 | \$ 2,689,124 | \$ 2,569,094 | \$ 2,477,387 | \$ 2,765,226 | \$ 2,964,615 | \$ 2,768,442 | \$ 4,733,352 |
| Net investment income | 430,354 | 269,982 | 111,118 | 1,172 | 73,508 | 100,313 | 325,262 | 306,647 |
| Benefit payments | (2,274,761) | (2,234,424) | (2,114,394) | (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 | \$ 885,054 | \$ 724,682 | \$ 465,818 | \$ 455,872 | \$ 739,908 | \$ 940,313 | \$ 1,165,262 | \$ 3,262,796 |
| Plan fiduciary net position - beginning | 7,754,651 | 7,029,969 | 6,564,151 | 6,108,279 | 5,368,371 | 4,428,058 | 3,262,796 | - |
| Plan fiduciary net position - ending | \$ 8,639,705 | \$ 7,754,651 | \$ 7,029,969 | \$ 6,564,151 | \$ 6,108,279 | \$ 5,368,371 | \$ 4,428,058 | \$ 3,262,796 |
| Town's net OPEB liability - ending | \$ 30,479,571 | \$ 30,758,700 | \$ 32,856,852 | \$ 32,151,979 | \$ 58,966,739 | \$ 56,911,091 | \$ 53,606,723 | \$ 56,055,158 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 22.09% | 20.13% | 17.62% | 16.95% | 9.39% | 8.62% | 7.63% | 5.50% |
| Covered payroll | \$ 16,143,496 | \$ 16,143,496 | \$ 18,537,729 | \$ 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 | 188.80% | 190.53% | 177.24% | 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 Eight Fiscal Years **

Exhibit 19

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Actuarially determined contribution | \$ 3,112,682 | \$ 3,144,362 | \$ 3,144,362 | \$ 5,414,195 | \$ 5,414,195 | \$ 5,418,919 | \$ 5,418,919 | \$ 6,484,071 |
| Contributions in relation to the actuarially determined contribution | 2,729,461 | 2,689,124 | 2,569,094 | 2,477,387 | 2,765,226 | 2,964,615 | 2,768,442 | 4,733,352 |
| Contribution deficiency (excess) | \$ 383,221 | \$ 455,238 | \$ 575,268 | \$ 2,936,808 | \$ 2,648,969 | \$ 2,454,304 | \$ 2,650,477 | \$ 1,750,719 |
| Covered payroll | \$ 16,143,496 | \$ 16,143,496 | \$ 18,537,729 | \$ 18,537,729 | \$ 22,647,789 | \$ 22,647,789 | \$ 25,569,537 | \$ 25,569,357 |
| Contributions as percentage of covered payroll | 16.91% | 16.66% | 13.86% | 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 | Fair value of assets |
| Inflation | 2.5% |
| Healthcare cost trend rates | Pre-medicare - 7.00% for 2022 decreasing to an ultimate rate of 4.50% by 2032 Medicare - 5.125% for 2022 decreasing to an ultimate rate of 4.50% by 2025 |
| Salary increases | Vision - 2.00% |
| Investment rate of return | 3.25% - 8.41% |
| Retirement age | 6.75%, net of OPEB plan investment expense, including price inflation |
| Mortality | Assumed life expectancies were adjusted as a result of adopting the Pub-2010 mortality tables using generational improvement with Scale MP-2019. 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 Eight Fiscal Years ****

Exhibit 20

| | <u>2024</u> | <u>2023</u> | <u>2022</u> | <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 | 5.37% | 3.90% | 0.20% | 0.02% | 1.23% | 2.15% | 1.22% | 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.

Climate Action Fund – This fund is used to account for projects tied to the Climate Action Plan.

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, 2024

| | Total Capital Projects Funds | Total Special Revenue Funds | Total |
|--|---------------------------------------|--------------------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 2,519,257 | \$ 4,935,052 | \$ 7,454,309 |
| Receivables: | | | |
| Governmental units and agencies | 1,854,039 | 478,381 | 2,332,420 |
| Property taxes, net | - | 1,773 | 1,773 |
| Other | 6,247 | 11,346 | 17,593 |
| Inventories | - | 16,538 | 16,538 |
| Restricted cash and cash equivalents | 231,981 | 353,778 | 585,759 |
| TOTAL ASSETS | \$ 4,611,524 | \$ 5,796,868 | \$ 10,408,392 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Due to other funds | \$ 1,778,455 | \$ - | \$ 1,778,455 |
| Accounts payable | 386,982 | 94,685 | 481,667 |
| Accrued liabilities | - | 62,595 | 62,595 |
| Accounts payable from restricted assets | 57,972 | 112,399 | 170,371 |
| Other payables from restricted assets | 1,347 | 43,577 | 44,924 |
| Total liabilities | 2,224,756 | 313,256 | 2,538,012 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Property taxes receivable | - | 1,773 | 1,773 |
| Total deferred inflows of resources | - | 1,773 | 1,773 |
| FUND BALANCES | | | |
| Nonspendable | | | |
| Inventories | - | 16,538 | 16,538 |
| Restricted | | | |
| Stabilization by State Statute | 244,756 | 1,072,772 | 1,317,528 |
| Public housing | 16,597 | 113,836 | 130,433 |
| Library | - | 159,591 | 159,591 |
| Transit capital purchases | 1,050 | - | 1,050 |
| Infrastructure capital projects | 230,634 | - | 230,634 |
| Committed | | | |
| Municipal buildings capital projects | 105,960 | - | 105,960 |
| Parks capital projects | 117,957 | - | 117,957 |
| Public housing | - | 4,019,730 | 4,019,730 |
| Climate action | - | 204,673 | 204,673 |
| Economic development | - | 130,877 | 130,877 |
| Assigned | | | |
| Subsequent year's expenditures | - | 27,033 | 27,033 |
| Municipal buildings capital projects | 304,191 | - | 304,191 |
| Streets capital projects | 1,000,000 | - | 1,000,000 |
| Infrastructure capital projects | 165,623 | - | 165,623 |
| Public safety capital projects | 200,000 | - | 200,000 |
| Unassigned | - | (263,211) | (263,211) |
| Total fund balances | 2,386,768 | 5,481,839 | 7,868,607 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 4,611,524 | \$ 5,796,868 | \$ 10,408,392 |

TOWN OF CHAPEL HILL, NORTH CAROLINA

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

**COMBINING BALANCE SHEET
JUNE 30, 2024**

| | Community Development Entitlement | Affordable Housing | Transitional Housing | Land Trust Fund | Grants Fund |
|--|--|-------------------------------|---------------------------------|----------------------------|------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ - | \$ 1,792,421 | \$ 171,485 | \$ 32,665 | \$ - |
| Receivables: | | | | | |
| Governmental units and agencies | 115,150 | - | - | - | 345,723 |
| Property taxes, net | - | - | - | - | - |
| Other | - | - | 11,346 | - | - |
| Inventories | - | - | - | 16,538 | - |
| Restricted cash and cash equivalents | 74,294 | - | 43,577 | - | 35,296 |
| TOTAL ASSETS | \$ 189,444 | \$ 1,792,421 | \$ 226,408 | \$ 49,203 | \$ 381,019 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ 1,250 | \$ 531 | \$ - | \$ - |
| Accrued liabilities | 3,122 | - | - | - | 38,790 |
| Accounts payable from restricted assets | 72,486 | - | - | - | 26,976 |
| Other payables from restricted assets | - | - | 43,577 | - | - |
| Total liabilities | 75,608 | 1,250 | 44,108 | - | 65,766 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property taxes receivable | - | - | - | - | - |
| Total deferred inflows of resources | - | - | - | - | - |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Inventories | - | - | - | 16,538 | - |
| Restricted | | | | | |
| Stabilization by State Statute | - | 5,707 | 11,804 | - | 578,464 |
| Public housing | 113,836 | - | - | - | - |
| Library | - | - | - | - | - |
| Committed | | | | | |
| Public housing | - | 1,785,464 | 170,496 | 32,665 | - |
| Climate action | - | - | - | - | - |
| Economic development | - | - | - | - | - |
| Assigned | | | | | |
| Subsequent year's expenditures | - | - | - | - | - |
| Unassigned | - | - | - | - | (263,211) |
| Total fund balances | 113,836 | 1,791,171 | 182,300 | 49,203 | 315,253 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 189,444 | \$ 1,792,421 | \$ 226,408 | \$ 49,203 | \$ 381,019 |

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2024

| | Downtown Service District | Affordable Housing Development Reserve Fund | Climate Action Fund | Library Gift Fund | Total |
|--|---------------------------------|--|------------------------|----------------------|---------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 144,295 | \$ 2,176,905 | \$ 590,248 | \$ 27,033 | \$ 4,935,052 |
| Receivables: | | | | | |
| Governmental units and agencies | 332 | - | - | 17,176 | 478,381 |
| Property taxes, net | 1,773 | - | - | - | 1,773 |
| Other | - | - | - | - | 11,346 |
| Inventories | - | - | - | - | 16,538 |
| Restricted cash and cash equivalents | - | - | - | 200,611 | 353,778 |
| TOTAL ASSETS | \$ 146,400 | \$ 2,176,905 | \$ 590,248 | \$ 244,820 | \$ 5,796,868 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 10,167 | \$ 52,410 | \$ 30,327 | \$ - | \$ 94,685 |
| Accrued liabilities | 3,251 | - | 17,432 | - | 62,595 |
| Accounts payable from restricted assets | - | - | - | 12,937 | 112,399 |
| Other payables from restricted assets | - | - | - | - | 43,577 |
| Total liabilities | 13,418 | 52,410 | 47,759 | 12,937 | 313,256 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Property taxes receivable | 1,773 | - | - | - | 1,773 |
| Total deferred inflows of resources | 1,773 | - | - | - | 1,773 |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Inventories | - | - | - | - | 16,538 |
| Restricted | | | | | |
| Stabilization by State Statute | 332 | 93,390 | 337,816 | 45,259 | 1,072,772 |
| Public housing | - | - | - | - | 113,836 |
| Library | - | - | - | 159,591 | 159,591 |
| Committed | | | | | |
| Public housing | - | 2,031,105 | - | - | 4,019,730 |
| Climate action | - | - | 204,673 | - | 204,673 |
| Economic development | 130,877 | - | - | - | 130,877 |
| Assigned | | | | | |
| Subsequent year's expenditures | - | - | - | 27,033 | 27,033 |
| Unassigned | - | - | - | - | (263,211) |
| Total fund balances | 131,209 | 2,124,495 | 542,489 | 231,883 | 5,481,839 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 146,400 | \$ 2,176,905 | \$ 590,248 | \$ 244,820 | \$ 5,796,868 |

OTHER GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2024

| | Capital Projects | Capital Reserve | Transit Grants | Public Housing Projects | Total |
|--|---------------------|--------------------|---------------------|-------------------------------|---------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 2,519,257 | \$ - | \$ - | \$ - | \$ 2,519,257 |
| Receivables: | | | | | |
| Governmental units and agencies | - | - | 1,721,681 | 132,358 | 1,854,039 |
| Other | 6,247 | - | - | - | 6,247 |
| Restricted cash and cash equivalents | 1,347 | 230,634 | - | - | 231,981 |
| TOTAL ASSETS | \$ 2,526,851 | \$ 230,634 | \$ 1,721,681 | \$ 132,358 | \$ 4,611,524 |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Due to other funds | \$ - | \$ - | \$ 1,720,631 | \$ 57,824 | \$ 1,778,455 |
| Accounts payable | 386,982 | - | - | - | 386,982 |
| Accounts payable from restricted assets | 35 | - | - | 57,937 | 57,972 |
| Other payables from restricted assets | 1,347 | - | - | - | 1,347 |
| Total liabilities | 388,364 | - | 1,720,631 | 115,761 | 2,224,756 |
| FUND BALANCES | | | | | |
| Restricted | | | | | |
| Stabilization by State Statute | 244,756 | - | - | - | 244,756 |
| Public housing | - | - | - | 16,597 | 16,597 |
| Transit capital purchases | - | - | 1,050 | - | 1,050 |
| Infrastructure capital projects | - | 230,634 | - | - | 230,634 |
| Committed | | | | | |
| Municipal buildings capital projects | 105,960 | - | - | - | 105,960 |
| Parks capital projects | 117,957 | - | - | - | 117,957 |
| Assigned | | | | | |
| Municipal buildings capital projects | 304,191 | - | - | - | 304,191 |
| Streets capital projects | 1,000,000 | - | - | - | 1,000,000 |
| Infrastructure capital projects | 165,623 | - | - | - | 165,623 |
| Public safety capital projects | 200,000 | - | - | - | 200,000 |
| Total fund balances | 2,138,487 | 230,634 | 1,050 | 16,597 | 2,386,768 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 2,526,851 | \$ 230,634 | \$ 1,721,681 | \$ 132,358 | \$ 4,611,524 |

OTHER GOVERNMENTAL FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024

| | Total Capital Projects Funds | Total Special Revenue Funds | Total |
|---|---------------------------------------|--------------------------------------|---------------------|
| REVENUES | | | |
| Taxes | \$ - | \$ 406,716 | \$ 406,716 |
| Intergovernmental revenues | | | |
| Federal government | 6,643,240 | 1,096,616 | 7,739,856 |
| State government | 1,752,750 | 277,346 | 2,030,096 |
| Other | 50,000 | 675,643 | 725,643 |
| Interest on investments | 71,037 | 92,163 | 163,200 |
| Franchise rental fees | 67,439 | - | 67,439 |
| Program income | 72,337 | 61,841 | 134,178 |
| Donations | - | 179,522 | 179,522 |
| Other | 1,214 | - | 1,214 |
| | <u>8,658,017</u> | <u>2,789,847</u> | <u>11,447,864</u> |
| Total revenues | | | |
| EXPENDITURES | | | |
| Environment and development | - | 2,832,008 | 2,832,008 |
| Public safety | - | 428,749 | 428,749 |
| Leisure activities | - | 204,698 | 204,698 |
| Capital projects | 12,465,330 | - | 12,465,330 |
| | <u>12,465,330</u> | <u>3,465,455</u> | <u>15,930,785</u> |
| Total expenditures | | | |
| (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (3,807,313) | (675,608) | (4,482,921) |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfer from other funds | 3,431,601 | 2,037,934 | 5,469,535 |
| Transfer to other funds | (11,930) | (45,000) | (56,930) |
| | <u>3,419,671</u> | <u>1,992,934</u> | <u>5,412,605</u> |
| Total other financing sources (uses) | | | |
| NET CHANGE IN TOTAL FUND BALANCES | (387,642) | 1,317,326 | 929,684 |
| FUND BALANCES, BEGINNING | <u>2,774,410</u> | <u>4,164,513</u> | <u>6,938,923</u> |
| FUND BALANCES, ENDING | <u>\$ 2,386,768</u> | <u>\$ 5,481,839</u> | <u>\$ 7,868,607</u> |

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, 2024**

| | Community Development Entitlement | Affordable Housing | Transitional Housing | Land Trust Fund | Grants Fund |
|--|--|-------------------------------|---------------------------------|----------------------------|------------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental revenues | | | | | |
| Federal government | 608,928 | - | - | - | 406,018 |
| State government | - | - | - | - | 278,938 |
| Other | - | - | - | - | 568,350 |
| Interest on investments | - | 65,320 | 7,916 | 1,269 | 2,069 |
| Program income | 7,339 | - | 54,502 | - | - |
| Donations | - | 600 | - | - | - |
| Total revenues | <u>616,267</u> | <u>65,920</u> | <u>62,418</u> | <u>1,269</u> | <u>1,255,375</u> |
| EXPENDITURES | | | | | |
| Environment and development | 616,267 | 82,249 | 15,661 | - | 642,857 |
| Public safety | - | - | - | - | 428,749 |
| Leisure activities | - | - | - | - | - |
| Total expenditures | <u>616,267</u> | <u>82,249</u> | <u>15,661</u> | <u>-</u> | <u>1,071,606</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>-</u> | <u>(16,329)</u> | <u>46,757</u> | <u>1,269</u> | <u>183,769</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | - | 185,000 | - | - | 121,825 |
| Transfers to other funds | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>185,000</u> | <u>-</u> | <u>-</u> | <u>121,825</u> |
| NET CHANGE IN TOTAL FUND BALANCES | <u>-</u> | <u>168,671</u> | <u>46,757</u> | <u>1,269</u> | <u>305,594</u> |
| FUND BALANCES, BEGINNING | <u>113,836</u> | <u>1,622,500</u> | <u>135,543</u> | <u>47,934</u> | <u>9,659</u> |
| FUND BALANCES, ENDING | <u>\$ 113,836</u> | <u>\$ 1,791,171</u> | <u>\$ 182,300</u> | <u>\$ 49,203</u> | <u>\$ 315,253</u> |

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024

| | Downtown Service District | Affordable Housing Development Reserve Fund | Climate Action Fund | Library Gift Fund | Total |
|--|---------------------------------|--|------------------------|----------------------|---------------------|
| REVENUES | | | | | |
| Taxes | \$ 406,716 | \$ - | \$ - | \$ - | \$ 406,716 |
| Intergovernmental revenues | | | | | |
| Federal government | - | - | - | 81,670 | 1,096,616 |
| State government | - | - | - | (1,592) | 277,346 |
| Other | 73,500 | - | 33,674 | 119 | 675,643 |
| Interest on investments | 4,546 | - | - | 11,043 | 92,163 |
| Program income | - | - | - | - | 61,841 |
| Donations | - | - | - | 178,922 | 179,522 |
| Total revenues | 484,762 | - | 33,674 | 270,162 | 2,789,847 |
| EXPENDITURES | | | | | |
| Environment and development | 568,608 | 203,875 | 702,491 | - | 2,832,008 |
| Public safety | - | - | - | - | 428,749 |
| Leisure activities | - | - | - | 204,698 | 204,698 |
| Total expenditures | 568,608 | 203,875 | 702,491 | 204,698 | 3,465,455 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | | |
| | (83,846) | (203,875) | (668,817) | 65,464 | (675,608) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers from other funds | 100,000 | 826,850 | 804,259 | - | 2,037,934 |
| Transfers to other funds | - | - | - | (45,000) | (45,000) |
| Total other financing sources (uses) | 100,000 | 826,850 | 804,259 | (45,000) | 1,992,934 |
| NET CHANGE IN TOTAL FUND BALANCES | | | | | |
| | 16,154 | 622,975 | 135,442 | 20,464 | 1,317,326 |
| FUND BALANCES, BEGINNING | 115,055 | 1,501,520 | 407,047 | 211,419 | 4,164,513 |
| FUND BALANCES, ENDING | \$ 131,209 | \$ 2,124,495 | \$ 542,489 | \$ 231,883 | \$ 5,481,839 |

OTHER GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2024

| | Capital Projects | Capital Reserve | Transit Grants | Public Housing Projects | Total |
|--|---------------------|--------------------|--------------------|-------------------------------|---------------------|
| REVENUES | | | | | |
| Intergovernmental revenues | | | | | |
| Federal government | \$ - | \$ - | \$ 5,728,368 | \$ 914,872 | \$ 6,643,240 |
| State government | - | - | 1,752,750 | - | 1,752,750 |
| Other | 50,000 | - | - | - | 50,000 |
| Interest on investments | 61,969 | 9,068 | - | - | 71,037 |
| Franchise rental fees | 67,439 | - | - | - | 67,439 |
| Program income | 72,337 | - | - | - | 72,337 |
| Other | - | - | 1,050 | 164 | 1,214 |
| Total revenues | 251,745 | 9,068 | 7,482,168 | 915,036 | 8,658,017 |
| EXPENDITURES | | | | | |
| Capital projects: | | | | | |
| Municipal facilities | 1,233,861 | - | - | 914,872 | 2,148,733 |
| Street improvements and sidewalks | 162,801 | - | - | - | 162,801 |
| Parks, recreation, and greenways | 742,895 | - | - | - | 742,895 |
| Public safety | 747,085 | - | - | - | 747,085 |
| Transit equipment and improvements | - | - | 8,663,816 | - | 8,663,816 |
| Total expenditures | 2,886,642 | - | 8,663,816 | 914,872 | 12,465,330 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (2,634,897) | 9,068 | (1,181,648) | 164 | (3,807,313) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfer from other funds | 2,248,903 | - | 1,182,698 | - | 3,431,601 |
| Transfer to other funds | (11,930) | - | - | - | (11,930) |
| Total other financing sources (uses) | 2,236,973 | - | 1,182,698 | - | 3,419,671 |
| NET CHANGE IN TOTAL FUND BALANCES | (397,924) | 9,068 | 1,050 | 164 | (387,642) |
| FUND BALANCES, BEGINNING | 2,536,411 | 221,566 | - | 16,433 | 2,774,410 |
| FUND BALANCES, ENDING | \$ 2,138,487 | \$ 230,634 | \$ 1,050 | \$ 16,597 | \$ 2,386,768 |

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, 2024

| | Vehicle Replacement Fund | Vehicle Maintenance Fund | Computer Equipment Replacement Fund | Total |
|---------------------------------------|--------------------------------|--------------------------------|--|--------------|
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents | \$ 1,212,420 | \$ 93,936 | \$ 134,574 | \$ 1,440,930 |
| Accounts receivable | 39,763 | 20,519 | - | 60,282 |
| Inventories | - | 86,460 | - | 86,460 |
| Total current assets | 1,252,183 | 200,915 | 134,574 | 1,587,672 |
| NONCURRENT ASSETS | | | | |
| Capital assets, net of depreciation | 3,419,275 | 40,114 | - | 3,459,389 |
| Total noncurrent assets | 3,419,275 | 40,114 | - | 3,459,389 |
| TOTAL ASSETS | 4,671,458 | 241,029 | 134,574 | 5,047,061 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension and OPEB deferrals | - | 267,774 | - | 267,774 |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Accounts payable | 327,469 | 151,198 | 2,575 | 481,242 |
| Accrued liabilities | - | 31,673 | - | 31,673 |
| Compensated absences | - | 39,896 | - | 39,896 |
| Total current liabilities | 327,469 | 222,767 | 2,575 | 552,811 |
| NONCURRENT LIABILITIES | | | | |
| Compensated absences | - | 6,004 | - | 6,004 |
| Net other postemployment liability | - | 390,139 | - | 390,139 |
| Net pension liability | - | 360,002 | - | 360,002 |
| Total noncurrent liabilities | - | 756,145 | - | 756,145 |
| TOTAL LIABILITIES | 327,469 | 978,912 | 2,575 | 1,308,956 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension and OPEB deferrals | - | 20,567 | - | 20,567 |
| NET POSITION | | | | |
| Net investment in capital assets | 3,419,275 | 40,114 | - | 3,459,389 |
| Unrestricted | 924,714 | (530,790) | 131,999 | 525,923 |
| TOTAL NET POSITION | \$ 4,343,989 | \$ (490,676) | \$ 131,999 | \$ 3,985,312 |

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024

| | Vehicle Replacement Fund | Vehicle Maintenance Fund | Computer Equipment Replacement Fund | Total |
|--------------------------------|--------------------------------|--------------------------------|--|---------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,105,000 | \$ 1,821,932 | \$ 176,100 | \$ 3,103,032 |
| OPERATING EXPENSES | | | | |
| Depreciation and amortization | 796,538 | 9,596 | - | 806,134 |
| Personnel | - | 721,690 | - | 721,690 |
| Operations | - | 1,224,340 | 122,909 | 1,347,249 |
| Total operating expenses | 796,538 | 1,955,626 | 122,909 | 2,875,073 |
| OPERATING INCOME (LOSS) | 308,462 | (133,694) | 53,191 | 227,959 |
| NONOPERATING REVENUES | | | | |
| Insurance recovery | - | 3,860 | - | 3,860 |
| Interest on investments | 53,006 | 11,728 | 4,729 | 69,463 |
| Gain on sale of capital assets | 143,831 | - | - | 143,831 |
| Total nonoperating revenues | 196,837 | 15,588 | 4,729 | 217,154 |
| CHANGE IN NET POSITION | 505,299 | (118,106) | 57,920 | 445,113 |
| NET POSITION, BEGINNING | 3,838,690 | (372,570) | 74,079 | 3,540,199 |
| NET POSITION, ENDING | \$ 4,343,989 | \$ (490,676) | \$ 131,999 | \$ 3,985,312 |

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

| | Vehicle Replacement Fund | Vehicle Maintenance Fund | Computer Equipment Replacement Fund | Total |
|--|--------------------------------|--------------------------------|--|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Receipts from customers | \$ 1,065,237 | \$ 1,821,553 | \$ 176,100 | \$ 3,062,890 |
| Payments to employees | - | (748,363) | - | (748,363) |
| Payments to suppliers | 183,638 | (1,372,601) | (120,334) | (1,309,297) |
| Net cash provided by (used in) operating activities | <u>1,248,875</u> | <u>(299,411)</u> | <u>55,766</u> | <u>1,005,230</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | |
| Transfers from other funds | - | - | - | - |
| Net cash provided by noncapital financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Proceeds from sale of capital assets | 143,831 | - | - | 143,831 |
| Proceeds from insurance recovery | - | 3,860 | - | 3,860 |
| Acquisition and construction of capital assets | (1,754,640) | (17,226) | - | (1,771,866) |
| Net cash provided by (used in) capital and related financing activities | <u>(1,610,809)</u> | <u>(13,366)</u> | <u>-</u> | <u>(1,624,175)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest on investments | 53,006 | 11,728 | 4,729 | 69,463 |
| Net cash provided by investing activities | <u>53,006</u> | <u>11,728</u> | <u>4,729</u> | <u>69,463</u> |

Continued

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

| | Vehicle Replacement Fund | Vehicle Maintenance Fund | Computer Equipment Replacement Fund | Total |
|---|--------------------------------|--------------------------------|--|---------------------|
| NET INCREASE (DECREASE) IN CASH AND INVESTMENTS | (308,928) | (301,049) | 60,495 | (549,482) |
| CASH AND INVESTMENTS, BEGINNING | <u>1,521,348</u> | <u>394,985</u> | <u>74,079</u> | <u>1,990,412</u> |
| CASH AND INVESTMENTS, ENDING | <u>\$ 1,212,420</u> | <u>\$ 93,936</u> | <u>\$ 134,574</u> | <u>\$ 1,440,930</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Operating income (loss) | \$ 308,462 | \$ (133,694) | \$ 53,191 | \$ 227,959 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | |
| Depreciation and amortization | 796,538 | 9,596 | - | 806,134 |
| Changes in assets and liabilities: | | | | |
| Receivables | (39,763) | (379) | - | (40,142) |
| Inventories | - | (5,763) | - | (5,763) |
| Accounts payable | 183,638 | (142,498) | 2,575 | 43,715 |
| Accrued liabilities | - | 13,318 | - | 13,318 |
| Compensated absences | - | 2,875 | - | 2,875 |
| Accrued OPEB liability | - | (3,572) | - | (3,572) |
| Deferred outflows of resources for pensions | - | (39,294) | - | (39,294) |
| Net cash provided (used) by operating activities | <u>\$ 1,248,875</u> | <u>\$ (299,411)</u> | <u>\$ 55,766</u> | <u>\$ 1,005,230</u> |

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GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|---------------------------------|------------------|---------------|---------------|--------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes | | | | |
| Ad valorem taxes - current year | \$ 40,960,000 | \$ 40,960,000 | \$ 40,663,946 | \$ (296,054) |
| Ad valorem taxes - prior years | 102,500 | 102,500 | 87,484 | (15,016) |
| Interest on delinquent taxes | 65,000 | 65,000 | 79,998 | 14,998 |
| Interest on state held taxes | 1,000 | 1,000 | 7,678 | 6,678 |
| Local option sales taxes | 21,993,943 | 21,993,943 | 21,166,868 | (827,075) |
| Occupancy tax | 1,500,000 | 1,500,000 | 1,763,710 | 263,710 |
| Other taxes | 110,000 | 110,000 | 99,008 | (10,992) |
| Total taxes | 64,732,443 | 64,732,443 | 63,868,692 | (863,751) |
| Licenses and permits | | | | |
| Motor vehicles | 450,000 | 450,000 | 442,372 | (7,628) |
| Privilege licenses | 5,000 | 5,000 | 4,245 | (755) |
| Building permits | 2,555,880 | 2,555,880 | 2,494,473 | (61,407) |
| Special use permits | 12,000 | 12,000 | 25,618 | 13,618 |
| Work zone traffic permits | 50,000 | 50,000 | 32,900 | (17,100) |
| Engineering permits | 33,500 | 33,500 | 63,818 | 30,318 |
| Fire inspection fees | 109,000 | 109,000 | 146,692 | 37,692 |
| Traffic impact study and fees | 120,700 | 120,700 | 5,614 | (115,086) |
| Police permits | 4,500 | 4,500 | 1,836 | (2,664) |
| Fire permits | 48,400 | 48,400 | 43,650 | (4,750) |
| Total licenses and permits | 3,388,980 | 3,388,980 | 3,261,218 | (127,762) |
| Fines and forfeitures | | | | |
| Garbage citations | 750 | 750 | 175 | (575) |
| Parking tickets and towing fees | 13,000 | 13,000 | 14,352 | 1,352 |
| False alarm fees | 7,500 | 7,500 | 18,867 | 11,367 |
| Total fines and forfeitures | 21,250 | 21,250 | 33,394 | 12,144 |

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|------------------------------------|------------------|-----------|-----------|--------------------------------------|
| | Original | Final | | |
| Intergovernmental revenues | | | | |
| Federal Government | | | | |
| Bulletproof vest grant | \$ - | \$ - | \$ 4,433 | \$ 4,433 |
| Total federal government | - | - | 4,433 | 4,433 |
| State of North Carolina | | | | |
| Beer and wine tax | 250,000 | 250,000 | 302,436 | 52,436 |
| Fuel tax (Powell Bill) funds | 1,619,600 | 1,619,600 | 1,787,208 | 167,608 |
| State fire protection | 1,025,000 | 1,025,000 | 1,025,214 | 214 |
| Utility franchise tax | 4,200,000 | 4,200,000 | 4,827,593 | 627,593 |
| Video programming tax | 600,000 | 600,000 | 485,404 | (114,596) |
| Supplemental PEG support | 80,000 | 80,000 | 77,419 | (2,581) |
| Solid waste disposal tax | 43,000 | 43,000 | 48,439 | 5,439 |
| State library aid | 32,849 | 32,849 | 38,779 | 5,930 |
| UNC contributions | - | 11,000 | 7,245 | (3,755) |
| State Equitable Sharing - Drug | 14,000 | 14,000 | 1,103 | (12,897) |
| Total State of North Carolina | 7,864,449 | 7,875,449 | 8,600,840 | 725,391 |
| Other | | | | |
| Orange County recreational support | 83,760 | 83,760 | 83,760 | - |
| Orange County library contribution | 653,139 | 653,139 | 621,323 | (31,816) |
| Orange County bail bond justice | 6,000 | 6,000 | 4,500 | (1,500) |
| Orange County contribution | - | 38,082 | 38,082 | - |
| Carrboro contribution | - | 10,340 | 10,340 | - |
| Durham Tech contribution | - | 8,000 | 24,000 | 16,000 |
| Total other | 742,899 | 799,321 | 782,005 | (17,316) |
| Total intergovernmental revenues | 8,607,348 | 8,674,770 | 9,387,278 | 712,508 |

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|--------------------------------|------------------|------------|------------|--------------------------------------|
| | Original | Final | | |
| Charges for services | | | | |
| Library fines and fees | \$ 55,000 | \$ 55,000 | \$ 61,971 | \$ 6,971 |
| Street cuts and right of way | 130,500 | 130,500 | 136,288 | 5,788 |
| Traffic signals | 315,000 | 315,000 | 497,395 | 182,395 |
| Rent revenue | 315,700 | 315,700 | 636,557 | 320,857 |
| Cemetery staking | 1,000 | 1,000 | 1,940 | 940 |
| Fire districts | 275,000 | 275,000 | 280,604 | 5,604 |
| Solid waste collection | 306,000 | 306,000 | 306,433 | 433 |
| Planning review | 593,535 | 593,535 | 53,065 | (540,470) |
| Engineering review | 43,000 | 43,000 | 65,729 | 22,729 |
| Recreation | 711,892 | 711,892 | 844,090 | 132,198 |
| Charges to other funds | 1,901,549 | 1,901,549 | 1,765,804 | (135,745) |
| Total charges for services | 4,648,176 | 4,648,176 | 4,649,876 | 1,700 |
| Interest on investments | 100,000 | 100,000 | 1,412,490 | 1,312,490 |
| Other | | | | |
| Sales - planning and documents | 21,750 | 21,750 | 20,564 | (1,186) |
| Sales - capital assets | 10,000 | 10,000 | 35,490 | 25,490 |
| Sales - fuel | 8,500 | 8,500 | 10,435 | 1,935 |
| Sales - miscellaneous | 17,000 | 17,000 | 17,162 | 162 |
| Cemetery lot sales | 5,000 | 5,000 | 41,475 | 36,475 |
| Court fees | 10,000 | 10,000 | 18,496 | 8,496 |
| Mutual aid reimbursements | 553,959 | 553,959 | 730,778 | 176,819 |
| Gifts and donations | 110,135 | 169,154 | 172,709 | 3,555 |
| Revenue in lieu | - | - | 52,800 | 52,800 |
| Miscellaneous | 105,100 | 105,100 | 194,086 | 88,986 |
| Total other revenues | 841,444 | 900,463 | 1,293,995 | 393,532 |
| TOTAL REVENUES | 82,339,641 | 82,466,082 | 83,906,943 | 1,440,861 |

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|--|-------------------|-------------------|-------------------|--------------------------------------|
| | Original | Final | | |
| EXPENDITURES | | | | |
| General government | | | | |
| Mayor/Council | \$ 590,376 | \$ 608,776 | \$ 602,639 | \$ 6,137 |
| Manager/Governance Svcs | 4,720,789 | 4,994,045 | 4,623,473 | 370,572 |
| Human Resources | 1,577,361 | 1,722,276 | 1,630,555 | 91,721 |
| Business Management | 2,744,529 | 2,866,436 | 2,718,301 | 148,135 |
| Technology Solutions | 2,801,996 | 2,863,772 | 2,602,484 | 261,288 |
| Attorney | 600,992 | 600,992 | 628,238 | (27,246) |
| Total general government | <u>13,036,043</u> | <u>13,656,297</u> | <u>12,805,690</u> | <u>850,607</u> |
| Environment and development | | | | |
| Planning | 1,940,251 | 2,809,201 | 2,134,956 | 674,245 |
| Building and Development Services | 2,791,188 | 2,800,567 | 2,506,338 | 294,229 |
| Affordable Housing & Community Connections | 1,236,089 | 1,358,037 | 971,901 | 386,136 |
| Public Works | 14,419,526 | 14,945,986 | 14,488,044 | 457,942 |
| Total environment and development | <u>20,387,054</u> | <u>21,913,791</u> | <u>20,101,239</u> | <u>1,812,552</u> |
| Public safety | | | | |
| Police | 16,418,764 | 16,594,347 | 16,535,893 | 58,454 |
| Fire | 11,347,649 | 11,436,501 | 11,351,433 | 85,068 |
| Total public safety | <u>27,766,413</u> | <u>28,030,848</u> | <u>27,887,326</u> | <u>143,522</u> |
| Leisure activities | | | | |
| Parks and recreation | 8,543,493 | 8,615,044 | 8,415,902 | 199,142 |
| Library | 4,568,761 | 4,657,647 | 4,535,439 | 122,208 |
| Total leisure activities | <u>13,112,254</u> | <u>13,272,691</u> | <u>12,951,341</u> | <u>321,350</u> |
| Nondepartmental | | | | |
| Liability insurance | 350,000 | 350,000 | 510,196 | (160,196) |
| Supplemental PEG expense | 175,000 | 175,000 | 143,072 | 31,928 |
| Economic development incentives | 1,116,969 | 1,045,293 | 809,792 | 235,501 |
| Contributions to agencies | 1,777,483 | 2,409,922 | 2,214,785 | 195,137 |
| Contribution to OPEB liability | 250,000 | 250,000 | 250,000 | - |
| Retiree medical insurance | 1,697,000 | 1,697,000 | 1,742,258 | (45,258) |
| Reserve for pay adjustments | 400,000 | 400,000 | - | 400,000 |
| Taxpayer assistance program | 100,000 | 100,000 | 98,583 | 1,417 |
| General government | 172,695 | 188,108 | 430,889 | (242,781) |
| Total nondepartmental | <u>6,039,147</u> | <u>6,615,323</u> | <u>6,199,575</u> | <u>415,748</u> |
| Total expenditures | <u>80,340,911</u> | <u>83,488,950</u> | <u>79,945,171</u> | <u>3,543,779</u> |

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|--|------------------|-------------|---------------|--------------------------------------|
| | Original | Final | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,998,730 | (1,022,868) | 3,961,772 | 4,984,640 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Insurance recovery | 25,000 | 25,000 | 69,022 | 44,022 |
| Subscription financing | - | - | 97,649 | 97,649 |
| Transfer from Library Gift Fund | 45,000 | 45,000 | 45,000 | - |
| Transfer from 2023 2/3 Bonds Fund | - | 250,000 | 250,000 | - |
| Transfer to Downtown Service District Fund | (100,000) | (100,000) | (100,000) | - |
| Transfer to Afford Hsg Develop Reserve Fund | (826,850) | (826,850) | (826,850) | - |
| Transfer to Climate Action Fund | (804,259) | (804,259) | (804,259) | - |
| Transfer to Affordable Housing Fund | - | (185,000) | (185,000) | - |
| Transfer to Stormwater Fund | (17,000) | (17,000) | (9,710) | 7,290 |
| Transfer to Debt Service Fund | (445,100) | (445,100) | (445,100) | - |
| Transfer to Capital Projects Fund | (2,248,903) | (2,248,903) | (2,248,903) | - |
| Transfer to Grants Fund | (95,977) | (112,546) | (109,895) | 2,651 |
| Appropriated fund balance | 2,469,359 | 5,442,526 | - | (5,442,526) |
| Total other financing sources (uses) | (1,998,730) | 1,022,868 | (4,268,046) | (5,290,914) |
| NET CHANGE IN TOTAL FUND BALANCE | \$ - | \$ - | (306,274) | \$ (306,274) |
| FUND BALANCE, BEGINNING | | | 35,829,102 | |
| FUND BALANCE, ENDING | | | \$ 35,522,828 | |

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|---|-------------------|-------------------|---------------------|--------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Ad valorem taxes - current year | \$ 8,540,000 | \$ 8,540,000 | \$ 8,476,708 | \$ (63,292) |
| Ad valorem taxes - prior years | 19,000 | 19,000 | 13,287 | (5,713) |
| Interest on investments | <u>385,000</u> | <u>385,000</u> | <u>2,579,116</u> | <u>2,194,116</u> |
| Total revenues | <u>8,944,000</u> | <u>8,944,000</u> | <u>11,069,111</u> | <u>2,125,111</u> |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal | 8,323,000 | 8,323,000 | 8,323,000 | - |
| Interest and fiscal charges | 3,266,913 | 3,266,913 | 3,266,913 | - |
| Bond issuance costs | <u>-</u> | <u>-</u> | <u>15,000</u> | <u>(15,000)</u> |
| Total expenditures | <u>11,589,913</u> | <u>11,589,913</u> | <u>11,604,913</u> | <u>(15,000)</u> |
| (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (2,645,913) | (2,645,913) | (535,802) | 2,110,111 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer from other funds | 445,100 | 773,143 | 445,100 | (328,043) |
| Transfer to other funds | (1,162,399) | - | - | - |
| Appropriated fund balance | <u>3,363,212</u> | <u>1,872,770</u> | <u>-</u> | <u>(1,872,770)</u> |
| Total other financing sources (uses) | <u>2,645,913</u> | <u>2,645,913</u> | <u>445,100</u> | <u>(2,200,813)</u> |
| NET CHANGE IN TOTAL FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>(90,702)</u> | <u>\$ (90,702)</u> |
| FUND BALANCES, BEGINNING | | | <u>9,876,520</u> | |
| FUND BALANCES, ENDING | | | <u>\$ 9,785,818</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, 2024**

| | Project | Actual | | |
|---|---------------|--------------|--------------|---------------|
| | Authorization | Prior Years | Current Year | Total to Date |
| REVENUES | | | | |
| Interest on investments | \$ 1,070,322 | \$ 1,850,746 | \$ (675,730) | \$ 1,175,016 |
| Federal Bridge Replacement Grant | 268,730 | 268,730 | - | 268,730 |
| Federal Transit Administration Grants | 5,973,438 | 2,758,583 | 2,455,738 | 5,214,321 |
| Federal Highway Administration Grants | 7,287,618 | 2,350,965 | 1,335,653 | 3,686,618 |
| Other Federal Grants | 1,208,203 | 993,084 | 215,119 | 1,208,203 |
| North Carolina Clean Water Grant | 200,000 | 200,000 | - | 200,000 |
| North Carolina Department of Transportation Grants | 4,296,831 | 3,181,389 | 6,008 | 3,187,397 |
| Community Project Funding | 2,000,000 | - | - | - |
| Parks and Recreation Trust Fund | 500,000 | 500,000 | - | 500,000 |
| Other State Grants | 519,155 | 518,314 | - | 518,314 |
| Orange County parks bonds | 8,337,520 | 8,337,520 | - | 8,337,520 |
| Other Grants | 1,249,072 | 1,014,803 | - | 1,014,803 |
| Charges for services | 181,193 | 181,193 | - | 181,193 |
| Donations | 957,193 | 957,193 | 750 | 957,943 |
| Revenue in lieu | 360,289 | 1,038,143 | - | 1,038,143 |
| Other | 2,623,087 | 1,897,559 | 748,909 | 2,646,468 |
| Total revenues | 37,032,651 | 26,048,222 | 4,086,447 | 30,134,669 |
| EXPENDITURES | | | | |
| Parks, recreation, library and open space capital improvements | 35,974,347 | 32,278,527 | 788,547 | 33,067,074 |
| Public safety capital improvements | 6,125,669 | 3,495,235 | 299,327 | 3,794,562 |
| Parking deck | 51,567,214 | 25,101,182 | 18,697,940 | 43,799,122 |
| Public safety facility | 3,830,474 | 1,971,271 | 33,812 | 2,005,083 |
| Municipal facilities | 7,489,702 | 7,339,099 | 78,243 | 7,417,342 |
| Affordable housing | 10,541,576 | 1,727,950 | 230,841 | 1,958,791 |
| Sewer capital improvements | 1,561,375 | 1,241,205 | 204,947 | 1,446,152 |
| Software development | 274,797 | 274,798 | - | 274,798 |
| Street and sidewalk improvements | 53,005,038 | 29,169,094 | 8,071,275 | 37,240,369 |
| Debt service: | | | | |
| Principal | 4,300,000 | 4,300,000 | - | 4,300,000 |
| Interest and fiscal charges | 64,500 | 64,500 | - | 64,500 |
| Total expenditures | 174,734,692 | 106,962,861 | 28,404,932 | 135,367,793 |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | (137,702,041) | (80,914,639) | (24,318,485) | (105,233,124) |

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, 2024**

| | Project | Actual | | |
|--------------------------------------|--------------------|----------------------|----------------------|----------------------|
| | Authorization | Prior Years | Current Year | Total to Date |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from bond issuance | 115,189,466 | 98,961,528 | 16,161,000 | 115,122,528 |
| Proceeds from financing | 3,385,857 | 3,385,857 | - | 3,385,857 |
| Premium on debt | 10,026,432 | 10,016,741 | - | 10,016,741 |
| Transfer from General Fund | 7,625,958 | 7,851,545 | (250,000) | 7,601,545 |
| Transfer from Capital Projects Fund | 1,091,200 | 1,115,614 | - | 1,115,614 |
| Transfer from Library Gift Fund | 454,475 | 454,475 | - | 454,475 |
| Transfer to Capital Projects Fund | (94,428) | (84,928) | - | (84,928) |
| Appropriated fund balance | 23,081 | - | - | - |
| Total other financing sources (uses) | <u>137,702,041</u> | <u>121,700,832</u> | <u>15,911,000</u> | <u>137,611,832</u> |
| NET CHANGE IN TOTAL FUND BALANCE | <u>\$ -</u> | <u>\$ 40,786,193</u> | <u>(8,407,485)</u> | <u>\$ 32,378,708</u> |
| FUND BALANCE, BEGINNING | | | <u>40,786,193</u> | |
| FUND BALANCE, ENDING | | | <u>\$ 32,378,708</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, 2024**

| | Project Authorization | Prior Years | Actual Current Year | Total to Date |
|---|----------------------------------|------------------------|------------------------------------|--------------------------|
| REVENUES | | | | |
| Intergovernmental revenues - federal | \$ 10,668,497 | \$ 2,199,730 | \$ 1,192,570 | \$ 3,392,300 |
| EXPENDITURES | | | | |
| Environment and development | 5,254,516 | 852,376 | 1,020,761 | 1,873,137 |
| Leisure activities | 294,351 | - | 36,100 | 36,100 |
| Capital projects | 5,119,630 | 1,347,354 | 135,709 | 1,483,063 |
| Total expenditures | 10,668,497 | 2,199,730 | 1,192,570 | 3,392,300 |
| NET CHANGE IN TOTAL FUND BALANCE | \$ - | \$ - | - | \$ - |
| FUND BALANCE, BEGINNING | | | - | |
| FUND BALANCE, ENDING | | | \$ - | |

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|---|--------------------|--------------------|---------------------|--------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental revenues: | | | | |
| Federal government | \$ - | \$ 1,000,000 | \$ - | \$ (1,000,000) |
| Other | - | 57,332 | 50,000 | (7,332) |
| Interest on investments | 10,500 | 10,500 | 61,969 | 51,469 |
| Franchise rental fees | 70,000 | 70,000 | 67,439 | (2,561) |
| Program income | 56,701 | 56,701 | 72,337 | 15,636 |
| Total revenues | 137,201 | 1,194,533 | 251,745 | (942,788) |
| EXPENDITURES | | | | |
| Capital projects: | | | | |
| Municipal facilities | 677,701 | 1,807,276 | 1,233,861 | 573,415 |
| Street improvements and sidewalks | 186,000 | 1,628,424 | 162,801 | 1,465,623 |
| Parks, recreation, and greenways | 1,522,403 | 1,242,569 | 742,895 | 499,674 |
| Public safety | - | 947,085 | 747,085 | 200,000 |
| Total expenditures | 2,386,104 | 5,625,354 | 2,886,642 | 2,738,712 |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | (2,248,903) | (4,430,821) | (2,634,897) | 1,795,924 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer from other funds | 2,248,903 | 2,248,903 | 2,248,903 | - |
| Transfer to other funds | - | (39,238) | (11,930) | 27,308 |
| Appropriated fund balance | - | 2,221,156 | - | (2,221,156) |
| Total other financing sources (uses) | 2,248,903 | 4,430,821 | 2,236,973 | (2,193,848) |
| NET CHANGE IN TOTAL FUND BALANCE | \$ - | \$ - | (397,924) | \$ (397,924) |
| FUND BALANCE, BEGINNING | | | 2,536,411 | |
| FUND BALANCE, ENDING | | | \$ 2,138,487 | |

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CAPITAL RESERVE FUND
 YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|----------------------------------|------------------|-------------|-------------------|--------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Interest on investments | \$ - | \$ - | \$ 9,068 | \$ 9,068 |
| Total revenues | - | - | 9,068 | 9,068 |
| EXPENDITURES | | | | |
| Capital projects: | | | | |
| Municipal facilities | - | - | - | - |
| NET CHANGE IN TOTAL FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | 9,068 | <u>\$ 9,068</u> |
| FUND BALANCE, BEGINNING | | | <u>221,566</u> | |
| FUND BALANCE, ENDING | | | <u>\$ 230,634</u> | |

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
TRANSIT GRANT PROJECTS ORDINANCE FUND
FROM GRANT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2024**

| | Project Authorization | Prior Years | Actual Current Year | Total to Date |
|---|--------------------------|--------------------|---------------------------|--------------------|
| REVENUES | | | | |
| Intergovernmental revenues: | | | | |
| Federal government | \$ 12,260,005 | \$ 1,853,230 | \$ 5,728,368 | \$ 7,581,598 |
| State government | 3,480,750 | - | 1,752,750 | 1,752,750 |
| Other | 1,058,000 | 390,000 | - | 390,000 |
| Other | - | - | 1,050 | 1,050 |
| Total revenues | <u>16,798,755</u> | <u>2,243,230</u> | <u>7,482,168</u> | <u>9,725,398</u> |
| EXPENDITURES | | | | |
| Bus & vehicle purchases | 22,370,897 | 2,871,427 | 7,953,355 | 10,824,782 |
| Equipment and improvements | 1,149,031 | 536,817 | 550,000 | 1,086,817 |
| Administration | 592,660 | 260,712 | 160,461 | 421,173 |
| Total expenditures | <u>24,112,588</u> | <u>3,668,956</u> | <u>8,663,816</u> | <u>12,332,772</u> |
| (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(7,313,833)</u> | <u>(1,425,726)</u> | <u>(1,181,648)</u> | <u>(2,607,374)</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfer from other funds | 7,313,833 | 1,425,726 | 1,182,698 | 2,608,424 |
| NET CHANGE IN TOTAL FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | 1,050 | <u>\$ 1,050</u> |
| FUND BALANCE, BEGINNING | | | - | |
| FUND BALANCE, ENDING | | | <u>\$ 1,050</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, 2024**

| | Project Authorization | Prior Year | Actual Current Year | Total to Date |
|----------------------------------|--------------------------|---------------|---------------------------|------------------|
| REVENUES | | | | |
| Intergovernmental revenues | | | | |
| Capital Grant 2017 | \$ 549,598 | \$ 548,798 | \$ 800 | \$ 549,598 |
| Capital Grant 2018 | 789,318 | 783,461 | 5,857 | 789,318 |
| Capital Grant 2019 | 825,913 | 489,086 | 330,152 | 819,238 |
| Capital Grant 2020 | 891,521 | 218,034 | 433,231 | 651,265 |
| Capital Grant 2021 | 939,529 | 177,948 | 26,900 | 204,848 |
| Capital Grant 2022 | 1,171,395 | 6,345 | 117,932 | 124,277 |
| Capital Grant 2023 | 1,171,880 | - | - | - |
| Total federal government | 6,339,154 | 2,223,672 | 914,872 | 3,138,544 |
| Other revenues | 48,750 | 55,367 | 164 | 55,531 |
| Total revenues | 6,387,904 | 2,279,039 | 915,036 | 3,194,075 |
| EXPENDITURES | | | | |
| Municipal facilities | 6,387,904 | 2,262,606 | 914,872 | 3,177,478 |
| NET CHANGE IN TOTAL FUND BALANCE | \$ - | \$ 16,433 | 164 | \$ 16,597 |
| FUND BALANCE, BEGINNING | | | 16,433 | |
| FUND BALANCE, ENDING | | | \$ 16,597 | |

**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, 2024**

| | Project Authorization | Actual | | Total to Date |
|----------------------------------|--------------------------|-------------------|-------------------|-------------------|
| | | Prior Years | Current Year | |
| REVENUES | | | | |
| Intergovernmental revenues | | | | |
| Block Grant 16 | \$ 387,702 | \$ 387,702 | \$ - | \$ 387,702 |
| Block Grant 18 | 418,344 | 418,344 | - | 418,344 |
| Block Grant 19 | 386,584 | 386,584 | - | 386,584 |
| Block Grant 20 CV-1 | 245,693 | 245,692 | - | 245,692 |
| Block Grant 20 | 417,591 | 417,591 | - | 417,591 |
| Block Grant 21 CV-3 | 290,902 | 290,820 | - | 290,820 |
| Block Grant 21 | 418,300 | 323,029 | 95,271 | 418,300 |
| Block Grant 22 | 421,755 | - | 421,755 | 421,755 |
| Block Grant 23 | 419,225 | - | 91,902 | 91,902 |
| Block Grant 24 | 437,331 | - | - | - |
| Program income | <u>110,433</u> | <u>103,096</u> | <u>7,339</u> | <u>110,435</u> |
| Total revenues | <u>3,953,860</u> | <u>2,572,858</u> | <u>616,267</u> | <u>3,189,125</u> |
| EXPENDITURES | | | | |
| Public improvement | 64,146 | 63,331 | - | 63,331 |
| Neighborhood revitalization | 2,055,472 | 931,977 | 465,034 | 1,397,011 |
| Administration | 702,359 | 499,794 | 68,605 | 568,399 |
| Community services | 147,437 | 147,033 | - | 147,033 |
| Public services | 951,324 | 816,887 | 67,290 | 884,177 |
| Economic development | <u>33,122</u> | <u>-</u> | <u>15,338</u> | <u>15,338</u> |
| Total expenditures | <u>3,953,860</u> | <u>2,459,022</u> | <u>616,267</u> | <u>3,075,289</u> |
| NET CHANGE IN TOTAL FUND BALANCE | <u>\$ -</u> | <u>\$ 113,836</u> | <u>-</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, 2024**

| | Project Authorization | Prior Years | Actual Current Year | Total to Date |
|--|--------------------------|---------------------|---------------------------|---------------------|
| REVENUES | | | | |
| Interest on investments | \$ 125,234 | \$ 88,404 | \$ 65,320 | \$ 153,724 |
| Program income | 690,262 | 690,262 | - | 690,262 |
| Donations | 60,032 | 60,032 | 600 | 60,632 |
| Revenue in lieu | 4,802,576 | 4,802,576 | - | 4,802,576 |
| | <u>5,678,104</u> | <u>5,641,274</u> | <u>65,920</u> | <u>5,707,194</u> |
| EXPENDITURES | | | | |
| Environment and development | <u>6,018,882</u> | <u>4,174,553</u> | <u>82,249</u> | <u>4,256,802</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| | <u>(340,778)</u> | <u>1,466,721</u> | <u>(16,329)</u> | <u>1,450,392</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfer from other funds | <u>340,778</u> | <u>155,779</u> | <u>185,000</u> | <u>340,779</u> |
| NET CHANGE IN TOTAL FUND BALANCE | <u>\$ -</u> | <u>\$ 1,622,500</u> | 168,671 | <u>\$ 1,791,171</u> |
| FUND BALANCE, BEGINNING | | | <u>1,622,500</u> | |
| FUND BALANCE, ENDING | | | <u>\$ 1,791,171</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, 2024**

| | 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 | 4,152 | 7,916 | 12,068 |
| Program income | 242,937 | 310,213 | 54,502 | 364,715 |
| Other | 393 | 393 | - | 393 |
| | 484,959 | 555,534 | 62,418 | 617,952 |
| EXPENDITURES | | | | |
| Environment and development | 552,459 | 487,491 | 15,661 | 503,152 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| | (67,500) | 68,043 | 46,757 | 114,800 |
| OTHER FINANCING SOURCES | | | | |
| Transfer from other funds | 67,500 | 67,500 | - | 67,500 |
| NET CHANGE IN TOTAL FUND BALANCE | <u>\$ -</u> | <u>\$ 135,543</u> | 46,757 | <u>\$ 182,300</u> |
| FUND BALANCE, BEGINNING | | | <u>135,543</u> | |
| FUND BALANCE, ENDING | | | <u>\$ 182,300</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, 2024**

| | 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 | 2,759 | 1,269 | 4,028 |
| Program income | <u>249,389</u> | <u>249,390</u> | <u>-</u> | <u>249,390</u> |
| Total revenues | <u>482,178</u> | <u>482,807</u> | <u>1,269</u> | <u>484,076</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>\$ 47,934</u> | <u>1,269</u> | <u>\$ 49,203</u> |
| FUND BALANCE, BEGINNING | | | <u>47,934</u> | |
| FUND BALANCE, ENDING | | | <u>\$ 49,203</u> | |

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS FUND
YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|--|------------------|------------------|-------------------|--------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental revenues | | | | |
| Federal government | \$ 284,700 | \$ 797,847 | \$ 406,018 | \$ (391,829) |
| State government | 55,677 | 380,377 | 278,938 | (101,439) |
| Other | 125,000 | 597,612 | 568,350 | (29,262) |
| Interest on investments | - | - | 2,069 | 2,069 |
| | <u>465,377</u> | <u>1,775,836</u> | <u>1,255,375</u> | <u>(520,461)</u> |
| Total revenues | | | | |
| EXPENDITURES | | | | |
| General government | - | 100,000 | - | 100,000 |
| Environment and development | 561,354 | 801,983 | 642,857 | 159,126 |
| Public safety | - | 1,050,360 | 428,749 | 621,611 |
| | <u>561,354</u> | <u>1,952,343</u> | <u>1,071,606</u> | <u>880,737</u> |
| Total expenditures | | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(95,977)</u> | <u>(176,507)</u> | <u>183,769</u> | <u>360,276</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfer from other funds | 95,977 | 151,784 | 121,825 | (29,959) |
| Appropriated fund balance | - | 24,723 | - | (24,723) |
| | <u>95,977</u> | <u>176,507</u> | <u>121,825</u> | <u>(54,682)</u> |
| Total other financing sources | | | | |
| NET CHANGE IN TOTAL FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>305,594</u> | <u>\$ 305,594</u> |
| FUND BALANCE, BEGINNING | | | <u>9,659</u> | |
| FUND BALANCE, ENDING | | | <u>\$ 315,253</u> | |

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DOWNTOWN SERVICE DISTRICT FUND
 YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|---|------------------|------------------|-------------------|--------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Ad valorem taxes | \$ 408,000 | \$ 408,000 | \$ 406,082 | \$ (1,918) |
| Interest on delinquent taxes | 1,000 | 1,000 | 634 | (366) |
| Intergovernmental revenues - other | 73,500 | 73,500 | 73,500 | - |
| Interest on investments | - | - | 4,546 | 4,546 |
| | <u>482,500</u> | <u>482,500</u> | <u>484,762</u> | <u>2,262</u> |
| EXPENDITURES | | | | |
| Environment and development | <u>582,500</u> | <u>582,500</u> | <u>568,608</u> | <u>13,892</u> |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | | | | |
| | <u>(100,000)</u> | <u>(100,000)</u> | <u>(83,846)</u> | <u>16,154</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfer from other funds | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> | <u>-</u> |
| NET CHANGE IN TOTAL FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>16,154</u> | <u>\$ 16,154</u> |
| FUND BALANCE, BEGINNING | | | <u>115,055</u> | |
| FUND BALANCE, ENDING | | | <u>\$ 131,209</u> | |

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - AFFORDABLE HOUSING DEVELOPMENT RESERVE FUND
YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|---|------------------|--------------|--------------|--------------------------------------|
| | Original | Final | | |
| EXPENDITURES | | | | |
| Environment and development | \$ 826,850 | \$ 2,328,370 | \$ 203,875 | \$ 2,124,495 |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | (826,850) | (2,328,370) | (203,875) | 2,124,495 |
| OTHER FINANCING SOURCES | | | | |
| Transfer from other funds | 826,850 | 826,850 | 826,850 | - |
| Appropriated fund balance | - | 1,501,520 | - | (1,501,520) |
| Total other financing sources | 826,850 | 2,328,370 | 826,850 | (1,501,520) |
| NET CHANGE IN TOTAL FUND BALANCE | \$ - | \$ - | 622,975 | \$ 622,975 |
| FUND BALANCE, BEGINNING | | | 1,501,520 | |
| FUND BALANCE, ENDING | | | \$ 2,124,495 | |

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CLIMATE ACTION FUND
 YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|---|------------------|-------------|-------------------|--------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental revenues: | | | | |
| State government | \$ - | \$ 310,594 | \$ - | \$ (310,594) |
| Other | - | 83,333 | 33,674 | (49,659) |
| Total revenues | - | 393,927 | 33,674 | (360,253) |
| EXPENDITURES | | | | |
| Environment and development | 804,259 | 1,605,234 | 702,491 | 902,743 |
| DEFICIENCY OF REVENUES OVER EXPENDITURES | | | | |
| | (804,259) | (1,211,307) | (668,817) | 542,490 |
| OTHER FINANCING SOURCES | | | | |
| Transfer from other funds | 804,259 | 804,259 | 804,259 | - |
| Appropriated fund balance | - | 407,048 | - | (407,048) |
| Total other financing sources | 804,259 | 1,211,307 | 804,259 | (407,048) |
| NET CHANGE IN TOTAL FUND BALANCE | \$ - | \$ - | 135,442 | \$ 135,442 |
| FUND BALANCE, BEGINNING | | | 407,047 | |
| FUND BALANCE, ENDING | | | \$ 542,489 | |

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LIBRARY GIFT FUND
YEAR ENDED JUNE 30, 2024

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|--|------------------|------------------|-------------------|--------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental revenues | | | | |
| Federal government | \$ 38,054 | \$ 104,348 | \$ 81,670 | \$ (22,678) |
| State government | - | - | (1,592) | (1,592) |
| Other | - | - | 119 | 119 |
| Interest on investments | 1,406 | 1,406 | 11,043 | 9,637 |
| Library donations | 182,500 | 182,500 | 178,922 | (3,578) |
| | <u>221,960</u> | <u>288,254</u> | <u>270,162</u> | <u>(18,092)</u> |
| EXPENDITURES | | | | |
| Leisure activities | <u>197,060</u> | <u>445,557</u> | <u>204,698</u> | <u>240,859</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| | <u>24,900</u> | <u>(157,303)</u> | <u>65,464</u> | <u>222,767</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfer to other funds | (45,000) | (45,000) | (45,000) | - |
| Contribution to reserve | (16,406) | (6,406) | - | 6,406 |
| Appropriated fund balance | <u>36,506</u> | <u>208,709</u> | <u>-</u> | <u>(208,709)</u> |
| Total other financing sources (uses) | <u>(24,900)</u> | <u>157,303</u> | <u>(45,000)</u> | <u>(202,303)</u> |
| NET CHANGE IN TOTAL FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>20,464</u> | <u>\$ 20,464</u> |
| FUND BALANCE, BEGINNING | | | <u>211,419</u> | |
| FUND BALANCE, ENDING | | | <u>\$ 231,883</u> | |

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(MODIFIED ACCRUAL BASIS) - TRANSIT FUND
YEAR ENDED JUNE 30, 2024**

| | 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 | 102,379 | (97,621) |
| Other | 510,949 | 510,949 | 395,393 | (115,556) |
| Total charges for services | 1,017,187 | 1,017,187 | 497,772 | (519,415) |
| OPERATING EXPENSES | | | | |
| Personnel | 18,234,467 | 17,884,271 | 17,372,945 | 511,326 |
| Fuel and tires | 2,086,900 | 2,026,400 | 1,448,751 | 577,649 |
| Indirect costs | 1,660,264 | 1,660,264 | 1,548,342 | 111,922 |
| Building maintenance | 699,322 | 1,080,437 | 892,106 | 188,331 |
| Vehicle maintenance | 1,757,737 | 1,896,482 | 1,057,485 | 838,997 |
| Insurance | 449,183 | 449,183 | 468,484 | (19,301) |
| Tarheel Express | 286,149 | 286,149 | 288,052 | (1,903) |
| Uniforms and supplies | 136,245 | 156,245 | 148,835 | 7,410 |
| Professional services | 153,734 | 72,234 | 300 | 71,934 |
| Contracted services | 4,452,178 | 11,451,687 | 7,390,908 | 4,060,779 |
| Other | 527,403 | 610,914 | 564,947 | 45,967 |
| Total operating expenses | 30,443,582 | 37,574,266 | 31,181,155 | 6,393,111 |
| OPERATING LOSS | (29,426,395) | (36,557,079) | (30,683,383) | 5,873,696 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Federal Operating Assistance Grant | 4,350,000 | 7,916,655 | 7,964,491 | 47,836 |
| State Operating Assistance Grant | 3,500,000 | 3,500,000 | 3,631,704 | 131,704 |
| Operating assistance-UNC Chapel Hill | 10,389,234 | 10,389,234 | 10,630,812 | 241,578 |
| Operating assistance-Town of Carrboro | 2,233,512 | 2,233,512 | 2,308,917 | 75,405 |
| Operating assistance - TTA Vehicle Fees | 4,074,423 | 4,074,423 | 3,051,310 | (1,023,113) |
| Vehicle licenses | 450,034 | 450,034 | 442,339 | (7,695) |
| Ad valorem taxes | 6,037,000 | 6,037,000 | 5,983,593 | (53,407) |
| Interest on investments | 10,000 | 10,000 | 1,898,108 | 1,888,108 |
| Insurance recovery | 48,000 | 48,000 | 8,641 | (39,359) |
| Capital outlay | (20,000) | (10,809,357) | (256,232) | 10,553,125 |
| Gain (Loss) from sale of capital assets | 14,000 | 14,000 | 25,029 | 11,029 |
| Debt service | (1,686,308) | (1,686,308) | (1,682,558) | 3,750 |
| Revenue in lieu | 26,500 | 26,500 | - | (26,500) |
| Contribution to reserve | - | (4,605,835) | - | 4,605,835 |
| Appropriated fund balance | - | 22,306,710 | - | (22,306,710) |
| Total nonoperating revenues (expenses), net | 29,426,395 | 39,904,568 | 34,006,154 | (5,898,414) |
| INCOME BEFORE TRANSFERS | - | 3,347,489 | 3,322,771 | (24,718) |

Continued

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(MODIFIED ACCRUAL BASIS) - TRANSIT FUND
YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|--|------------------|-------------|--------------|--------------------------------------|
| | Original | Final | | |
| TRANSFERS | | | | |
| Transfers out | - | (3,347,489) | (1,182,698) | 2,164,791 |
| EXCESS OF REVENUES OVER EXPENSES AND TRANSFERS | \$ - | \$ - | 2,140,073 | \$ 2,140,073 |
| Reconciliation of modified accrual basis to full accrual basis: | | | | |
| Accrued vacation payable | | | (31,064) | |
| Accrued OPEB liability | | | 1,526,675 | |
| Pension Expense | | | (911,601) | |
| Debt service principal | | | 1,338,000 | |
| Capital outlay | | | 256,232 | |
| Depreciation and amortization | | | (4,286,221) | |
| Capital contributions | | | 8,303,356 | |
| Change in net position | | | \$ 8,335,450 | |

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BASIS) - PARKING FACILITIES FUND
YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|---|--------------------|----------------|----------------|--------------------------------------|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 4,926,690 | \$ 2,491,900 | \$ 2,688,809 | \$ 196,909 |
| OPERATING EXPENSES | | | | |
| Personnel | 966,796 | 895,295 | 711,871 | 183,424 |
| Maintenance and repairs | 41,500 | 103,001 | 3,186 | 99,815 |
| Utilities | 47,859 | 47,859 | 27,518 | 20,341 |
| Credit card fees | 148,575 | 148,575 | 139,233 | 9,342 |
| Parking lots | 579,000 | 674,389 | 764,861 | (90,472) |
| Indirect costs | 93,494 | 93,494 | 60,884 | 32,610 |
| Contracted services | 168,034 | 171,510 | 168,578 | 2,932 |
| Other | 253,599 | 199,743 | 176,728 | 23,015 |
| Total operating expenses | 2,298,857 | 2,333,866 | 2,052,859 | 281,007 |
| OPERATING INCOME | 2,627,833 | 158,034 | 635,950 | 477,916 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest on investments | - | 150,000 | 169,796 | 19,796 |
| Debt service | (3,775,232) | - | - | - |
| Capital outlay | (15,000) | (15,000) | - | 15,000 |
| Appropriated fund balance | - | 35,009 | - | (35,009) |
| Total nonoperating revenues (expenses), net | (3,790,232) | 170,009 | 169,796 | (213) |
| INCOME (LOSS) BEFORE TRANSFERS | (1,162,399) | 328,043 | 805,746 | 477,703 |
| TRANSFERS | | | | |
| Transfers in | 1,162,399 | - | - | - |
| Transfers out | - | (328,043) | - | 328,043 |
| Total transfers | 1,162,399 | (328,043) | - | 328,043 |
| EXCESS OF REVENUES OVER EXPENSES AND TRANSFERS | \$ - | \$ - | 805,746 | \$ 805,746 |

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BASIS) - PARKING FACILITIES FUND
YEAR ENDED JUNE 30, 2024**

Reconciliation of modified accrual basis to
full accrual basis:

| | |
|--------------------------|-------------------|
| Accrued vacation payable | (4,280) |
| Accrued OPEB liability | 73,902 |
| Pension expense | (37,983) |
| Depreciation | (65,309) |
| Lease amortization | <u>(20,520)</u> |
| Change in net position | <u>\$ 751,556</u> |

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(MODIFIED ACCRUAL BASIS) - HOUSING OPERATING FUND
YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|---|--------------------|--------------------|--------------------|--------------------------------------|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,213,787 | \$ 1,213,787 | \$ 1,364,236 | \$ 150,449 |
| OPERATING EXPENSES | | | | |
| Personnel | 1,601,987 | 1,601,987 | 1,259,955 | 342,032 |
| Maintenance and repairs | 91,850 | 116,203 | 107,382 | 8,821 |
| Contributions to agencies | - | 1,500,000 | 1,500,000 | - |
| Contracted services | 442,560 | 414,550 | 388,110 | 26,440 |
| Utilities | 213,450 | 217,772 | 281,015 | (63,243) |
| Other | 238,923 | 238,258 | 206,056 | 32,202 |
| Total operating expenses | 2,588,770 | 4,088,770 | 3,742,518 | 346,252 |
| OPERATING LOSS | (1,374,983) | (2,874,983) | (2,378,282) | 496,701 |
| NONOPERATING REVENUES | | | | |
| Federal Operating Assistance Grant | 1,333,748 | 1,333,748 | 1,284,152 | (49,596) |
| Interest on investments | 20,000 | 20,000 | 28,160 | 8,160 |
| Gain on sale of capital assets | - | - | 2,575 | 2,575 |
| Appropriated fund balance | 21,235 | 1,521,235 | - | (1,521,235) |
| Total nonoperating revenues | 1,374,983 | 2,874,983 | 1,314,887 | (1,560,096) |
| DEFICIENCY OF REVENUES OVER EXPENSES | \$ - | \$ - | (1,063,395) | \$ (1,063,395) |
| Reconciliation of modified accrual basis to full accrual basis: | | | | |
| Accrued vacation payable | | | 25,175 | |
| Accrued OPEB liability | | | 119,379 | |
| Pension Expense | | | (75,967) | |
| Depreciation | | | (664,724) | |
| Capital contribution | | | 682,385 | |
| Change in net position | | | \$ (977,147) | |

PUBLIC HOUSING FINANCIAL DATA SCHEDULE

Schedule 28

| Line Item # | Account Description | Low Rent 14.850 | CGP 14.872 | TOTAL |
|--|--|-----------------|------------|---------------|
| ASSETS: | | | | |
| CURRENT ASSETS: | | | | |
| 111 | Cash - unrestricted | \$ 4,317,133 | \$ - | \$ 4,317,133 |
| 113 | Cash - other restricted | - | - | - |
| 114 | Cash - tenant security deposits | 82,550 | - | 82,550 |
| 100 | Total cash | 4,399,683 | - | 4,399,683 |
| 124 | Accounts receivable - Other Governmental | - | 132,358 | 132,358 |
| 126 | Accounts receivable - Tenants dwelling rents | 299,108 | - | 299,108 |
| 126.1 | Allowance for doubtful accounts - Tenants dwelling rents | (10,628) | - | (10,628) |
| 120 | Total receivables, net allowances for uncollectibles | 288,480 | 132,358 | 420,838 |
| 143 | Inventories | 34,749 | - | 34,749 |
| 143.1 | Allowance for Obsolete Inventories | (1,461) | - | (1,461) |
| | Total inventories | 33,288 | - | 33,288 |
| 150 | TOTAL CURRENT ASSETS | 4,721,451 | 132,358 | 4,853,809 |
| NONCURRENT ASSETS: | | | | |
| Capital assets: | | | | |
| 161 | Land | 2,104,191 | - | 2,104,191 |
| 162 | Building | 24,671,683 | - | 24,671,683 |
| 164 | Furniture, Equipment, & Machinery -Administration | 869,169 | - | 869,169 |
| 166 | Accumulated depreciation | (21,007,442) | - | (21,007,442) |
| 167 | Construction in progress | - | - | - |
| 160 | Total capital assets, net of accumulated depreciation | 6,637,601 | - | 6,637,601 |
| 180 | TOTAL NONCURRENT ASSETS | 6,637,601 | - | 6,637,601 |
| 190 | TOTAL ASSETS | 11,359,052 | 132,358 | 11,491,410 |
| DEFERRED OUTFLOWS OF RESOURCES: | | | | |
| 200 | Contributions to pension plan | 454,832 | - | 454,832 |
| 290 | TOTAL ASSETS AND DEFERRED OUTFLOWS | \$ 11,813,884 | \$ 132,358 | \$ 11,946,242 |
| LIABILITIES: | | | | |
| CURRENT LIABILITIES: | | | | |
| 312 | Accounts payable ≤ 90 days | \$ 80,185 | \$ 115,761 | \$ 195,946 |
| 321 | Accrued wage/payroll taxes payable | 45,080 | - | 45,080 |
| 322 | Accrued compensated absences - current portion | 44,211 | - | 44,211 |
| 341 | Tenant security deposits | 82,550 | - | 82,550 |
| 310 | TOTAL CURRENT LIABILITIES | 252,026 | 115,761 | 367,787 |
| 357 | Accrued pension and OPEB liabilities | 1,311,563 | - | 1,311,563 |
| 350 | TOTAL NON-CURRENT LIABILITIES | 1,311,563 | - | 1,311,563 |
| 300 | TOTAL LIABILITIES | 1,563,589 | 115,761 | 1,679,350 |
| DEFERRED INFLOWS OF RESOURCES: | | | | |
| 400 | Pension deferrals | 31,991 | - | 31,991 |
| EQUITY: | | | | |
| 508.4 | Net investment in capital assets | 6,637,601 | - | 6,637,601 |
| 511.4 | Restricted net position | - | 16,597 | 16,597 |
| 512.4 | Unrestricted net position | 3,580,703 | - | 3,580,703 |
| 513 | TOTAL EQUITY | 10,218,304 | 16,597 | 10,234,901 |
| 600 | TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY | \$ 11,813,884 | \$ 132,358 | \$ 11,946,242 |

PUBLIC HOUSING FINANCIAL DATA SCHEDULE

Schedule 28

| Line Item # | Account Description | Low Rent 14.850 | CGP 14.872 | TOTAL |
|------------------------------------|--|----------------------|------------------|----------------------|
| REVENUE: | | | | |
| Tenant revenues: | | | | |
| 703 | Net tenant rental revenue | \$ 1,364,236 | \$ - | \$ 1,364,236 |
| 705 | Total tenant revenue | 1,364,236 | - | 1,364,236 |
| Other revenues: | | | | |
| 706 | HUD PHA grants | 1,284,152 | 914,872 | 2,199,024 |
| 711 | Investment income - unrestricted | 28,160 | - | 28,160 |
| 713 | Proceeds from disposition of assets held for sale | 2,575 | - | 2,575 |
| 715 | Other revenue | - | 164 | 164 |
| | Total other revenue | 1,314,887 | 915,036 | 2,229,923 |
| 700 | TOTAL REVENUE | 2,679,123 | 915,036 | 3,594,159 |
| EXPENSES: | | | | |
| OPERATING EXPENSES: | | | | |
| Administrative: | | | | |
| 911 | Administrative salaries | 397,851 | 86,855 | 484,706 |
| 915 | Employee benefit contributions - administrative | 157,028 | 29,965 | 186,993 |
| 919 | Other operating - administrative | 122,015 | - | 122,015 |
| Tenant services: | | | | |
| 924 | Tenant services-other | 448 | - | 448 |
| Utilities: | | | | |
| 931 | Water | 239,308 | - | 239,308 |
| 932 | Electricity | 37,054 | - | 37,054 |
| 933 | Gas | 4,653 | - | 4,653 |
| Ordinary maintenance & operations: | | | | |
| 941 | Ordinary maintenance and operations - labor | 446,547 | - | 446,547 |
| 942 | Ordinary maintenance and operations - materials | 81,393 | - | 81,393 |
| 943 | Ordinary maintenance and operations - contract costs | 410,013 | - | 410,013 |
| 945 | Employee benefit contributions - ordinary maintenance | 215,117 | - | 215,117 |
| General expenses: | | | | |
| 961 | Insurance premiums | 77,051 | - | 77,051 |
| 962 | Other general expenses | 1,500,000 | - | 1,500,000 |
| 962.1 | Compensated Absences | (25,175) | - | (25,175) |
| 964 | Bad debt - tenant rents | 10,628 | - | 10,628 |
| 969 | TOTAL OPERATING EXPENSES | 3,673,931 | 116,820 | 3,790,751 |
| 970 | EXCESS OF OPERATING REVENUE OVER OPERATING EXPENSES | (994,808) | 798,216 | (196,592) |
| NON-OPERATING EXPENSES: | | | | |
| 971 | Extraordinary maintenance | - | 798,052 | 798,052 |
| 974 | Depreciation Expense | 664,724 | - | 664,724 |
| 900 | TOTAL NON-OPERATING EXPENSES | 664,724 | 798,052 | 1,462,776 |
| 1000 | EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES | (1,659,532) | 164 | (1,659,368) |
| 1104 | Capital Outlays Enterprise Fund | 682,385 | - | 682,385 |
| | CHANGE IN NET POSITION | (977,147) | 164 | (976,983) |
| 1103 | BEGINNING EQUITY | 11,195,451 | 16,433 | 11,211,884 |
| | ENDING EQUITY | \$ 10,218,304 | \$ 16,597 | \$ 10,234,901 |

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BASIS) - STORMWATER MANAGEMENT FUND
YEAR ENDED JUNE 30, 2024**

| | Budgeted Amounts | | Actual | Variance - Positive (Negative) |
|--|------------------|--------------|--------------|--------------------------------------|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 2,983,000 | \$ 2,983,000 | \$ 3,078,344 | \$ 95,344 |
| OPERATING EXPENSES | | | | |
| Personnel | 1,677,259 | 1,723,744 | 1,721,805 | 1,939 |
| Drainage maintenance | 200,659 | 190,659 | 129,073 | 61,586 |
| Indirect costs | 147,791 | 147,791 | 156,578 | (8,787) |
| Professional services | 338,560 | 1,350,790 | 67,887 | 1,282,903 |
| Contracted services | 269,050 | 940,722 | 419,922 | 520,800 |
| Other | 67,790 | 269,864 | 60,764 | 209,100 |
| Total operating expenses | 2,701,109 | 4,623,570 | 2,556,029 | 2,067,541 |
| OPERATING INCOME (LOSS) | 281,891 | (1,640,570) | 522,315 | 2,162,885 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Operating assistance - Town of Carrboro | 8,000 | 8,000 | 14,000 | 6,000 |
| Interest on investments | 22,000 | 22,000 | 268,223 | 246,223 |
| Capital outlay | (80,400) | (256,000) | - | 256,000 |
| Debt service | (210,094) | (210,094) | (203,344) | 6,750 |
| Lease expense | (67,597) | (67,597) | (67,597) | - |
| Appropriated fund balance | 29,200 | 2,127,261 | - | (2,127,261) |
| Total nonoperating revenues (expenses), net | (298,891) | 1,623,570 | 11,282 | (1,612,288) |
| INCOME (LOSS) BEFORE TRANSFERS | (17,000) | (17,000) | 533,597 | 550,597 |
| TRANSFERS | | | | |
| Transfers In | 17,000 | 17,000 | 9,710 | (7,290) |
| EXCESS OF REVENUES OVER EXPENSES AND TRANSFERS | \$ - | \$ - | 543,307 | \$ 543,307 |
| Reconciliation of modified accrual basis to full accrual basis: | | | | |
| Accrued vacation payable | | | 700 | |
| Accrued OPEB liability | | | 100,431 | |
| Pension Expense | | | (75,967) | |
| Debt service principal | | | 135,000 | |
| Amortization of bond premium | | | 6,478 | |
| Lease principal | | | 64,631 | |
| Depreciation | | | (324,448) | |
| Lease Amortization | | | (68,954) | |
| Change in net position | | | \$ 381,178 | |

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN
(MODIFIED ACCRUAL BASIS) - VEHICLE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2024**

| | Financial Plan | | Actual | Variance - Positive (Negative) |
|--|----------------|--------------|--------------|--------------------------------------|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,105,000 | \$ 1,105,000 | \$ 1,105,000 | \$ - |
| OPERATING EXPENSES | | | | |
| Operations | - | - | - | - |
| OPERATING INCOME | 1,105,000 | 1,105,000 | 1,105,000 | - |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Interest on investments | - | 50,000 | 53,006 | 3,006 |
| Proceeds from sale of capital assets | - | 46,650 | 143,831 | 97,181 |
| Capital outlay | (1,105,000) | (2,542,628) | (1,754,640) | 787,988 |
| Appropriated net position | - | 1,340,978 | - | (1,340,978) |
| Total nonoperating revenues (expenses), net | (1,105,000) | (1,105,000) | (1,557,803) | (452,803) |
| DEFICIENCY OF REVENUES OVER EXPENSES | \$ - | \$ - | (452,803) | \$ (452,803) |
| Reconciliation of modified accrual basis to full accrual basis: | | | | |
| Depreciation and amortization | | | (796,538) | |
| Capital outlay | | | 1,754,640 | |
| Change in net position | | | \$ 505,299 | |

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN
(MODIFIED ACCRUAL BASIS) - VEHICLE MAINTENANCE FUND
YEAR ENDED JUNE 30, 2024**

| | Financial Plan | | Actual | Variance - Positive (Negative) |
|--|----------------|--------------|--------------|--------------------------------------|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 1,830,846 | \$ 1,830,846 | \$ 1,821,932 | \$ (8,914) |
| OPERATING EXPENSES | | | | |
| Personnel | 794,613 | 760,248 | 761,681 | (1,433) |
| Operations | 1,070,963 | 1,244,807 | 1,224,340 | 20,467 |
| Total operating expenses | 1,865,576 | 2,005,055 | 1,986,021 | 19,034 |
| OPERATING LOSS | (34,730) | (174,209) | (164,089) | 10,120 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Insurance recovery | - | - | 3,860 | 3,860 |
| Interest on investments | - | - | 11,728 | 11,728 |
| Capital outlay | - | (1,021) | (17,226) | (16,205) |
| Appropriated net position | 34,730 | 175,230 | - | (175,230) |
| Total nonoperating revenues (expenses) | 34,730 | 174,209 | (1,638) | (175,847) |
| DEFICIENCY OF REVENUES OVER EXPENSES | \$ - | \$ - | (165,727) | \$ (165,727) |
| Reconciliation of modified accrual basis to full accrual basis: | | | | |
| Accrued vacation payable | | | (2,875) | |
| Accrued OPEB liability | | | 80,849 | |
| Pension Expense | | | (37,983) | |
| Capital outlay | | | 17,226 | |
| Depreciation and amortization | | | (9,596) | |
| Change in net position | | | \$ (118,106) | |

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN
(MODIFIED ACCRUAL BASIS) - COMPUTER EQUIPMENT REPLACEMENT FUND
YEAR ENDED JUNE 30, 2024**

| | Financial Plan | | Actual | Variance - Positive (Negative) |
|-------------------------|----------------|------------|------------|--------------------------------------|
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Charges for services | \$ 176,100 | \$ 176,100 | \$ 176,100 | \$ - |
| OPERATING EXPENSES | | | | |
| Operations | 176,100 | 176,100 | 122,909 | 53,191 |
| OPERATING INCOME | - | - | 53,191 | 53,191 |
| NONOPERATING REVENUES | | | | |
| Interest on investments | - | - | 4,729 | 4,729 |
| Change in net position | \$ - | \$ - | \$ 57,920 | \$ 57,920 |

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TOWN OF CHAPEL HILL, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2024

| Fiscal Year | Uncollected Balance 07/01/23 | Additions | Collections and Credits | Uncollected Balance 06/30/24 |
|---|------------------------------------|---------------|----------------------------|------------------------------------|
| 2023-2024 | \$ - | \$ 55,679,042 | a \$ 55,520,165 | b \$ 158,877 c |
| 2022-2023 | 137,363 ** | - | 82,219 | 55,144 |
| 2021-2022 | 56,383 | - | 15,392 | 40,991 |
| 2020-prior | 309,223 | - | 32,202 | 277,021 |
| Totals | <u>\$ 502,969</u> | | <u>\$ 55,649,978</u> | 532,033 |
| Less: allowance for uncollectible accounts | | | | <u>335,210</u> |
| Ad valorem taxes receivable | | | | 195,050 |
| Ad valorem taxes receivable-Downtown Service District | | | | <u>1,773</u> |
| Total ad valorem taxes receivable-net | | | | <u><u>\$ 196,823</u></u> |
| Reconciliation with revenues: | | | | |
| Ad Valorem taxes - General Fund | | | | \$ 40,839,107 |
| Ad Valorem taxes - Debt Fund | | | | 8,489,995 |
| Ad Valorem taxes - Transit Fund | | | | 5,983,593 |
| Ad Valorem taxes - Downtown Service District | | | | <u>406,716</u> |
| Ad Valorem taxes | | | | \$ 55,719,411 |
| Reconciling item | | | | |
| Taxes written off | | | | 18,877 |
| Interest collected | | | | (80,632) |
| Interest on state held taxes | | | | <u>(7,678)</u> |
| Total collections and credits | | | | <u><u>\$ 55,649,978</u></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, 2024

| | 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 | 9,662,978,846 | 0.00572 | 55,272,239 | 50,748,655 | 4,523,584 |
| Real & Personal property at Downtown Service rate* | 635,629,688 | 0.00064 | 406,803 | 406,803 | - |
| | | | \$ 55,679,042 a | \$ 51,155,458 | \$ 4,523,584 |
| Uncollected taxes at June 30, 2024 | | | 158,877 c | 120,810 | 38,067 |
| Current year's taxes collected | | | \$ 55,520,165 | \$ 51,034,648 | \$ 4,485,517 |
| Current levy collection percentage | | | <u>99.71%</u> | <u>99.76%</u> | <u>99.16%</u> |

* The Downtown Service property valuation total of \$635,629,688 is part of the actual real & personal property valuation of \$9,662,978,846 and is broken out here to reflect the additional tax rate charged on the properties in that district.

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.

**Net Position by Component,
Last Ten Fiscal Years**
(accrual basis of accounting)

| | Fiscal Year | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 74,223,378 | \$ 67,839,566 | \$ 75,389,626 | \$ 75,357,987 | \$ 78,789,668 | \$ 76,894,871 | \$ 78,071,289 | \$ 74,079,252 | \$ 81,211,942 | \$ 89,875,363 |
| Restricted | 21,386,268 | 29,921,596 | 20,754,657 | 19,404,651 | 19,549,718 | 24,300,123 | 14,956,269 | 14,364,711 | 21,940,955 | 22,281,733 |
| Unrestricted | (267,812) | (2,196,665) | (6,638,186) | (27,258,231) | (29,239,538) | (34,061,415) | (19,730,487) | (6,407,590) | (11,464,585) | (12,045,874) |
| Total governmental activities net position | \$ 95,341,834 | \$ 95,564,497 | \$ 89,506,097 | \$ 67,504,407 | \$ 69,099,848 | \$ 67,133,579 | \$ 73,297,071 | \$ 82,036,373 | \$ 91,688,312 | \$ 100,111,222 |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 46,845,360 | \$ 43,422,690 | \$ 47,315,951 | \$ 40,360,967 | \$ 39,067,845 | \$ 40,492,920 | \$ 37,340,846 | \$ 36,630,532 | \$ 34,133,753 | \$ 39,786,397 |
| Unrestricted | 9,100,051 | 8,298,160 | 2,469,000 | 6,782,796 | 10,947,357 | 12,701,601 | 21,250,840 | 36,762,504 | 41,282,732 | 44,121,125 |
| Total business-type activities net position | \$ 55,945,411 | \$ 51,720,850 | \$ 49,784,951 | \$ 47,143,763 | \$ 50,015,202 | \$ 53,194,521 | \$ 58,591,686 | \$ 73,393,036 | \$ 75,416,485 | \$ 83,907,522 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 121,068,738 | \$ 111,262,256 | \$ 122,705,577 | \$ 115,718,954 | \$ 117,857,513 | \$ 117,387,791 | \$ 115,412,135 | \$ 110,709,784 | \$ 115,345,695 | \$ 129,661,760 |
| Restricted | 21,386,268 | 29,921,596 | 20,754,657 | 19,404,651 | 19,549,718 | 24,300,123 | 14,956,269 | 14,364,711 | 21,940,955 | 22,281,733 |
| Unrestricted | 8,832,239 | 6,101,495 | (4,169,186) | (20,475,435) | (18,292,181) | (21,359,814) | 1,520,353 | 30,354,914 | 29,818,147 | 32,075,251 |
| Total primary government net position | \$ 151,287,245 | \$ 147,285,347 | \$ 139,291,048 | \$ 114,648,170 | \$ 119,115,050 | \$ 120,328,100 | \$ 131,888,757 | \$ 155,429,409 | \$ 167,104,797 | \$ 184,018,744 |
| Component unit | | | | | | | | | | |
| Net investment in capital assets | \$ 218,421,756 | \$ 224,969,584 | \$ 236,928,712 | \$ 255,136,679 | \$ 266,060,335 | \$ 270,044,238 | \$ 263,554,194 | \$ 268,947,944 | \$ 284,008,636 | \$ 282,821,833 |
| Restricted | 222,470 | 260,978 | 171,013 | 206,053 | 241,332 | 276,217 | 310,538 | 323,721 | 355,658 | 406,286 |
| Unrestricted | 26,899,507 | 29,327,642 | 26,560,322 | 9,495,342 | 6,068,016 | 5,839,587 | 15,645,655 | 14,203,346 | 7,747,601 | 23,532,022 |
| Total component unit net position | \$ 245,543,733 | \$ 254,558,204 | \$ 263,660,047 | \$ 264,838,074 | \$ 272,369,683 | \$ 276,160,042 | \$ 279,510,387 | \$ 283,475,011 | \$ 292,111,895 | \$ 306,760,141 |

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 | | | | | | | | | |
|--|---------------------|-------------------|-----------------------|-----------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Governmental activities: | | | | | | | | | | |
| Expenses | | | | | | | | | | |
| General government | \$ 10,195,729 | \$ 11,336,963 | \$ 14,470,841 | \$ 13,114,734 | \$ 14,062,125 | \$ 13,540,168 | \$ 14,509,659 | \$ 14,187,218 | \$ 16,712,092 | \$ 19,224,518 |
| Environment and development | 20,231,149 | 21,105,842 | 22,928,377 | 28,204,380 | 26,619,126 | 28,656,379 | 26,281,322 | 30,158,640 | 29,093,531 | 36,105,253 |
| Public safety | 21,007,366 | 21,565,795 | 21,302,314 | 24,843,607 | 22,286,773 | 24,550,231 | 19,640,367 | 21,946,099 | 24,308,967 | 29,699,796 |
| Leisure activities | 11,239,822 | 12,324,889 | 12,526,906 | 12,511,883 | 12,743,540 | 13,074,746 | 12,520,360 | 11,888,593 | 13,871,414 | 16,897,412 |
| Interest | 2,168,703 | 2,007,653 | 2,025,209 | 2,247,661 | 2,410,040 | 2,186,743 | 1,696,386 | 2,447,780 | 2,214,168 | 2,595,056 |
| Total expenses | <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> | <u>80,628,330</u> | <u>86,200,172</u> | <u>104,522,035</u> |
| Program Revenues | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | \$ 1,747,363 | \$ 1,703,045 | \$ 1,776,434 | \$ 1,805,955 | \$ 1,844,457 | \$ 1,834,873 | \$ 1,787,355 | \$ 1,840,118 | \$ 2,038,365 | \$ 2,212,421 |
| Environment and development | 2,838,720 | 3,249,840 | 3,409,760 | 3,755,047 | 4,280,212 | 3,777,149 | 3,922,097 | 4,145,836 | 5,839,917 | 3,886,226 |
| Public safety | 413,873 | 477,315 | 534,893 | 536,244 | 502,416 | 505,806 | 399,466 | 436,408 | 559,743 | 506,001 |
| Leisure activities | 1,045,413 | 1,078,897 | 1,120,649 | 1,385,957 | 1,408,235 | 981,286 | 504,481 | 1,174,433 | 1,416,588 | 1,541,457 |
| Operating grants and contributions: | | | | | | | | | | |
| Environment and development | 2,343,069 | 2,029,052 | 2,148,374 | 2,494,215 | 2,155,799 | 2,401,934 | 4,459,539 | 3,182,538 | 4,337,455 | 4,102,990 |
| Public safety | 1,158,731 | 1,159,227 | 1,245,009 | 1,185,178 | 1,165,123 | 1,239,331 | 1,180,817 | 1,167,252 | 1,169,870 | 1,480,821 |
| Leisure activities | 711,614 | 782,546 | 773,574 | 742,834 | 798,843 | 754,274 | 898,883 | 729,271 | 706,060 | 814,874 |
| Capital grants and contributions: | | | | | | | | | | |
| Environment and development | 346,064 | 790,803 | 525,538 | 4,754,718 | 3,701,042 | 3,659,420 | 1,800,911 | 3,339,114 | 3,242,227 | 12,505,518 |
| Public safety | - | - | 559,365 | 852,297 | - | - | - | - | - | - |
| Leisure activities | 476,120 | 170,149 | 402,981 | 180,252 | 170,449 | 122,138 | - | - | - | 88,699 |
| Total program revenues | <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> | <u>16,014,970</u> | <u>19,310,225</u> | <u>27,139,007</u> |
| Total governmental activities net program expense | \$ (53,761,802) | \$ (56,900,268) | \$ (60,757,070) | \$ (63,229,568) | \$ (62,095,028) | \$ (66,732,056) | \$ (59,694,545) | \$ (64,613,360) | \$ (66,889,947) | \$ (77,383,028) |
| General revenues and other changes in net position | | | | | | | | | | |
| Property taxes | \$ 35,617,280 | \$ 36,022,725 | \$ 35,944,762 | \$ 37,167,334 | \$ 38,880,336 | \$ 40,424,574 | \$ 41,436,248 | \$ 44,038,318 | \$ 44,357,668 | \$ 49,735,817 |
| Sales tax | 11,444,089 | 12,040,383 | 12,673,856 | 13,364,922 | 14,048,261 | 14,562,458 | 16,844,132 | 18,843,327 | 20,646,299 | 21,166,868 |
| Occupancy tax | 1,100,478 | 1,202,806 | 1,187,510 | 1,281,711 | 1,349,003 | 986,298 | 611,769 | 1,297,315 | 1,514,877 | 1,763,710 |
| Other taxes | 65,384 | 74,988 | 77,403 | 85,932 | 88,524 | 79,557 | 71,860 | 95,800 | 126,365 | 99,008 |
| Grants and contributions not restricted | 5,344,082 | 5,435,534 | 5,236,898 | 5,217,442 | 5,339,666 | 5,181,112 | 5,135,158 | 5,111,579 | 5,346,418 | 6,095,059 |
| Investment earnings | 39,476 | 56,872 | 92,371 | 253,870 | 472,755 | 283,172 | 15,581 | 56,676 | 2,160,179 | 3,479,076 |
| Miscellaneous | 3,307,397 | 1,381,867 | 2,685,239 | 2,808,749 | 2,151,266 | 1,911,226 | 1,752,601 | 2,779,117 | 1,756,672 | 2,293,412 |
| Transfers | 946,753 | 907,756 | 927,575 | 1,004,202 | 1,360,658 | 1,337,390 | (9,312) | 1,130,530 | 633,408 | 1,172,988 |
| Total general revenues and other changes in net position | <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> | <u>73,352,662</u> | <u>76,541,886</u> | <u>85,805,938</u> |
| Total governmental activities changes in net position | <u>\$ 4,103,137</u> | <u>\$ 222,663</u> | <u>\$ (1,931,456)</u> | <u>\$ (2,045,406)</u> | <u>\$ 1,595,441</u> | <u>\$ (1,966,269)</u> | <u>\$ 6,163,492</u> | <u>\$ 8,739,302</u> | <u>\$ 9,651,939</u> | <u>\$ 8,422,910</u> |

Continued

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

Table 2

| | Fiscal Year | | | | | | | | | |
|---|-----------------------|-----------------------|-----------------------|---------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|---------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Business-type activities: | | | | | | | | | | |
| Expenses | | | | | | | | | | |
| Transportation | \$ 21,803,767 | \$ 22,264,181 | \$ 23,389,971 | \$ 22,376,827 | \$ 26,560,258 | \$ 26,422,046 | \$ 23,390,455 | \$ 24,834,804 | \$ 30,106,122 | \$ 35,227,924 |
| Parking | 1,901,853 | 1,708,178 | 1,830,551 | 1,677,166 | 1,883,893 | 1,736,615 | 1,229,514 | 1,757,499 | 1,934,504 | 2,107,049 |
| Housing | 2,514,173 | 2,616,234 | 2,460,709 | 2,591,141 | 2,534,614 | 2,584,785 | 2,623,304 | 2,478,349 | 2,721,018 | 4,338,655 |
| Stormwater | 1,649,076 | 2,113,562 | 2,185,428 | 2,266,475 | 1,954,820 | 2,185,848 | 2,412,559 | 2,213,481 | 2,570,213 | 2,989,099 |
| Total expenses | 27,868,869 | 28,702,155 | 29,866,659 | 28,911,609 | 32,933,585 | 32,929,294 | 29,655,832 | 31,284,133 | 37,331,857 | 44,662,727 |
| Program Revenues | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Transportation | \$ 1,499,429 | \$ 1,413,865 | \$ 1,295,107 | \$ 1,430,935 | \$ 1,404,184 | \$ 1,245,737 | \$ 1,250,113 | \$ 973,800 | \$ 1,008,975 | \$ 940,111 |
| Parking | 2,500,498 | 2,597,035 | 2,541,380 | 2,494,701 | 2,590,653 | 2,132,355 | 1,142,563 | 2,086,574 | 2,552,367 | 2,688,809 |
| Housing | 910,630 | 940,223 | 944,681 | 997,741 | 1,017,155 | 998,645 | 955,804 | 1,093,693 | 1,240,336 | 1,364,236 |
| Stormwater | 2,139,161 | 2,181,361 | 2,297,155 | 2,841,275 | 2,884,075 | 3,158,285 | 3,044,115 | 3,142,759 | 3,201,431 | 3,078,344 |
| Operating grants and contributions: | | | | | | | | | | |
| Transportation | 14,327,136 | 13,048,352 | 16,799,895 | 16,394,598 | 19,766,735 | 20,617,969 | 22,074,649 | 30,131,877 | 22,296,707 | 27,587,234 |
| Housing | 1,183,160 | 1,169,986 | 956,462 | 1,229,562 | 1,193,827 | 1,224,531 | 1,207,112 | 1,406,215 | 1,369,777 | 1,284,152 |
| Stormwater | - | - | - | 7,500 | 7,500 | 7,500 | 41,800 | 7,500 | - | 14,000 |
| Capital grants and contributions: | | | | | | | | | | |
| Transportation | 5,429 | - | 98,334 | 3,174,767 | 2,695,405 | 2,736,954 | 191,377 | 2,871,426 | 1,143,490 | 8,303,356 |
| Housing | - | 59,118 | - | - | 349,106 | 164,858 | - | 15,580 | 309,735 | 682,385 |
| Total program revenues | 22,565,443 | 21,409,940 | 24,933,014 | 28,571,079 | 31,908,640 | 32,286,834 | 29,907,533 | 41,729,424 | 33,122,818 | 45,942,627 |
| Total business-type activities net program expense | \$ (5,303,426) | \$ (7,292,215) | \$ (4,933,645) | \$ (340,530) | \$ (1,024,945) | \$ (642,460) | \$ 251,701 | \$ 10,445,291 | \$ (4,209,039) | \$ 1,279,900 |
| General revenues and other changes in net position | | | | | | | | | | |
| Property taxes | \$ 3,798,723 | \$ 3,842,964 | \$ 3,835,838 | \$ 4,012,875 | \$ 4,918,809 | \$ 4,954,584 | \$ 5,072,837 | \$ 5,113,815 | \$ 5,909,203 | \$ 5,983,593 |
| Investment earnings | 18,067 | 19,812 | 34,592 | 66,767 | 151,448 | 115,810 | 11,534 | 7,630 | 881,398 | 2,364,287 |
| Miscellaneous | 117,907 | 112,634 | 54,891 | 140,116 | 186,785 | 88,775 | 51,781 | 365,144 | 75,295 | 36,245 |
| Transfers | (946,753) | (907,756) | (927,575) | (1,004,202) | (1,360,658) | (1,337,390) | 9,312 | (1,130,530) | (633,408) | (1,172,988) |
| Total general revenues and other changes in net position | 2,987,944 | 3,067,654 | 2,997,746 | 3,215,556 | 3,896,384 | 3,821,779 | 5,145,464 | 4,356,059 | 6,232,488 | 7,211,137 |
| Total business-type activities changes in net position | \$ (2,315,482) | \$ (4,224,561) | \$ (1,935,899) | \$ 2,875,026 | \$ 2,871,439 | \$ 3,179,319 | \$ 5,397,165 | \$ 14,801,350 | \$ 2,023,449 | \$ 8,491,037 |
| Total primary government changes in net position | | | | | | | | | | |
| \$ 1,787,655 | \$ (4,001,898) | \$ (3,867,355) | \$ 829,620 | \$ 4,466,880 | \$ 1,213,050 | \$ 11,560,657 | \$ 23,540,652 | \$ 11,675,388 | \$ 16,913,947 | |

Continued

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

Table 2

| | Fiscal Year | | | | | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| Component unit activities: | | | | | | | | | | |
| Expenses | \$ 31,716,920 | \$ 30,740,470 | \$ 32,243,695 | \$ 33,340,716 | \$ 34,672,592 | \$ 36,157,921 | \$ 36,397,777 | \$ 37,430,675 | \$ 40,936,985 | \$ 44,713,363 |
| Program Revenues | | | | | | | | | | |
| Charges for services | 36,960,842 | 36,369,370 | 35,740,394 | 37,543,243 | 36,185,840 | 36,306,194 | 35,514,821 | 37,995,260 | 42,601,900 | 48,228,558 |
| Capital grants and contributions | 1,374,711 | 1,846,475 | 2,363,076 | 1,509,516 | 4,035,076 | 1,992,762 | 1,365,144 | 876,715 | 4,068,631 | 6,100,451 |
| Total component unit revenues | <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> | <u>38,871,975</u> | <u>46,670,531</u> | <u>54,329,009</u> |
| Total component unit net (expense)/revenue | <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> | <u>\$ 1,441,300</u> | <u>\$ 5,733,546</u> | <u>\$ 9,615,646</u> |
| General revenues and other changes in net position | | | | | | | | | | |
| Investment earnings | 15,133 | 20,663 | 32,802 | 56,524 | 64,842 | 63,207 | 1,291 | 17,689 | 684,832 | 1,069,799 |
| Miscellaneous | 1,429,244 | 1,518,433 | 3,209,266 | 1,682,884 | 1,918,443 | 1,586,117 | 2,866,866 | 2,511,716 | 2,218,506 | 3,962,801 |
| Total general revenues and other changes in net position | <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> | <u>2,529,405</u> | <u>2,903,338</u> | <u>5,032,600</u> |
| Total component unit activities changes in net position | <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> | <u>\$ 3,970,705</u> | <u>\$ 8,636,884</u> | <u>\$ 14,648,246</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>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---------------------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | |
| Nonspendable | | | | |
| Inventories | 1,599 | 840 | 1,697 | 1,135 |
| Prepaid expenses | 49,357 | 7,551 | 76,121 | 99,820 |
| Leases | - | - | - | - |
| Restricted | | | | |
| Stabilization by State Statute | 8,825,428 | 10,706,650 | 7,234,759 | 6,955,024 |
| Employee appreciation | 93,049 | - | - | - |
| Inspections | - | - | - | - |
| Parks capital projects | 89,712 | 117,123 | 46,899 | 27,411 |
| Streets capital projects | 233,158 | 323,008 | 382,723 | 389,435 |
| Public safety | 217,530 | 213,023 | 147,578 | 156,618 |
| Assigned | | | | |
| Subsequent years' expenditures | 2,705,364 | 2,706,550 | 2,684,006 | 3,096,886 |
| Other post employment benefits | 1,758,000 | 2,258,000 | - | - |
| Workforce development | 242,528 | 253,860 | 111,281 | 205,249 |
| Economic development | 233,377 | 166,980 | 163,246 | 127,994 |
| Unassigned | 13,374,946 | 15,990,195 | 13,661,662 | 13,621,925 |
| Total General Fund | \$ <u>27,824,048</u> | \$ <u>32,743,780</u> | \$ <u>24,509,972</u> | \$ <u>24,681,497</u> |
| All Other Governmental Funds | | | | |
| Nonspendable | | | | |
| Inventories | 16,538 | 16,538 | 16,538 | 16,538 |
| Prepaid expenses | - | - | - | 399 |
| Restricted | | | | |
| Stabilization by State Statute | 8,830,715 | 12,493,165 | 9,376,741 | 6,683,531 |
| Parks capital projects | 3,081,580 | 2,148,256 | 7,467,623 | 8,266,327 |
| Streets capital projects | 2,042,742 | 5,642,501 | 2,009,609 | 7,703,224 |
| Municipal buildings projects | 5,280,387 | 4,506,614 | 3,172,394 | 2,435,373 |
| Affordable housing projects | - | - | - | - |
| Public housing | 127,623 | 129,839 | 124,771 | 300,117 |
| Public safety | 522,436 | 65,058 | 1,612,295 | 97,785 |
| Transit capital purchases | 18,317 | 20,538 | 16,926 | 12,377 |
| Infrastructure capital projects | 214,996 | 215,226 | 215,525 | 216,186 |
| Library | 253,462 | 193,174 | 337,500 | 268,456 |
| Committed | | | | |
| Debt service payments | 5,452,410 | 6,615,510 | 7,048,523 | 7,189,658 |
| Parks capital projects | - | - | 166,572 | 18,103 |
| Municipal buildings projects | 119,300 | 549,273 | 129,969 | 98,729 |
| Infrastructure capital projects | - | - | 115,000 | - |
| Technology projects | 805,203 | 25,202 | 425,202 | 48,586 |
| Fire capital projects | 637,093 | 502,675 | 1,013,367 | - |
| Public housing | 599,938 | 480,562 | 1,929,871 | 2,087,281 |
| Climate action | - | - | - | - |
| Economic development | 128,109 | 76,836 | 115,469 | 114,948 |
| Assigned | | | | |
| Subsequent year's expenditures | 135,237 | 56,414 | - | - |
| Parks capital projects | 506,877 | 110,193 | 296,962 | 358,174 |
| Streets capital projects | - | - | - | - |
| Municipal buildings projects | 612,849 | 721,282 | 259,633 | 217,982 |
| Infrastructure capital projects | - | - | - | - |
| Public safety capital projects | - | - | - | 154,700 |
| Technology projects | 43,800 | 43,800 | - | 56,616 |
| Public housing | - | - | - | - |
| Unassigned | (7,709,975) | (11,670,556) | (8,967,961) | (6,674,748) |
| Total other governmental funds | \$ <u>21,719,637</u> | \$ <u>22,942,100</u> | \$ <u>26,882,529</u> | \$ <u>29,670,342</u> |

Table 3

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| 1,528 | 1,283 | 3,206 | 3,439 | 1,565 | 970 |
| 40,568 | 8,519 | 4,756 | - | - | - |
| - | - | - | 383 | 777 | 655 |
| 7,961,838 | 8,780,909 | 9,643,814 | 10,293,382 | 12,333,204 | 11,253,309 |
| - | - | - | - | - | - |
| 425,387 | 216,250 | 321,808 | 83,089 | 655,158 | 129,583 |
| 27,411 | 27,411 | 27,411 | 36,603 | 52,954 | 105,754 |
| 412,427 | 423,439 | 427,898 | 483,622 | 483,622 | 483,622 |
| 139,618 | 138,951 | 167,542 | 178,347 | 176,641 | 174,876 |
| 3,355,766 | 2,388,512 | 2,510,221 | 2,663,390 | 2,469,359 | 2,485,658 |
| - | - | - | - | - | - |
| 105,457 | 133,013 | 196,029 | 263,029 | 10,016 | 4,079 |
| 157,494 | 139,642 | 70,202 | 53,737 | 70,014 | 89,053 |
| 13,630,629 | 15,075,943 | 20,989,439 | 22,241,270 | 19,575,792 | 20,795,269 |
| <u>\$ 26,258,123</u> | <u>\$ 27,333,872</u> | <u>\$ 34,362,326</u> | <u>\$ 36,300,291</u> | <u>\$ 35,829,102</u> | <u>\$ 35,522,828</u> |
| 16,538 | 16,538 | 16,538 | 16,538 | 16,538 | 16,538 |
| - | - | - | - | - | - |
| 8,018,324 | 11,857,913 | 2,094,011 | 3,237,414 | 7,594,451 | 10,479,798 |
| 4,257,229 | 3,806,154 | 4,304,913 | 4,326,067 | 4,795,237 | 3,656,720 |
| 5,919,897 | 4,956,112 | 6,075,182 | 6,817,891 | 11,345,222 | 8,103,660 |
| 2,195,933 | 1,707,136 | 1,364,398 | 25,052,227 | 15,274,675 | 8,000,570 |
| - | - | 5,123,403 | 3,867,711 | 8,813,625 | 8,582,784 |
| 146,765 | 122,862 | 113,836 | 128,538 | 130,269 | 130,433 |
| 55,765 | 50,103 | 672,969 | 62,660 | 557,434 | 4,034,974 |
| 5,682 | 1,782 | 59,005 | 76,146 | - | 1,050 |
| 217,195 | 217,969 | 218,049 | 218,089 | 221,566 | 230,634 |
| 165,679 | 185,844 | 102,434 | 250,989 | 109,805 | 159,591 |
| 7,494,829 | 9,565,682 | 7,264,168 | 10,237,345 | 813,667 | 623,548 |
| 53,791 | - | - | - | 36,530 | 117,957 |
| 47,375 | 48,750 | 155,195 | 701,812 | 548,446 | 105,960 |
| - | - | - | 163,380 | 344,440 | - |
| 25,202 | 25,202 | 25,202 | 25,202 | - | - |
| 4,825 | - | - | 44,480 | - | - |
| 2,310,074 | 1,993,060 | 2,094,759 | 2,880,698 | 3,282,089 | 4,019,730 |
| - | - | - | 390,933 | 102,946 | 204,673 |
| 133,710 | 132,897 | 107,952 | 80,902 | 114,620 | 130,877 |
| - | - | - | 680,142 | 3,399,718 | 27,033 |
| 102,448 | 63,212 | 5,363 | 96,647 | - | - |
| - | - | - | - | 104 | 1,000,000 |
| 394,122 | 499,890 | 182,660 | 147,210 | 151,042 | 304,191 |
| - | - | - | - | - | 165,623 |
| 17,762 | - | - | - | - | 200,000 |
| 41,916 | 117,166 | 88,014 | 51,615 | - | - |
| - | - | 9,816 | 198,446 | 156,558 | - |
| <u>(7,936,715)</u> | <u>(11,718,663)</u> | <u>(1,506,146)</u> | <u>(2,148,881)</u> | <u>(207,346)</u> | <u>(263,211)</u> |
| <u>\$ 23,688,346</u> | <u>\$ 23,649,609</u> | <u>\$ 28,571,721</u> | <u>\$ 57,604,201</u> | <u>\$ 57,601,636</u> | <u>\$ 50,033,133</u> |

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

| | 2015 | 2016 | 2017 | 2018 |
|--|---------------------|---------------------|-----------------------|---------------------|
| Revenues | | | | |
| Taxes | \$ 48,227,231 | \$ 49,340,902 | \$ 49,883,531 | \$ 51,899,899 |
| Intergovernmental | 10,379,680 | 10,367,311 | 10,891,739 | 15,426,936 |
| Charges for services | 3,475,157 | 3,632,627 | 4,190,130 | 3,990,342 |
| Licenses and permits | 2,392,108 | 2,710,159 | 2,485,929 | 3,322,598 |
| Interest on investments | 39,476 | 56,872 | 92,371 | 253,870 |
| Other | 3,485,501 | 1,548,178 | 2,130,432 | 2,459,468 |
| Total Revenues | <u>67,999,153</u> | <u>67,656,049</u> | <u>69,674,132</u> | <u>77,353,113</u> |
| Expenditures | | | | |
| General government | 9,589,280 | 10,729,883 | 14,147,529 | 12,898,095 |
| Environment and development | 15,340,737 | 15,762,311 | 18,778,116 | 19,175,142 |
| Public safety | 20,362,042 | 20,333,988 | 20,645,476 | 21,063,210 |
| Leisure activities | 8,772,826 | 9,556,022 | 10,023,953 | 10,300,116 |
| Capital projects | 3,696,507 | 7,685,753 | 19,725,287 | 12,545,297 |
| Debt Service: | | | | |
| Principal | 4,594,000 | 4,330,000 | 5,030,000 | 7,488,000 |
| Interest | 2,168,703 | 2,007,653 | 2,025,209 | 2,247,661 |
| Total Expenditures | <u>64,524,095</u> | <u>70,405,610</u> | <u>90,375,570</u> | <u>85,717,521</u> |
| Excess of revenues over (under) expenditures | <u>3,475,058</u> | <u>(2,749,561)</u> | <u>(20,701,438)</u> | <u>(8,364,408)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 3,989,863 | 4,878,505 | 8,287,269 | 3,159,729 |
| Transfers out | (3,043,110) | (3,970,749) | (7,359,694) | (2,155,527) |
| Proceeds from bonds | - | - | 9,000,000 | 9,800,000 |
| Advance refunding | - | - | - | - |
| Premium on debt | - | - | - | 519,544 |
| Lease liabilities issued | - | - | - | - |
| Subscription financing | - | - | - | - |
| Proceeds from installment notes | 2,395,000 | 7,984,000 | 5,760,000 | - |
| Total other financing sources (uses) | <u>3,341,753</u> | <u>8,891,756</u> | <u>15,687,575</u> | <u>11,323,746</u> |
| Net change in fund balances | <u>\$ 6,816,811</u> | <u>\$ 6,142,195</u> | <u>\$ (5,013,863)</u> | <u>\$ 2,959,338</u> |
| Debt service as a percentage of non capital expenditures | 10.94% | 9.94% | 9.94% | 12.38% |

Table 4

| Fiscal Year | | | | | | |
|-----------------------|---------------------|----------------------|----------------------|---------------------|-----------------------|--|
| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | |
| \$ 54,366,124 | \$ 56,052,887 | \$ 58,964,009 | \$ 64,274,760 | \$ 66,645,209 | \$ 72,765,403 | |
| 13,330,922 | 13,358,209 | 13,475,308 | 13,529,754 | 14,802,030 | 25,087,961 | |
| 4,610,116 | 4,003,574 | 3,132,740 | 3,759,055 | 5,212,191 | 4,649,876 | |
| 3,246,115 | 2,925,728 | 3,321,503 | 3,655,031 | 4,345,136 | 3,261,218 | |
| 472,755 | 283,172 | 15,581 | 56,676 | 2,160,179 | 3,479,076 | |
| 2,307,186 | 1,925,030 | 1,911,757 | 2,961,826 | 1,702,601 | 2,528,423 | |
| 78,333,218 | 78,548,600 | 80,820,898 | 88,237,102 | 94,867,346 | 111,771,957 | |
| 13,884,472 | 13,760,788 | 12,468,122 | 14,384,980 | 17,058,497 | 18,788,878 | |
| 18,157,985 | 18,584,377 | 19,264,337 | 20,552,256 | 23,389,578 | 23,954,008 | |
| 21,187,156 | 21,993,688 | 21,492,830 | 23,943,252 | 25,487,251 | 28,316,075 | |
| 10,169,809 | 9,999,649 | 9,669,807 | 10,499,954 | 11,903,497 | 13,192,139 | |
| 10,294,241 | 6,833,473 | 7,502,044 | 25,496,289 | 23,170,389 | 41,005,971 | |
| 7,995,000 | 5,572,000 | 5,224,000 | 5,858,871 | 7,919,091 | 8,535,448 | |
| 2,433,752 | 2,261,011 | 1,965,577 | 2,786,237 | 2,904,964 | 3,285,852 | |
| 84,122,415 | 79,004,986 | 77,586,717 | 103,521,839 | 111,833,267 | 137,078,371 | |
| (5,789,197) | (456,386) | 3,234,181 | (15,284,737) | (16,965,921) | (25,306,414) | |
| 3,579,357 | 3,188,910 | 4,329,309 | 8,787,293 | 5,040,177 | 5,959,635 | |
| (2,218,699) | (1,851,520) | (4,338,621) | (8,556,763) | (5,540,569) | (4,786,647) | |
| - | - | 7,960,000 | 51,526,000 | 14,925,000 | 16,161,000 | |
| - | (1,917,928) | - | (12,241,044) | - | - | |
| - | 2,073,936 | 765,697 | 6,715,902 | 1,716,202 | - | |
| - | - | - | 23,794 | - | - | |
| - | - | - | - | 351,357 | 97,649 | |
| - | - | - | - | - | - | |
| 1,360,658 | 1,493,398 | 8,716,385 | 46,255,182 | 16,492,167 | 17,431,637 | |
| \$ (4,428,539) | \$ 1,037,012 | \$ 11,950,566 | \$ 30,970,445 | \$ (473,754) | \$ (7,874,777) | |
| 13.39% | 10.19% | 9.95% | 10.18% | 11.95% | 10.21% | |

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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> |
|--------------------|----------------------------|------------------|----------------------|------------------|--------------|
| 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 |
| 2022 | 44,038,318 | 18,843,327 | 1,297,315 | 95,800 | 64,274,760 |
| 2023 | 44,357,668 | 20,646,299 | 1,514,877 | 126,365 | 66,645,209 |
| 2024 | 49,735,817 | 21,166,868 | 1,763,710 | 99,008 | 72,765,403 |

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 |
|--------------------|-----|-----------------------------|----------------------------|-------------------------------|--------------------------|
| 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 |
| 2022 | (1) | * | * | 8,754,178,419 | 618,604,665 |
| 2023 | | * | * | 8,795,629,837 | 646,036,515 |
| 2024 | | * | * | 8,876,404,468 | 688,799,325 |

* 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) |
| 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% |
| 88,764,776 | 9,461,547,860 | 0.514 | 9,489,066,152 | 99.71% |
| 96,163,533 | 9,537,829,885 | 0.522 | 9,564,610,795 | 99.72% |
| 97,775,053 | 9,662,978,846 | 0.572 | 9,690,111,157 | 99.72% |

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

| Year Taxes Payable | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|--------------------|--------------------|--------------------|--------------------|
| Chapel Hill within Orange County: | | | | * |
| <u>Town Direct Rates:</u> | | | | |
| General Fund | 0.388 | 0.388 | 0.388 | 0.376 |
| Transit | 0.051 | 0.051 | 0.051 | 0.050 |
| Debt Service | 0.085 | 0.085 | 0.085 | 0.082 |
| Total outside Downtown Service District | 0.524 | 0.524 | 0.524 | 0.508 |
| Downtown Service District | 0.071 | 0.071 | 0.071 | 0.070 |
| Total Direct Rates | 0.595 | 0.595 | 0.595 | 0.578 |
| <u>Overlapping Rates:</u> | | | | |
| Orange County | 0.878 | 0.878 | 0.878 | 0.838 |
| Chapel Hill - Carrboro School District | 0.208 | 0.208 | 0.208 | 0.202 |
| Total Overlapping Rates | 1.086 | 1.086 | 1.086 | 1.040 |
| Total Direct and Overlapping Rates | 1.681 | 1.681 | 1.681 | 1.618 |
| Chapel Hill within Durham County: | | | | |
| <u>Town Direct Rates:</u> | | | | |
| General Fund | 0.388 | 0.388 | 0.388 | 0.376 |
| Transit | 0.051 | 0.051 | 0.051 | 0.050 |
| Debt Service | 0.085 | 0.085 | 0.085 | 0.082 |
| Total Direct Rates | 0.524 | 0.524 | 0.524 | 0.508 |
| <u>Overlapping Rates:</u> | | | | |
| Durham County | 0.744 | 0.793 | 0.740 | 0.768 |
| Total Direct and Overlapping rates | 1.268 | 1.317 | 1.264 | 1.276 |

* Revaluation year

Source: North Carolina State Department of Revenue.

Table 7

| Fiscal Year | | | | | |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| | | | * | | |
| 0.386 | 0.386 | 0.386 | 0.372 | 0.372 | 0.422 |
| 0.060 | 0.060 | 0.060 | 0.054 | 0.062 | 0.062 |
| 0.082 | 0.098 | 0.098 | 0.088 | 0.088 | 0.088 |
| 0.528 | 0.544 | 0.544 | 0.514 | 0.522 | 0.572 |
| 0.070 | 0.070 | 0.070 | 0.064 | 0.064 | 0.064 |
| 0.598 | 0.614 | 0.614 | 0.578 | 0.586 | 0.636 |
| 0.850 | 0.868 | 0.868 | 0.819 | 0.831 | 0.835 |
| 0.202 | 0.202 | 0.202 | 0.183 | 0.183 | 0.198 |
| 1.052 | 1.070 | 1.070 | 1.002 | 1.014 | 1.033 |
| 1.650 | 1.684 | 1.684 | 1.580 | 1.600 | 1.669 |
| 0.386 | 0.386 | 0.386 | 0.372 | 0.372 | 0.422 |
| 0.060 | 0.060 | 0.060 | 0.054 | 0.062 | 0.062 |
| 0.082 | 0.098 | 0.098 | 0.088 | 0.088 | 0.088 |
| 0.528 | 0.544 | 0.544 | 0.514 | 0.522 | 0.572 |
| 0.778 | 0.712 | 0.712 | 0.722 | 0.722 | 0.752 |
| 1.306 | 1.256 | 1.256 | 1.236 | 1.244 | 1.324 |

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 |
| NR Edge Apartments Property Owner LLC | Apartment & Retail |
| BIR Chapel Hill LLC (formerly Village Plaza Apartments LLC) | Apartment & Retail |
| Townhouse Apartments LLC | Apartment Rental |
| Northwestern Mutual Life (Chapel Watch Apartments) | Apartment Rental |
| KV Chapel Hill Owner LLC | Apartment Rental |
| Duke Energy Carolinas LLC | Public Utility |
| State Employees Credit Union | Bank |
| Health Systems Properties LLC | Medical |
| East 54 Office Retail LLC | Office/Retail |
| 83 Chartleync Owner LLC | Apartment Rental |
| Greenbridege Development | Residential Condos |
| Blue Cross and Blue Shield of North Carolina | Health Insurance |
| Corium LLC | Health Insurance |
| ACC GF III Chapel Ridge/Chapel View | Apartment Rental |
| Madison University Mall LLC | Shopping Center |
| Europa Center LLC | Office Building |
| Granville Towers LLC | Apartment Rental |
| Southern Village Apartments | Apartment Rental |

Totals

Total assessed valuation

Sources:

- (1) 2014-2015 Comprehensive Annual Financial Report.
- (2) Orange County Department of Revenue.

Table 8

| Fiscal Year 2024 | | | Fiscal Year 2015 | | |
|-------------------------|-------------|--|-------------------------|-------------|--|
| Assessed Valuation | (2) Rank | Percentage of Total Assessed Valuation | Assessed Valuation | (1) Rank | Percentage of Total Assessed Valuation |
| 112,650,500 | 1 | 1.17% | 25,600,702 | 10 | 0.34% |
| 83,855,700 | 2 | 0.87% | | | |
| 80,124,700 | 3 | 0.83% | | | |
| 70,175,272 | 4 | 0.73% | | | |
| 68,747,589 | 5 | 0.71% | 38,627,273 | 1 | 0.52% |
| 57,990,305 | 6 | 0.60% | | | |
| 57,053,580 | 7 | 0.59% | 35,999,514 | 3 | 0.48% |
| 50,684,665 | 8 | 0.52% | | | |
| 46,667,933 | 9 | 0.48% | | | |
| 45,114,900 | 10 | 0.47% | 35,239,900 | 4 | 0.47% |
| | | | 27,414,585 | 8 | 0.37% |
| | | | 36,433,531 | 2 | 0.49% |
| | | | 34,214,712 | 6 | 0.46% |
| | | | 35,174,472 | 5 | 0.47% |
| | | | 27,816,248 | 7 | 0.37% |
| | | | 27,371,000 | 9 | 0.37% |
| <u>\$ 673,065,144</u> | | <u>6.97%</u> | <u>\$ 323,891,937</u> | | <u>4.35%</u> |
| <u>\$ 9,662,978,846</u> | | | <u>\$ 7,447,017,329</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 | |
| 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 |
| 2022 | 48,632,356 | 48,492,226 | 99.71% | - | 48,492,226 | 99.71% | 140,130 |
| 2023 | 49,787,472 | 49,650,109 | 99.72% | - | 49,650,109 | 99.72% | 137,363 |
| 2024 | 55,272,239 | 55,115,135 | 99.72% | - | 55,115,135 | 99.72% | 157,104 |

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

| Governmental Activities | | | | | | |
|--------------------------------|---------------------------------|---------------------------------|---------------------|--------------------------|---------------------------|-------------------------------|
| Fiscal Year | General Obligation Bonds | Limited Obligation Bonds | Bond Premium | Installment Loans | Orange County Loan | Right to Use Liability |
| 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 | - |
| 2022 | 33,422,000 | 49,225,000 | 8,896,975 | 4,819,000 | 123,146 | 11,923 |
| 2023 | 45,491,000 | 44,900,000 | 9,922,381 | 4,268,000 | 123,146 | 176,189 |
| 2024 | 41,786,000 | 57,001,000 | 9,231,585 | 3,710,000 | 123,146 | 61,390 |

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 | | | | | | | |
|---|-------------------------|------------------------------|-----------------------------------|---|---|--------------------------------|--|
| General Obligation Bonds | Bond Premium | Installment Loans | Right to Use Liability | Total Primary Government | Per Capita Personal Income | Debt Per Capita | Percentage of Personal Income |
| | | | | | | (1) | (1) |
| - | - | - | - | 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% |
| 2,160,000 | 103,642 | 3,383,000 | 43,376 | 102,188,062 | 67,089 | 1,651 | 2.46% |
| 2,025,000 | 97,164 | 10,889,000 | 157,112 | 118,048,992 | 74,994 | 1,901 | 2.53% |
| 1,890,000 | 90,686 | 9,551,000 | 92,481 | 123,537,288 | 77,568 | 1,986 | 2.56% |

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

| Fiscal Year | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|--------------------|--------------------|--------------------|--------------------|
| General bonded debt outstanding: | | | | |
| General obligation bonds | \$ 25,662,000 | \$ 23,472,000 | \$ 31,741,000 | \$ 38,770,000 |
| Bond premium | - | - | - | 470,234 |
| | \$ 25,662,000 | \$ 23,472,000 | \$ 31,741,000 | \$ 39,240,234 |
| Percentage of estimated actual property value (1) | 0.34% | 0.31% | 0.42% | 0.49% |
| Per capita (2) | \$ 490 | \$ 443 | \$ 574 | \$ 671 |

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>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | | | | |
| \$ | 35,528,000 | \$ | 30,851,000 | \$ | 36,264,000 | \$ | 33,422,000 | \$ | 45,491,000 | \$ | 41,786,000 |
| | <u>446,522</u> | | <u>2,289,552</u> | | <u>2,786,058</u> | | <u>8,896,975</u> | | <u>9,922,381</u> | | <u>9,231,585</u> |
| \$ | 35,974,522 | \$ | 33,140,552 | \$ | 39,050,058 | \$ | 42,318,975 | \$ | 55,413,381 | \$ | 51,017,585 |
| | 0.44% | | 0.40% | | 0.46% | | 0.45% | | 0.58% | | 0.53% |
| \$ | 578 | \$ | 492 | \$ | 599 | \$ | 631 | \$ | 739 | \$ | 658 |

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**Town of Chapel Hill
Direct and Overlapping Governmental Activities Debt
As of June 30, 2024**

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 | \$ 107,345,000 | 36.40% | \$ 39,070,236 |
| Durham County | 222,055,000 | 1.07% | 2,372,980 |
| Total overlapping debt | | | <u>41,443,216</u> |
| Total direct debt | | | <u>111,913,121</u> |
| Total direct and overlapping debt | | | <u><u>\$ 153,356,337</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>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Total assessed valuation | \$ 7,447,206,389 | \$ 7,539,774,668 | \$ 7,532,719,242 | \$ 8,034,649,409 |
| Debt limit - 8% of total assessed valuation | 595,776,511 | 603,181,973 | 602,617,539 | 642,771,953 |
| General obligation bonds | 25,662,000 | 23,472,000 | 31,741,000 | 41,470,000 |
| Bonds authorized but unissued | - | 40,300,000 | 31,300,000 | 28,800,000 |
| Net debt applicable to debt limit | <u>25,662,000</u> | <u>63,772,000</u> | <u>63,041,000</u> | <u>70,270,000</u> |
| Legal debt margin | <u>\$ 570,114,511</u> | <u>\$ 539,409,973</u> | <u>\$ 539,576,539</u> | <u>\$ 572,501,953</u> |
| Legal debt margin as a percentage of the debt limit | 95.69% | 89.43% | 89.54% | 89.07% |

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, 2024 totaled \$58,616,000.
This total is less than 1% of the Town's June 30, 2024 tax base (\$9.66 billion).

* Source: The North Carolina Department of Revenue final report of assessed property values for the 2023/2024 fiscal year.

North Carolina G.S §159-55.

Table 13

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| \$ 8,223,292,265 | \$ 8,283,264,338 | \$ 8,465,215,257 | \$ 9,461,547,860 | \$ 9,537,829,885 | \$ 9,662,978,846 |
| 657,863,381 | 662,661,147 | 677,217,221 | 756,923,829 | 763,026,391 | 773,038,308 |
| 38,093,000 | 33,281,000 | 38,559,000 | 35,582,000 | 47,516,000 | 43,676,000 |
| 28,800,000 | 28,800,000 | 24,045,000 | 24,045,000 | 11,100,000 | 11,100,000 |
| <u>66,893,000</u> | <u>62,081,000</u> | <u>62,604,000</u> | <u>59,627,000</u> | <u>58,616,000</u> | <u>54,776,000</u> |
| <u>\$ 590,970,381</u> | <u>\$ 600,580,147</u> | <u>\$ 614,613,221</u> | <u>\$ 697,296,829</u> | <u>\$ 704,410,391</u> | <u>\$ 718,262,308</u> |
| 89.83% | 90.63% | 90.76% | 92.12% | 92.32% | 92.91% |

**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) |
| 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% |
| 2022 | 61,912 | 10,001,400 | 67,089 | 25.2 | 15.82 | 42,925 | 3.2% |
| 2023 | 62,098 | 11,165,424 | 74,994 | 25.2 | 15.82 | 43,157 | 3.5% |
| 2024 | 62,195 | 11,672,141 | 77,568 | 25.6 | 15.82 | 43,877 | 3.4% |

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 2024 | | | Fiscal Year 2015 | | |
|---|-------------------------|-------------|--|-------------------------|-------------|--|
| | Employees | Rank | Percentage of Total Town Employment | Employees | Rank | Percentage of Total Town Employment |
| University of North Carolina at Chapel Hill | 10000+ | 1 | | 10000+ | 1 | |
| University of North Carolina Healthcare | 10000+ | 2 | Not available | 8000+ | 2 | Not available |
| Carrboro-Chapel Hill Schools | 1500+ | 3 | available | 1000+ | 3 | available |
| Town of Chapel Hill | 650+ | 4 | | 500-999 | 4 | |
| Harris Teeter | 250+ | 5 | | | | |
| Blue Cross Blue Shield of NC | | | | 500-999 | 5 | |
| | | | <u>Not available</u> | | | <u>Not available</u> |
| Total Town Employment | <u>Not available</u> | | | <u>Not available</u> | | |

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

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

| Function/Program | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
| General government: | | | | |
| Finance | | | | |
| Purchase orders issued | 1,279 | 1,353 | 1,318 | 1,218 |
| Human Resources | | | | |
| Recruitment for positions | 99 | 83 | 88 | 89 |
| Public Works | | | | |
| Streets resurfaced (miles) | 5.88 | 5.88 | 4.79 | 2.74 |
| Refuse collected (tons) | 14,082 | 14,331 | 14,339 | 13,894 |
| Economic and development: | | | | |
| Planning/Inspections | | | | |
| Building permits issued | 967 | 967 | 762 | 1,069 |
| Public safety: | | | | |
| Police | | | | |
| Calls for service | 37,804 | 38,009 | 33,479 | 31,950 |
| Traffic citations | 6,709 | 6,459 | 5,567 | 2,601 |
| Fire | | | | |
| Emergency responses | 4,388 | 4,642 | 4,514 | 4,928 |
| Property losses | \$ 1,001,991 | \$ 1,145,028 | \$ 951,042 | \$ 77,060 |
| Inspections | 946 | 1,178 | 1,562 | 2,789 |
| Leisure activities: | | | | |
| Parks and Recreation | | | | |
| Pass memberships | 4,123 | 4,189 | 4,150 | 2,385 |
| Class registrations | 4,507 | 4,524 | 6,120 | 7,396 |
| Daily visits | 104,728 | 95,047 | 82,537 | 136,401 |
| Transit | | | | |
| Service miles | 2,372,166 | 2,303,864 | 2,150,124 | 1,849,310 |
| Parking | | | | |
| Citations issued | 10,465 | 12,598 | 12,754 | 8,729 |

Source: Town of Chapel Hill department representatives.

Table 16

| Fiscal Year | | | | | | |
|--------------------|-------------|-------------|--------------|--------------|--------------|--|
| <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | |
| 1,354 | 1,542 | 1,588 | 1,775 | 1,893 | 1,890 | |
| 77 | 56 | 61 | 102 | 75 | 96 | |
| 3.15 | 2.37 | 4.14 | 8.25 | 7.53 | 4.04 | |
| 13,857 | 12,947 | 12,957 | 13,027 | 12,789 | 12,535 | |
| 979 | 1,921 | 2,133 | 2,799 | 5,949 | 2,801 | |
| 40,379 | 36,890 | 33,405 | 37,058 | 41,006 | 41,098 | |
| 3,785 | 2,633 | 584 | 922 | 3,491 | 4,247 | |
| 4,896 | 4,385 | 3,737 | 4,448 | 5,773 | 6,013 | |
| \$ 325,766 | \$ 264,400 | \$ 283,000 | \$ 1,069,500 | \$ 2,176,759 | \$ 2,596,365 | |
| 4,790 | 1,971 | 697 | 2,960 | 2,554 | 1,245 | |
| 2,959 | 1,991 | 604 | 1,074 | 1,498 | 1,539 | |
| 7,529 | 6,160 | 6,785 | 5,322 | 7,334 | 7,490 | |
| 121,801 | 76,962 | 20,370 | 53,712 | 78,156 | 80,200 | |
| 2,128,686 | 1,488,674 | 1,801,340 | 1,567,492 | 1,701,636 | 2,009,361 | |
| 9,330 | 9,105 | 7,178 | 13,014 | 12,213 | 14,363 | |

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

| Function/Program | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|--------------------|--------------------|--------------------|--------------------|
| General Government: | | | | |
| Public Works | | | | |
| Streets (miles) | 165.2 | 165.2 | 166.1 | 166.1 |
| Street lights | 3,491 | 3,522 | 3,566 | 3,600 |
| 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 | 14 | 14 | 14 | 15 |
| Library | | | | |
| Volumes in circulation | 204,271 | 199,922 | 210,873 | 339,352 |
| Transportation | | | | |
| Number of buses | 98 | 98 | 98 | 93 |
| Number of vans | 19 | 6 | 18 | 20 |
| Parking | | | | |
| Number of spaces available | 1,189 | 1,106 | 1,159 | 1,475 |
| Housing | | | | |
| Number of units occupied | 321 | 321 | 319 | 300 |

Source: Town of Chapel Hill Department representatives.

Table 17

| Fiscal Year | | | | | | |
|-------------|-------------|-------------|-------------|-------------|-------------|--|
| <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | |
| 166.1 | 166.1 | 166.1 | 166.1 | 166.1 | 166.9 | |
| 3,605 | 3,651 | 4,876 | 3,734 | 3,781 | 3,788 | |
| 5 | 5 | 5 | 3 | 3 | 4 | |
| 5 | 5 | 3 | 3 | 5 | 6 | |
| 4 | 4 | 4 | 3 | 5 | 6 | |
| 5 | 5 | 5 | 5 | 5 | 5 | |
| 15 | 15 | 15 | 15 | 15 | 15 | |
| 385,880 | 342,667 | 477,104 | 539,451 | 819,084 | 1,124,122 | |
| 95 | 95 | 96 | 101 | 105 | 95 | |
| 19 | 22 | 22 | 22 | 18 | 22 | |
| 1,475 | 1,480 | 1,463 | 1,185 | 1,226 | 1,242 | |
| 290 | 290 | 294 | 287 | 286 | 277 | |

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

Table 18

| Function/Program | Fiscal Year | | | | | | | | | |
|-------------------------------------|---------------|---------------|--------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| General government: | | | | | | | | | | |
| Mayor and council | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Town manager's office | 11.75 | 9 | 9 | 10 | 10 | 11 | 11 | 12 | 17 | 26 |
| Governance Services (B) | 7.53 | 8.53 | 7.53 | 7.53 | 7.53 | 7.53 | 7.53 | 7.53 | 7.53 | 4.53 |
| Human resources | 7 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 8 |
| Finance | 16 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 |
| Technology solutions | 9 | 10 | 13 | 13 | 16 | 16 | 16 | 16 | 16 | 16 |
| Legal | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Environment and development: | | | | | | | | | | |
| Planning & Sustainability | 15.75 | 35.65 | 36.65 | 22.65 | 20.65 | 15.65 | 15.65 | 15.65 | 16.8 | 16.8 |
| Housing & Community | - | 6.2 | 7.2 | 7.2 | 7.2 | 7.2 | 7.2 | 7.2 | 7.2 | 8.7 |
| Public Works | 71.25 | 72.25 | 72.55 | 72.55 | 70.2 | 71.2 | 71.2 | 71.2 | 71.2 | 71.7 |
| Building & Development Services (A) | 12 | - | - | - | - | - | - | - | 21 | 20 |
| Engineering | 23 | 21 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 |
| Public Safety: | | | | | | | | | | |
| Police | 136 | 136 | 134 | 150 | 150 | 155 | 155 | 141 | 120 | 121 |
| Fire | 92 | 95 | 97 | 96 | 96 | 96 | 96 | 96 | 96 | 97 |
| Leisure activities: | | | | | | | | | | |
| Parks & Recreation | 54.41 | 57.83 | 57.83 | 57.8 | 56.5 | 53.8 | 53.8 | 53.8 | 53.8 | 54.8 |
| Library | 30.09 | 30.41 | 29.9 | 30.3 | 32.16 | 34.66 | 34.66 | 34.66 | 34.66 | 34.66 |
| Transit | 183.79 | 198.29 | 201.29 | 203.29 | 203.29 | 203.29 | 203.29 | 205.66 | 205.66 | 208.66 |
| Parking | 11.8 | 10.8 | 10.8 | 9 | 9.8 | 9.8 | 9.8 | 9.8 | 9.8 | 9.8 |
| Housing | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16.5 |
| Stormwater | 14 | 14 | 14.7 | 14.7 | 15.05 | 15.05 | 15.05 | 15.05 | 15.05 | 15.55 |
| Vehicle Maintenance | 7.75 | 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 | 1 |
| Total | 723.12 | 760.71 | 767.2 | 769.77 | 770.13 | 771.93 | 771.93 | 762.3 | 768.45 | 780.45 |

Notes:

(A) As of FY23, this department's name has changed from Inspections to Building and Development Services and is no longer housed under Police.

(B) As of FY24, this department's name has changed from Communications and Public Affairs to Governance Services.

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



INDEPENDENT AUDITOR'S 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

To the Honorable Mayor and
Members of the Town Council
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 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** (the "Town") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 15, 2024. Our report includes a reference to other auditors who audited the financial statements of the Orange Water and Sewer Authority (OWASA), as described in our report on the Town's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 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.

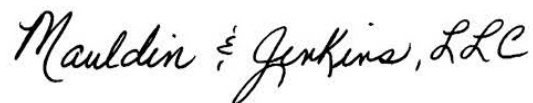
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Mauldin & Jenkins, LLC".

Raleigh, North Carolina
November 15, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
APPLICABLE SECTIONS OF THE OMB UNIFORM GUIDANCE AND
THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **Town of Chapel Hill, North Carolina's** (the "Town") 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's major federal programs for the year ended June 30, 2024. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

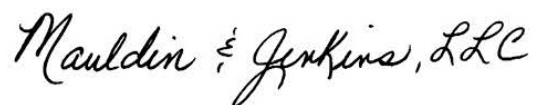
Report on Internal Control over Compliance

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

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

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

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

The signature is written in a cursive, handwritten style. It reads "Mauldin & Jenkins, LLC". The ampersand is stylized, and the letters are fluidly connected.

Raleigh, North Carolina
November 15, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
APPLICABLE SECTIONS OF THE OMB UNIFORM GUIDANCE AND
THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the **Town of Chapel Hill, North Carolina's** (the "Town") 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's major state programs for the year ended June 30, 2024. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major state program for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for the major state program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Mauldin & Jenkins, LLC

Raleigh, North Carolina
November 15, 2024

TOWN OF CHAPEL HILL, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

SUMMARY OF AUDIT RESULTS

Financial Statements

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

Internal control over financial reporting:
Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major state programs:
Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

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

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

Identification of major federal programs:

| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> |
|----------------------------------|---|
| 20.205 | Highway Planning and Construction |
| 21.027 | Coronavirus State and Local Fiscal Recovery Funds |
| 14.850 | Public Housing Operating Fund |

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 AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2024

SECTION I SUMMARY OF AUDIT RESULTS (CONTINUED)

State Awards

Internal control over major state programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in
accordance with the State Single Audit Implementation Act?

Yes No

Identification of major state programs:

North Carolina Department of
Transportation – Powell Bill

Auditee qualified as low-risk auditee?

Yes

SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None Reported.

SECTION III FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

SECTION IV STATE AWARD FINDINGS AND QUESTIONED COSTS

None reported.

TOWN OF CHAPEL HILL, NORTH CAROLINA

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

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, 2024

| Federal Grantor/Pass-Through Grantor/Program Title | Federal 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 - Urbanized Area Formula Program | 20.507 | | \$ 3,309,795 | \$ 2,647,836 | \$ - | \$ 661,959 | \$ - |
| Federal Transit Administration - Coronavirus Response and Relief Supplemental Appropriations Act | 20.507 | | 5,316,655 | 5,316,655 | - | - | - |
| Federal Transit Administration - Bus and Bus Facilities Formula & Discretionary Programs (Bus Program) | 20.526 | | 534,037 | 96,898 | - | 24,225 | - |
| Federal Transit Administration - Bus and Bus Facilities Formula & Discretionary Programs (Bus Program) | 20.526 | | 8,303,356 | 5,600,000 | 1,400,000 | 1,303,356 | - |
| Federal Transit Administration - Bus and Bus Facilities Formula & Discretionary Programs (Bus Program) | 20.526 | | 657,654 | 31,470 | - | 7,868 | - |
| Federal Transit Administration - Federal Transit Capital and Investment Grant - Fixed Guideway Capital Investment Grants | 20.500 | | | - | - | - | - |
| <i>Subtotal Direct Federal Transit Cluster</i> | | | | <u>13,692,859</u> | <u>1,400,000</u> | <u>1,997,408</u> | <u>-</u> |
| <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 | 247,000 | 197,581 | 24,698 | 24,698 | - |
| <i>Subtotal Pass-Through Metro Transportation Planning Program / State and Non-Metro Planning and Research Program</i> | | | | <u>197,581</u> | <u>24,698</u> | <u>24,698</u> | <u>-</u> |
| <i>Passed-Through NC Department of Transportation:</i> | | | | | | | |
| HIGHWAY PLANNING, RESEARCH, AND CONSTRUCTION CLUSTER: | | | | | | | |
| Highway Planning and Construction Program | | | | | | | |
| NCDOT STPDGA 133(B)(3)(7) | 20.205-5 | STP-DA 133(B)(3)(7) | 78,000 | 62,339 | - | 15,584 | - |
| NCDOT CMAQ Grant - Estes Drive Bike Construction | 20.205 | C-5179 | 4,627,404 | 1,335,653 | - | 387,693 | - |
| NCDOT STBGDA Grant - Estes Drive Bike Construction | 20.205 | C-5179 | 1,118,569 | 380,976 | - | 95,244 | - |
| NCDOT COVID-DA Grant - Estes Drive Bike Construction | 20.205 | C-5179 | 429,455 | 215,119 | - | - | - |
| NCDOT STPDGA Grant - Homestead Road Sidewalk | 20.205 | U-4726 IK | 1,600,000 | 1,560,883 | - | 1,501,897 | - |
| NCDOT-Sidepath | 20.205 | EB-5721 | 1,058,000 | 6,008 | - | 1,502 | - |
| Safe Routes to School | 20.205 | EB-6033AH | 330,200 | 47,721 | - | 11,930 | - |
| <i>Subtotal Pass-Through Highway Planning, Research, and Construction Cluster</i> | | | | <u>3,608,699</u> | <u>-</u> | <u>2,013,850</u> | <u>-</u> |
| National Highway Traffic Safety Administration | | | | | | | |
| Highway Safety Cluster | | | | | | | |
| State and Community Highway Safety Program | 20.600 | PS-24-05-02 | 102,600 | 79,101 | - | - | - |
| <i>Subtotal Pass-Through Highway Safety Cluster</i> | | | | <u>79,101</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total U.S. Department of Transportation | | | | <u>17,578,240</u> | <u>1,424,698</u> | <u>4,035,956</u> | <u>-</u> |

TOWN OF CHAPEL HILL, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

| Federal Grantor/Pass-Through Grantor/Program Title | Federal 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 | | | | | | | |
| Assistant Secretary for Community Planning and Development | | | | | | | |
| <i>Direct Programs:</i> | | | | | | | |
| CDBG & ENTITLEMENT GRANTS CLUSTER: | | | | | | | |
| Community Development Block Grant Entitlement Grants | 14.218 | | 3,306,832 | 608,928 | - | - | 195,293 |
| COVID-19 CDBG Entitlement Grant | 14.218 | | 290,902 | - | - | - | - |
| COVID-19 CDBG Entitlement Grant | 14.218 | | 245,693 | - | - | - | - |
| Program income | | | 110,433 | - | - | 7,339 | - |
| <i>Subtotal Direct CDBG Entitlement Grants Cluster</i> | | | | <u>608,928</u> | <u>-</u> | <u>7,339</u> | <u>195,293</u> |
| ASSISTANT SECRETARY FOR PUBLIC & INDIAN HOUSING | | | | | | | |
| Public Housing Operating Fund - | | | | | | | |
| Operating | 14.850 | | 1,284,152 | 1,284,152 | - | - | - |
| Rental and other income | | | - | - | - | 1,364,236 | - |
| <i>Subtotal Direct Public Housing Capital Grants</i> | | | | <u>1,284,152</u> | <u>-</u> | <u>1,364,236</u> | <u>-</u> |
| PUBLIC HOUSING CAPITAL FUND | | | | | | | |
| Public Housing - Capital Fund 2017 | 14.872 | | 549,598 | 800 | - | - | - |
| Public Housing - Capital Fund 2018 | 14.872 | | 789,318 | 5,857 | - | - | - |
| Public Housing - Capital Fund 2019 | 14.872 | | 825,913 | 330,152 | - | - | - |
| Public Housing - Capital Fund 2020 | 14.872 | | 891,521 | 433,231 | - | - | - |
| Public Housing - Capital Fund 2021 | 14.872 | | 935,260 | 26,900 | - | - | - |
| Public Housing - Capital Fund 2022 | 14.872 | | 1,171,395 | 117,932 | - | - | - |
| Public Housing - Capital Fund 2023 | 14.872 | | 1,171,880 | - | - | - | - |
| <i>Subtotal Direct Public Housing Capital Grants</i> | | | | <u>914,872</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| <i>Passed-Through Orange County, North Carolina:</i> | | | | | | | |
| HOME INVESTMENT PARTNERSHIP PROGRAM | | | | | | | |
| Public and Indian Housing - | | | | | | | |
| Program Income | | | | - | - | 19,298 | - |
| <i>Subtotal Pass-Through HOME Program</i> | | | | <u>-</u> | <u>-</u> | <u>19,298</u> | <u>-</u> |
| Total U.S. Department of Housing and Urban Development | | | | <u>2,807,952</u> | <u>-</u> | <u>1,390,873</u> | <u>195,293</u> |
| U.S. Department of Justice | | | | | | | |
| Office of Justice Programs | | | | | | | |
| <i>Direct Programs:</i> | | | | | | | |
| Bulletproof Vest Partnership Program | 16.607 | | 8,866 | 4,433 | - | 4,433 | - |
| Bulletproof Vest Partnership Program | 16.607 | | 15,300 | 6,453 | - | 6,452 | - |
| FY24 Law Enforcement Mental Health & Wellness Act Program | 16.710 | | 200,000 | 32,023 | - | - | - |
| <i>Subtotal direct programs</i> | | | | <u>42,909</u> | <u>-</u> | <u>10,885</u> | <u>-</u> |
| Total U.S. Department of Justice | | | | <u>42,909</u> | <u>-</u> | <u>10,885</u> | <u>-</u> |
| U.S. Institute of Museum and Library Services | | | | | | | |
| <i>Passed-Through State Library of North Carolina:</i> | | | | | | | |
| COVID-19 - National Leadership Grants | 45.312 | IMLS CARES-21 | 149,435 | 2,559 | - | - | - |
| Grants to States - Navigating NC License Program | 45.310 | NC-LSTA-23-8 | 32,700 | 27,766 | - | - | - |
| Grants to States - Scholarship Program | 45.310 | NC-LSTA-22-60 | 2,321 | 2,321 | - | - | - |
| Total U.S. Institute of Museum and Library Services | | | | <u>32,646</u> | <u>-</u> | <u>-</u> | <u>-</u> |

TOWN OF CHAPEL HILL, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

| Federal Grantor/Pass-Through Grantor/Program Title | Federal AL Number | State Pass-Through Grantor's Number | Program or Award Amount | Current Year Expenditures | | | Pass-through to subrecipients |
|--|-------------------|-------------------------------------|-------------------------|---------------------------|---------------------|---------------------|-------------------------------|
| | | | | Federal | State | Local | |
| <i>Direct Program</i> | | | | | | | |
| U.S. Department of Treasury | | | | | | | |
| COVID-19 Coronavirus State & Local Fiscal Recovery Funds | 21.027 | 1505-0271 | 10,668,497 | 1,179,797 | - | - | 521,373 |
| <i>Passed-Through NC Office of Management and Budget, NC Pandemic Recovery Office & Orange County:</i> | | | | | | | |
| COVID-19 Coronavirus State & Local Fiscal Recovery Funds | 21.027 | 2000057929 | 54,775 | - | - | - | - |
| Total U.S. Department of Treasury | | | | 1,179,797 | - | - | 521,373 |
| TOTAL FEDERAL ASSISTANCE | | | | \$ 21,641,544 | \$ 1,424,698 | \$ 5,437,714 | \$ 716,666 |
| STATE ASSISTANCE | | | | | | | |
| North Carolina Department of Transportation: | | | | | | | |
| Powell Bill | | 5121 | 1,787,208 | \$ - | \$ 1,787,208 | \$ - | \$ - |
| State Maintenance Assistance for Urban & Small Urban Areas | | NC-2024-049-00 | 3,631,704 | - | 3,631,704 | - | - |
| NCDOT Advanced Technology Grant | | 24-AT-117 | 200,000 | - | 180,000 | 20,000 | - |
| | | | | - | 5,598,912 | 20,000 | - |
| <i>Passed-Through Triangle J Council of Government:</i> | | | | | | | |
| Transit Demand Grant | | 2000004447 | 111,354 | - | 54,241 | 54,241 | - |
| Total North Carolina Department of Transportation | | | | - | 5,653,153 | 74,241 | - |
| North Carolina Department of Natural and Cultural Resources: | | | | | | | |
| State Library Aid | | 2023-2024 | 38,779 | - | 38,779 | - | - |
| Total NC Department of Natural and Cultural Resources | | | | - | 38,779 | - | - |
| NC Office of State Budget and Management: | | | | | | | |
| NC Regional Economic Development Reserve | | 12491 | 200,000 | - | 93,865 | - | - |
| Total NC Office of State Budget and Management | | | | - | 93,865 | - | - |
| TOTAL STATE ASSISTANCE | | | | \$ - | \$ 5,785,797 | \$ 74,241 | \$ - |
| TOTAL FINANCIAL ASSISTANCE | | | | \$ 21,641,544 | \$ 7,210,495 | \$ 5,511,955 | \$ 716,666 |

TOWN OF CHAPEL HILL, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

| Federal Grantor/Pass-Through Grantor/Program Title | Federal 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, 2024

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, 2024. 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, 2024. The Town is required to report annually to the NCDOT on the accumulated unspent Powell Bill funds. As of June 30, 2024, 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.
5. Cluster of Programs - The following is clustered by the NC Department of Transportation and is treated separately for state audit requirement purposes:
Highway Planning, Research, and Construction