

**Town of Chapel Hill, North Carolina
Annual Comprehensive Financial Report
For the fiscal year ended June 30, 2023**

Prepared by:

Town of Chapel Hill
Business Management Department

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November 10, 2023

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, 2023 (FY 2022-23) 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, 2023.

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

Their audit consists of an objective outside review in order to provide reasonable rather than absolute assurance that the financial statements are free from material misstatements. Working with the town's professional financial staff, they reviewed and made appropriate tests of data included in the financial statements, and evaluated the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements of the Town of Chapel Hill for the fiscal year ended June 30, 2023 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, 2023.

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 62,098 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.

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.

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

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).

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 \$52.526 million 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.

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 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.

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 has also started 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, 2022.

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 2022-23. In order to qualify for the Distinguished Budget Presentation Award, the Town's budget document was judged to be proficient in all required categories, as a policy document, a financial plan, an operations guide, and a communications device.

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Chris Blue". The signature is fluid and cursive, with the first letters of each word 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 each word 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**

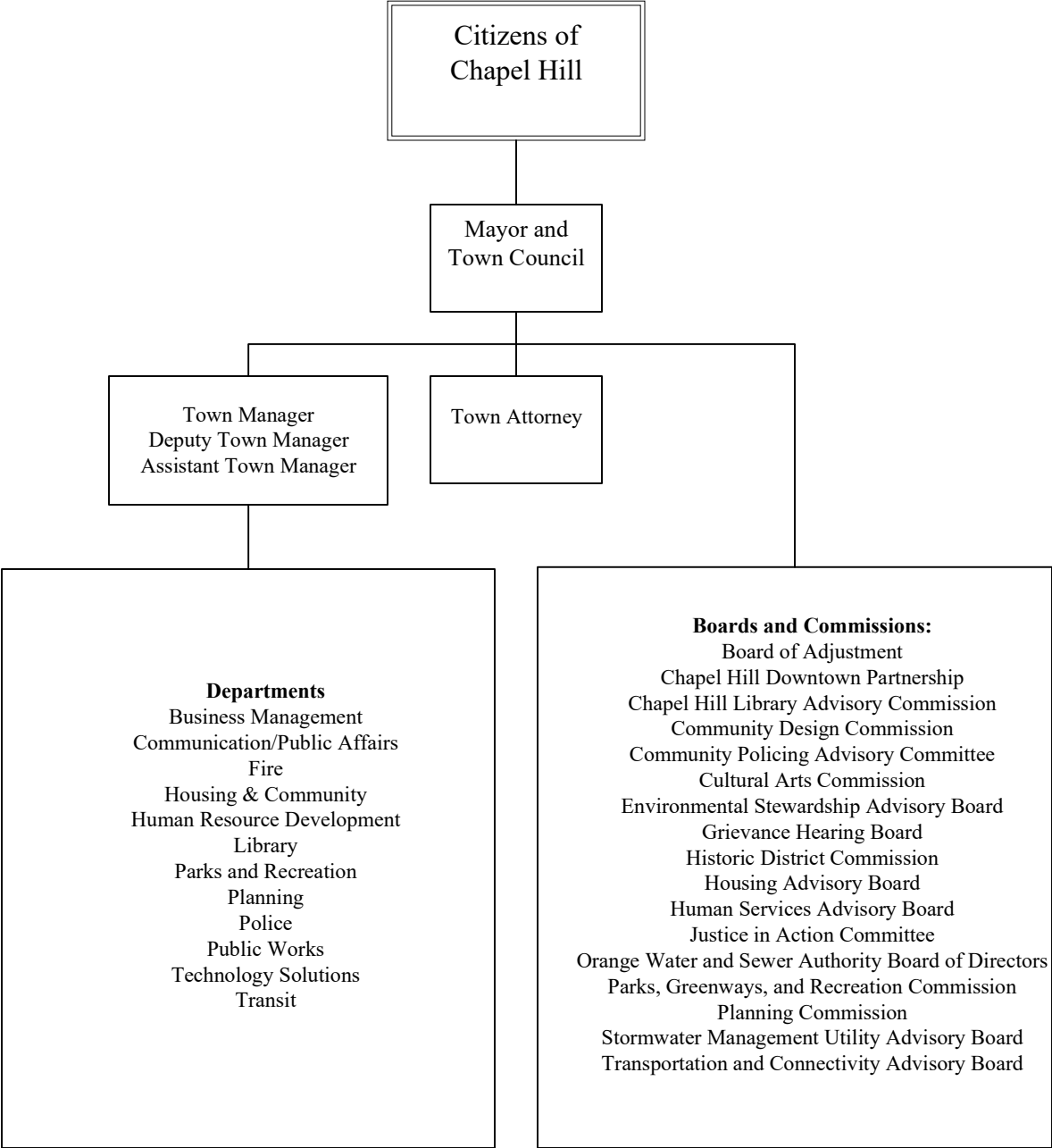
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

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, 2023
MEMBERS OF THE GOVERNING BODY**

Mayor

Pam Hemminger

Mayor pro tem

Karen Stegman

Council Members

Jessica Anderson

Camille Berry

Tai Huynh

Paris Miller-Foushee

Michael Parker

Amy Ryan

Adam Searing

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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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

To the Honorable Mayor and
Members of the 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, as of and for the year ended June 30, 2023, 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, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Chapel Hill, North Carolina, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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, the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total

Pension Liability as a Percentage of Covered Employee Payroll, and the Other Postemployment Benefits' Schedules of Changes in the Net OPEB Liability and Related Ratios, Town Contributions, and Investment Returns be presented to supplement the basic financial statements. Such information 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 of Chapel Hill's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, supplemental ad valorem tax schedules, and the Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Financial Data Schedule is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules, supplemental ad valorem tax schedules, Financial Data Schedule, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical tables 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 10, 2023 on our consideration of the Town of Chapel Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Chapel Hill's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Chapel Hill's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 10, 2023

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, 2023. 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, 2023, 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 \$167.1 million (net position).
- The government's total net position increased by about \$11.7 million, the total of a \$9.7 million increase in governmental activities net position and a \$2.0 million increase in business-type activities net position. These increases are largely the result of the net impact of the issuance of general obligation bonds for streets & sidewalks and affordable housing less the capital related expenditures incurred in FY 2023, a large increase in the net pension liability for LGERS, and lapsed salary savings due to the job market and operational cost savings.
- At June 30, 2023, total net position was \$167.1 million which is made up of \$115.3 million invested in capital assets, \$22.0 restricted net position which has been reserved for specific purposes, and a remaining balance of \$29.8 million that is unrestricted. Restrictions for Stabilization by State Statue accounts for \$19.9 million of net position, largely representing debt service (\$5.7 million), outstanding purchase orders for ongoing Town operating costs (\$1.9 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 \$93.4 million, a decrease of \$474K in comparison with the prior year. This net increase is a result of the general obligation bonds borrowing less the capital related expenditures in FY 2023 and lapsed salary and operational cost savings.
- Unassigned fund balance of the General Fund (totaling approximately \$19.6 million) continues to meet working capital requirements and a policy of reserving at least 12% of total expenditures.

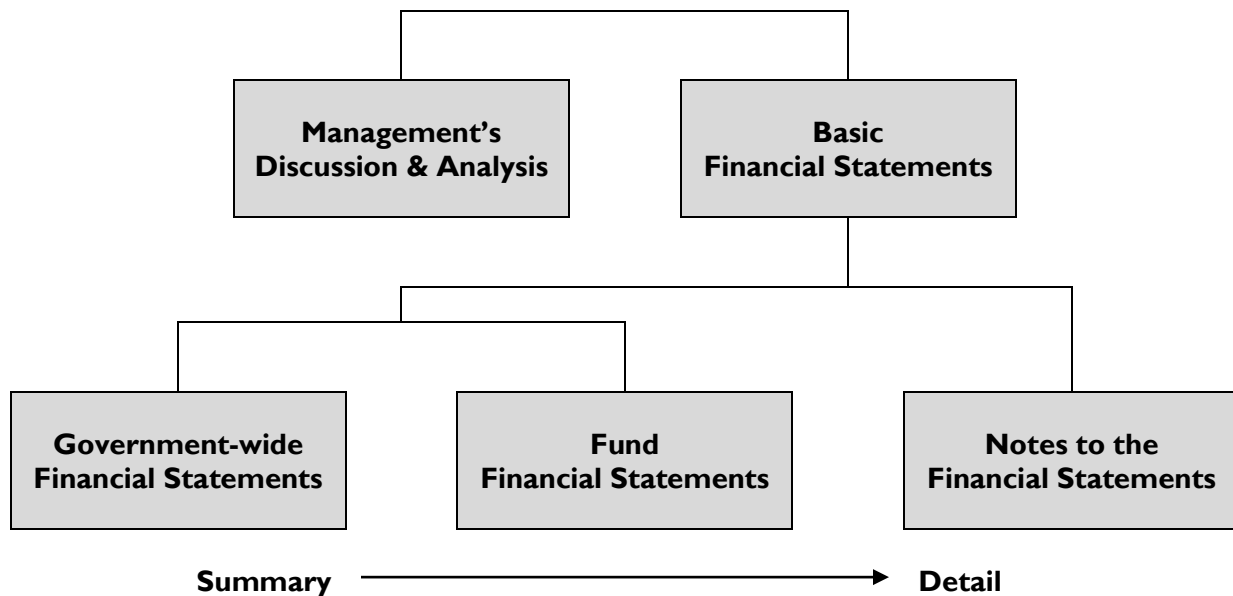
Management's Discussion and Analysis

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 \$33.7 million to \$176.4 million as a result of the issuance of the 2023 general obligation bonds for streets & sidewalks and affordable housing 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 and LEO liabilities.
- For FY 2023, the Town adopted a tax rate at 52.2 cents, a 0.8 cent increase, to help support the costs to run the Town's transit system.
- Property taxes supported 47.1% of the governmental services to citizens and the community in fiscal year 2023.
- 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



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

Management's Discussion and Analysis

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.

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

Management's Discussion and Analysis

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

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

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 39 through 93 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 95 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, 2023 (as shown in Exhibit 1) with comparative data from June 30, 2022.

Town of Chapel Hill's Net Position						
Figure 2						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 114,653,448	\$ 117,176,822	\$ 65,986,159	\$ 55,975,077	\$ 180,639,607	\$ 173,151,899
Capital assets	143,746,667	129,332,792	39,091,914	42,265,214	182,838,581	171,598,006
Total assets	258,400,115	246,509,614	105,078,073	98,240,291	363,478,188	344,749,905
Total deferred outflows of resources	16,702,809	12,313,378	6,214,386	4,017,303	22,917,195	16,330,681
Current liabilities	29,653,442	31,601,722	4,007,395	4,084,474	33,660,837	35,686,196
Non-current liabilities	147,041,938	125,864,410	29,395,251	16,873,302	176,437,189	142,737,712
Total liabilities	176,695,380	157,466,132	33,402,646	20,957,776	210,098,026	178,423,908
Deferred inflows of resources	6,719,232	19,320,487	2,473,328	7,906,782	9,192,560	27,227,269
Net position:						
Net investment in capital assets	81,211,942	74,079,252	34,133,753	36,630,532	115,345,695	110,709,784
Restricted for:						
Stabilization by State Statute	19,927,655	13,530,796	-	-	19,927,655	13,530,796
Capital projects	1,227,873	381,281	-	-	1,227,873	381,281
Inspections	655,158	83,089	-	-	655,158	83,089
Public housing	130,269	128,538	-	-	130,269	128,538
Other functions	-	241,007	-	-	-	241,007
Unrestricted	(11,464,585)	(6,407,590)	41,282,732	36,762,504	29,818,147	30,354,914
Total net position	\$ 91,688,312	\$ 82,036,373	\$ 75,416,485	\$ 73,393,036	\$ 167,104,797	\$ 155,429,409

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 \$167.1 million as of June 30, 2023. The Town's net position increased by a total of \$11.7 million, the total of a \$9.7 million increase in governmental activities net position and a \$2.0 million increase in business-type activities net position. The majority of the increase in the governmental activities net position is the new debt from the 2023 general 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. The majority of the increase in the business-type activities net position comes from lapsed salary and operational cost savings.

The largest portion of net position (about \$115.3 million) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related outstanding debt. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Chapel Hill's investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

Management's Discussion and Analysis

A large portion of the Town of Chapel Hill's net position (about \$22.0 million) represents resources that are subject to external restrictions on how they may be used, leaving a remaining balance of \$29.8 million in unrestricted net position.

Current and other assets increased by \$7.5 million from the prior year. Most of this increase is unspent proceeds from the general obligation bond issuance and installment financing agreement. Capital assets are up \$11.2 million from the prior year due to capital expenditures for large scale projects tied to recent borrowings.

Total liabilities are up \$31.7 million from the prior year. This is due to the general obligation bond issuance, installment finance agreement, a large increase in the net pension liability, offset by annual debt service and decreases to the net OPEB & LEO liabilities.

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 \$9.7 million. The majority of the increase in the governmental activities net position is the new debt from the 2023 general 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 \$2.0 million which was distributed between Transit, Parking, Housing, and Stormwater. These funds all experienced a fairly normal amount of lapsed salary and operational savings.

Figure 3 presents a summary of government-wide activity (as presented in Exhibit 2) for the year ended June 30, 2023, with comparative data for June 30, 2022.

Management's Discussion and Analysis

Town of Chapel Hill's Changes in Net Position

Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 9,854,613	\$ 7,596,795	\$ 8,003,109	\$ 7,296,826	\$ 17,857,722	\$ 14,893,621
Operating grants and contributions	6,213,385	5,079,061	23,666,484	31,545,592	29,879,869	36,624,653
Capital grants and contributions	3,242,227	3,339,114	1,453,225	2,887,006	4,695,452	6,226,120
General revenues:						
Taxes	66,645,209	64,274,760	5,909,203	5,113,815	72,554,412	69,388,575
Grants and contributions not restricted to specific programs	5,346,418	5,111,579	-	-	5,346,418	5,111,579
Investment earnings	2,160,179	56,676	881,398	7,630	3,041,577	64,306
Other	1,756,672	2,779,117	75,295	365,144	1,831,967	3,144,261
Total revenues	95,218,703	88,237,102	39,988,714	47,216,013	135,207,417	135,453,115
Expenses:						
General government	16,712,092	14,187,218	-	-	16,712,092	14,187,218
Environment and development	29,093,531	30,158,640	-	-	29,093,531	30,158,640
Public safety	24,308,967	21,946,099	-	-	24,308,967	21,946,099
Leisure activities	13,871,414	11,888,593	-	-	13,871,414	11,888,593
Interest expense	2,214,168	2,447,780	-	-	2,214,168	2,447,780
Transportation	-	-	30,106,122	24,834,804	30,106,122	24,834,804
Parking facilities	-	-	1,934,504	1,757,499	1,934,504	1,757,499
Housing operations	-	-	2,721,018	2,478,349	2,721,018	2,478,349
Stormwater management	-	-	2,570,213	2,213,481	2,570,213	2,213,481
Total expenses	86,200,172	80,628,330	37,331,857	31,284,133	123,532,029	111,912,463
Increase (decrease) in net position before transfers	9,018,531	7,608,772	2,656,857	15,931,880	11,675,388	23,540,652
Transfers	633,408	1,130,530	(633,408)	(1,130,530)	-	-
Increase (decrease) in net position	9,651,939	8,739,302	2,023,449	14,801,350	11,675,388	23,540,652
Net position, July 1	82,036,373	73,297,071	73,393,036	58,591,686	155,429,409	131,888,757
Net position, June 30	\$ 91,688,312	\$ 82,036,373	\$ 75,416,485	\$ 73,393,036	\$ 167,104,797	\$ 155,429,409

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, 2023 the governmental funds of Chapel Hill reported a combined fund balance of about \$93.4 million, an decrease of \$474K or 0.5% 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 \$19.6 million, with total fund balance of \$35.8 million. The fund balance available for appropriation according to the statutory calculation is 24.8% of expenditures for FY23, 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 54.6% of total fund balance. Total fund balance, which includes reserves and designated amounts, represents 45.4% of total 2022-23 General Fund expenditures and other uses. The total fund balance decreased by about \$471K 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 \$1.0 million to cover debt service costs.

The Capital Projects Ordinance Fund reflects a \$634K increase in fund balance, representing the issuance of the 2023 general 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 the prior year plus the current year expenditures of \$1.8 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 \$3.9 million more than budgeted. The increase is due to conservative budget practices in budgeting revenues and higher than anticipated revenues for sales tax, occupancy tax, utility franchise tax, inspection permits, planning review fees and recreation fees.

Expenditures were about \$5.3 million less than budgeted. About \$2.1 million represents lapsed salary and benefit savings from vacant positions, \$448K from economic incentives that won't be paid out until FY 2024, and other various operational savings. About \$1.9 million represents purchase orders and commitments at year end that, with the approval of Council, are carried forward to the subsequent fiscal year. The Town also plans for actual revenues to exceed expenditures by \$2.5 million each year to become a part of appropriated fund balance in the following year.

Proprietary Funds. Chapel Hill's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Enterprise Funds at the end of the fiscal year was \$33.4 million for the Transit Fund, \$4.6 million for the Housing Operating Fund and \$5.6 million for the Stormwater Management Fund. The Parking Facilities Fund shows a deficit in unrestricted net position of \$2.4 million with \$3.6 million invested in capital assets, net of related

Management’s Discussion and Analysis

debt. Other factors concerning the finances of these funds are addressed in the discussion of the Town of Chapel Hill’s business-type activities.

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, 2023, capital assets totaled \$182.8 million compared with \$171.8 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, Elliott Road reconstruction, Estes Drive bike lanes, Bolin Creek trail, and bus purchases.

Town of Chapel Hill Capital Assets (net of depreciation & amortization) Figure 4						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 39,426,813	\$ 39,426,813	\$ 7,341,298	\$ 7,341,298	\$ 46,768,111	\$ 46,768,111
Easements	678,950	476,198	3,000	3,000	681,950	479,198
Land improvements	22,017,439	22,448,979	5,316,351	5,762,593	27,333,790	28,211,572
Infrastructure	269,193	1,746,022	-	-	269,193	1,746,022
Buildings and building improvements	27,189,607	30,391,603	9,773,571	10,945,406	36,963,178	41,337,009
Equipment	726,384	829,707	638,459	403,429	1,364,843	1,233,136
Vehicles	4,722,725	4,409,184	15,261,571	17,261,860	19,984,296	21,671,044
Construction in progress	48,521,426	29,604,286	587,744	547,628	49,109,170	30,151,914
Right to use assets:						
Leased land	6,998	15,396	-	12,796	6,998	28,192
Leased land improvements	-	-	20,520	115,856	20,520	115,856
Leased buildings	-	-	149,400	10,192	149,400	10,192
IT subscriptions	187,132	-	-	-	187,132	-
Total	\$ 143,746,667	\$ 129,348,188	\$ 39,091,914	\$ 42,404,058	\$ 182,838,581	\$ 171,752,246

Additional information on the Town’s capital assets can be found in Note F, Capital Assets beginning on page 59 of the Basic Financial Statements.

Long-term Debt. As shown in Figure 5, as of June 30, 2023 the Town of Chapel Hill had total outstanding bonded debt, backed by the full faith and credit of the Town, of \$47,516,000. The Town also had \$44,900,000 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

Management's Discussion and Analysis

funding construction of the Town Operations Center and the 140 West Parking Deck, and to refund installment notes for renovations to various municipal facilities. To continue sustaining the Town's bus fleet, the Town borrowed \$8.155 million in FY 2023 in an installment financing for the purchase of up to 8 electric & hybrid buses. The last bus borrowing from FY 2017 has a remaining balance of \$The remaining principal balance \$2.7 million. The Town's total debt of about \$189.6 million also includes the net other postemployment liability of \$30.8 million as required by GASB 75, total pension liability of \$6.4 million for the law enforcement special separation allowance as required by GASB 73 and \$30.2 for LGERS. For more information on these GASB statements and their effect on the Town's financial statements, please refer to pages 83-96 of the Notes to the Financial Statements.

**Town of Chapel Hill
Outstanding Debt
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 45,491,000	\$ 33,422,000	\$ 2,025,000	\$ 2,160,000	\$ 47,516,000	\$ 35,582,000
Limited obligation bonds	44,900,000	49,225,000	-	-	44,900,000	49,225,000
Installment notes payable	4,268,000	4,819,000	10,889,000	3,383,000	15,157,000	8,202,000
Orange County loan payable	123,146	123,146	-	-	123,146	123,146
Bond premium	9,922,381	8,896,975	97,164	103,642	10,019,545	9,000,617
Lease liability	-	11,923	157,112	43,376	157,112	55,299
IT subscription liability	176,189	-	-	-	176,189	-
Total pension liability for LEO	6,398,481	7,312,232	-	-	6,398,481	7,312,232
Net pension liability for LGERS	21,365,683	6,029,081	8,795,084	2,530,838	30,160,767	8,559,919
Compensated absences	3,356,706	3,019,801	858,183	745,327	4,214,889	3,765,128
Net other postemployment liability	21,894,043	23,387,487	8,864,657	9,469,365	30,758,700	32,856,852
Total	\$157,895,629	\$136,246,645	\$ 31,686,200	\$ 18,435,548	\$189,581,829	\$154,682,193

The Town's total debt from governmental activities increased by \$21.6 million or 15.9%, to \$157.9 million during the past fiscal year. The increase represents the increase in general 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 \$13.3 million or 71.9% to \$31.7 million, resulting from mostly from the bus installment financing agreement and 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, 2023 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.

Management's Discussion and Analysis

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.

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 \$704 million, which is well above the town's outstanding debt for general obligation bonds of approximately \$47.5 million plus the \$11.1 million authorized but unissued, which combined is about 7.7% 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 66 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 \$2.2 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 3.2% at June 30, 2023 which is just below the state average of 3.3%.
- 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, 2024

Governmental Activities:

General Fund revenues budgeted for FY 2024 total \$84.9 million. Town Council adopted a tax rate of 57.2 cents for the FY 2023-24 budget, which represents a 5.0 cent increase over the prior year. The breakdown in cents per \$100 valuation is as follows: General Fund 42.2 cents, Debt Service Fund 8.8 cents and Transit Fund 6.2 cents. The tax base for 2023-24 is estimated to be \$9.73 billion, a 1.8%

Management's Discussion and Analysis

increase over prior year, which is in line with expected annual growth. Property taxes are budgeted at \$41.1 million for the General Fund.

Sales taxes are budgeted at \$22.0 million, an 8.6% increase from prior year as we have continued to budget conservatively while actual collections continue to exceed expectations. Actual collections for 2022-23 were \$20.8 million. Growth is projected in licenses and permits (inspection permits) which are budgeted at \$3.1 million, a 10.1% increase from prior year budget, charges for services which are budgeted at \$5.4 million, a 12.4% increase from prior year budget (parks facilities and program revenues) and occupancy tax which is budgeted at \$1.5 million, a 20% increase from prior year budget (tourism returns to pre-pandemic levels). Appropriated fund balance is budgeted at \$2.5 million.

General Fund expenditures of \$84.9 million represent an 10.7% increase from the budget for 2022-23. The goal of the budget is to align allocations with Council and community priorities. The 5-cent tax increase for FY 2024 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 restores 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 2023-24 are budgeted at \$12.8 million. The Debt Service tax rate, which remains the same in 2024, of 8.8 cents per \$100 in valuation is expected to generate about \$8.6 million. The majority of the difference consists of a planned use of fund balance to offset debt service costs.

Other governmental activities budgeted for 2023-24 reflect a continuation of existing service levels in keeping with budget goals.

Business-type Activities:

The Transit Fund's 2023-24 budget of \$32.1 million continues the fare-free system with small increases in contributions from the system partners, the University of North Carolina and Town of Carrboro, and the Town with the 1.8% annual growth in the dedicated portion of the Town's tax rate (6.2 cents) allocated to Transit. The other increases are in grant funding – 9.4% increase in both federal and state assistance. Overall, the Transit budget increased 2.2% over the 2022-23 budget.

The Parking Facilities Fund budget remains flat compared to 2022-23.

The Housing Operations budget increased 7.1% overall from 2022-23 in HUD contributions and tenant rent revenues which help manage the public housing program.

Stormwater Management's budget remained flat compared to 2022-23.

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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 43,609,453	\$ 57,601,196	\$ 101,210,649	\$ 19,236,323
Taxes receivable, net	163,730	16,319	180,049	-
Accounts receivable, net	789,446	1,860,502	2,649,948	5,967,331
Lease receivable	58,561	-	58,561	207,523
Due from other governments	10,902,572	3,437,990	14,340,562	-
Internal balances	6,219,349	(6,219,349)	-	-
Inventories	98,800	966,533	1,065,333	2,190,874
Prepaid items	-	-	-	340,095
Restricted cash and cash equivalents	-	112,853	112,853	5,028,662
Total current assets	61,841,911	57,776,044	119,617,955	32,970,808
Non-current assets:				
Restricted cash and cash equivalents	52,725,032	8,210,115	60,935,147	355,658
Lease receivable	86,505	-	86,505	424,237
Capital assets (Note E):				
Land and construction in progress	88,627,189	7,932,042	96,559,231	48,445,990
Other capital assets, net of accumulated depreciation	54,925,348	30,989,952	85,915,300	321,967,938
Right to use leased asset, net of amortization	6,998	169,920	176,918	-
Right to use subscription asset, net of amortization	187,132	-	187,132	-
Total capital assets	143,746,667	39,091,914	182,838,581	370,413,928
Total non-current assets	196,558,204	47,302,029	243,860,233	371,193,823
Total assets	258,400,115	105,078,073	363,478,188	404,164,631
DEFERRED OUTFLOWS OF RESOURCES				
Pension and OPEB deferrals	16,702,809	6,214,386	22,917,195	7,336,540
Deferred charge on refunding	-	-	-	280,805
Total deferred outflows of resources	16,702,809	6,214,386	22,917,195	7,617,345
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	4,524,535	1,587,274	6,111,809	4,395,765
Advance from grantor	8,468,767	-	8,468,767	-
Other liabilities	-	16,319	16,319	-
Liabilities payable from restricted assets	5,806,449	112,853	5,919,302	2,199,501
Current portion of long-term liabilities	10,853,691	2,290,949	13,144,640	8,203,937
Total current liabilities	29,653,442	4,007,395	33,660,837	14,799,203
Non-current liabilities:				
Net other postemployment liability	21,894,043	8,864,657	30,758,700	12,084,265
Net pension liability (LERS)	21,365,683	8,795,084	30,160,767	6,896,084
Total pension liability (LEOSSA)	6,398,481	-	6,398,481	-
Due in more than one year	97,383,731	11,735,510	109,119,241	79,442,536
Total non-current liabilities	147,041,938	29,395,251	176,437,189	98,422,885
Total liabilities	176,695,380	33,402,646	210,098,026	113,222,088
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	4,063	-	4,063	-
Leases	144,289	-	144,289	657,911
Pension and OPEB deferrals	6,570,880	2,473,328	9,044,208	5,790,082
Total deferred inflows of resources	6,719,232	2,473,328	9,192,560	6,447,993
NET POSITION				
Net investment in capital assets	81,211,942	34,133,753	115,345,695	284,008,636
Restricted for:				
Stabilization by State Statute	19,927,655	-	19,927,655	-
Capital projects	1,227,873	-	1,227,873	-
Inspections	655,158	-	655,158	-
Public housing	130,269	-	130,269	-
Water and sewer	-	-	-	355,658
Unrestricted	(11,464,585)	41,282,732	29,818,147	7,747,601
Total net position	\$ 91,688,312	\$ 75,416,485	\$ 167,104,797	\$ 292,111,895

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

TOWN OF CHAPEL HILL, NORTH CAROLINA

Exhibit 2

STATEMENT OF ACTIVITIES
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	
Primary Government								
Governmental activities:								
General government	\$ 16,712,092	\$ 2,038,365	\$ -	\$ -	\$ (14,673,727)	\$ -	\$ (14,673,727)	\$ -
Environment and development	29,093,531	5,839,917	4,337,455	3,242,227	(15,673,932)	-	(15,673,932)	-
Public safety	24,308,967	559,743	1,169,870	-	(22,579,354)	-	(22,579,354)	-
Leisure activities	13,871,414	1,416,588	706,060	-	(11,748,766)	-	(11,748,766)	-
Interest expense	2,214,168	-	-	-	(2,214,168)	-	(2,214,168)	-
Total governmental activities	86,200,172	9,854,613	6,213,385	3,242,227	(66,889,947)	-	(66,889,947)	-
Business-type activities:								
Transportation	30,106,122	1,008,975	22,296,707	1,143,490	-	(5,656,950)	(5,656,950)	-
Parking Facilities	1,934,504	2,552,367	-	-	-	617,863	617,863	-
Housing Operations	2,721,018	1,240,336	1,369,777	309,735	-	198,830	198,830	-
Stormwater Management	2,570,213	3,201,431	-	-	-	631,218	631,218	-
Total business-type activities	37,331,857	8,003,109	23,666,484	1,453,225	-	(4,209,039)	(4,209,039)	-
Total primary government	123,532,029	17,857,722	29,879,869	4,695,452	(66,889,947)	(4,209,039)	(71,098,986)	-
Component unit - Orange Water and Sewer Authority	\$ 40,936,985	\$ 42,601,900	\$ -	\$ 4,068,631	-	-	-	5,733,546
General revenues:								
Property taxes					44,357,668	5,909,203	50,266,871	-
Sales tax					20,646,299	-	20,646,299	-
Occupancy tax					1,514,877	-	1,514,877	-
Other taxes					126,365	-	126,365	-
Grants and contributions not restricted to specific programs:								
Intergovernmental					5,346,418	-	5,346,418	-
Investment earnings					2,160,179	881,398	3,041,577	684,832
Miscellaneous					1,756,672	75,295	1,831,967	2,218,506
Total general revenues not including transfers					75,908,478	6,865,896	82,774,374	2,903,338
Transfers					633,408	(633,408)	-	-
Total general revenues and transfers					76,541,886	6,232,488	82,774,374	2,903,338
Change in net position					9,651,939	2,023,449	11,675,388	8,636,884
Net position, beginning					82,036,373	73,393,036	155,429,409	283,475,011
Net position - ending					\$ 91,688,312	\$ 75,416,485	\$ 167,104,797	\$ 292,111,895

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

MAJOR FUNDS

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

GOVERNMENTAL FUNDS

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

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

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

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

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

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

BUSINESS-TYPE FUNDS

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

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

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

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

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

FIDUCIARY FUNDS

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

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

GOVERNMENTAL FUNDS

**BALANCE SHEET
JUNE 30, 2023**

	Major Funds					Total Governmental Funds
	General	Debt Service	Capital Projects Ordinance	American Rescue Plan	Other Governmental Funds	
ASSETS						
Cash and cash equivalents	\$ 28,994,310	\$ 4,176,879	\$ 1,692,309	\$ -	\$ 6,755,543	\$ 41,619,041
Receivables:						
Due from other funds	1,872,537	5,649,445	-	-	-	7,521,982
Property taxes, net	138,403	23,159	-	-	2,168	163,730
Governmental units and agencies	8,017,482	50,196	1,318,778	-	1,516,116	10,902,572
Leases	145,066	-	-	-	-	145,066
Other	769,306	-	-	-	-	769,306
Inventories	1,565	-	-	-	16,538	18,103
Restricted cash and equivalents	883,476	-	42,345,991	8,696,526	799,039	52,725,032
TOTAL ASSETS	\$ 40,822,145	\$ 9,899,679	\$ 45,357,078	\$ 8,696,526	\$ 9,089,404	\$ 113,864,832
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 1,302,633	\$ 1,302,633
Accounts payable	2,049,266	-	66,782	-	385,129	2,501,177
Accrued liabilities	1,544,701	-	-	-	22,775	1,567,476
Advance from grantor	-	-	-	8,468,767	-	8,468,767
Accounts payable from restricted assets	168,010	-	4,504,103	227,759	145,116	5,044,988
Other payables from restricted assets	715,466	-	-	-	45,995	761,461
Total liabilities	<u>4,477,443</u>	<u>-</u>	<u>4,570,885</u>	<u>8,696,526</u>	<u>1,901,648</u>	<u>19,646,502</u>
DEFERRED INFLOWS OF RESOURCES						
Property taxes receivable	138,403	23,159	-	-	2,168	163,730
Fees and charges receivable	228,845	-	-	-	246,665	475,510
Prepaid taxes	4,063	-	-	-	-	4,063
Leases	144,289	-	-	-	-	144,289
Total deferred inflows of resources	<u>515,600</u>	<u>23,159</u>	<u>-</u>	<u>-</u>	<u>248,833</u>	<u>787,592</u>

Continued

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2023

	Major Funds					Total Governmental Funds
	General	Debt Service	Capital Projects Ordinance	American Rescue Plan	Other Governmental Funds	
FUND BALANCES						
Nonspendable						
Inventories	\$ 1,565	\$ -	\$ -	\$ -	\$ 16,538	\$ 18,103
Leases	777	-	-	-	-	777
Restricted						
Stabilization by State Statute	12,333,204	5,699,641	-	-	1,894,810	19,927,655
Inspections	655,158	-	-	-	-	655,158
Parks capital projects	52,954	-	4,795,237	-	-	4,848,191
Streets capital projects	483,622	-	11,345,222	-	-	11,828,844
Municipal buildings projects	-	-	15,274,675	-	-	15,274,675
Affordable housing projects	-	-	8,813,625	-	-	8,813,625
Public housing	-	-	-	-	130,269	130,269
Public safety	176,641	-	557,434	-	-	734,075
Infrastructure capital projects	-	-	-	-	221,566	221,566
Library	-	-	-	-	109,805	109,805
Committed						
Debt service payments	-	813,667	-	-	-	813,667
Municipal buildings projects	-	-	-	-	548,446	548,446
Infrastructure capital projects	-	-	-	-	344,440	344,440
Parks capital projects	-	-	-	-	36,530	36,530
Public housing	-	-	-	-	3,282,089	3,282,089
Climate action	-	-	-	-	102,946	102,946
Economic development	-	-	-	-	114,620	114,620
Assigned						
Subsequent year's expenditures	2,469,359	3,363,212	-	-	36,506	5,869,077
Workforce Development	10,016	-	-	-	-	10,016
Municipal buildings projects	-	-	-	-	151,042	151,042
Streets capital projects	-	-	-	-	104	104
Economic development	70,014	-	-	-	-	70,014
Public housing	-	-	-	-	156,558	156,558
Unassigned	19,575,792	-	-	-	(207,346)	19,368,446
Total fund balances	<u>35,829,102</u>	<u>9,876,520</u>	<u>40,786,193</u>	<u>-</u>	<u>6,938,923</u>	<u>93,430,738</u>
TOTAL LIABILITIES, DEFERRED						
INFLOWS AND FUND BALANCES	<u>\$ 40,822,145</u>	<u>\$ 9,899,679</u>	<u>\$ 45,357,078</u>	<u>\$ 8,696,526</u>	<u>\$ 9,089,404</u>	<u>\$ 113,864,832</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, 2023

Fund balances - total governmental funds	\$	93,430,738
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Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

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

Governmental capital assets	268,941,422	
Less accumulated depreciation	<u>127,882,542</u>	141,058,880

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

Right to use leased assets at historical cost	23,794	
Less accumulated amortization	<u>16,796</u>	6,998

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	351,357	
Less accumulated amortization	<u>164,225</u>	187,132

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	(94,659,000)	
Net other postemployment liability	(21,500,332)	
Orange County loan payable	(123,146)	
Bond premium	(9,922,381)	
Accrued vacation payable	(3,313,681)	
Net pension liability (LGERS)	(21,071,291)	
Total pension liability (LEO)	(6,398,481)	
IT subscription liability	<u>(176,189)</u>	(157,164,501)

Deferred outflows of resources - pension

14,195,883

Deferred outflows of resources - OPEB

861,358

Deferred outflows of resources - LEOSSA

<u>1,395,311</u>	16,452,552
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Deferred inflows of resources - pension

(454,095)

Deferred inflows of resources - OPEB

(5,158,313)

Deferred inflows of resources - LEOSSA

<u>(850,518)</u>	(6,462,926)
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Liabilities for earned revenues considered deferred inflows of resources in the governmental funds.

639,240

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

3,540,199

Net position of governmental activities

\$ 91,688,312

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, 2023

	Major Funds					Total Governmental Funds
	General	Debt Service	Capital Projects Ordinance	American Rescue Plan	Other Governmental Funds	
REVENUES						
Taxes	\$ 57,850,152	\$ 8,388,560	\$ -	\$ -	\$ 406,497	\$ 66,645,209
Licenses and permits	4,345,136	-	-	-	-	4,345,136
Fines and forfeitures	31,392	-	-	-	-	31,392
Intergovernmental revenues						
Federal government	87,350	-	1,620,251	1,767,785	1,580,509	5,055,895
State government	8,077,517	-	166,513	-	576,017	8,820,047
Other	680,889	-	-	-	245,199	926,088
Charges for services	5,212,191	-	-	-	-	5,212,191
Interest on investments	598,665	768,793	727,054	-	65,667	2,160,179
Franchise rental fees	-	-	-	-	75,134	75,134
Program income	-	-	-	-	190,760	190,760
Donations	107,085	-	-	-	187,261	294,346
Revenue in lieu	16,351	-	106,164	-	-	122,515
Mutual aid reimbursements	565,167	-	-	-	-	565,167
Other	326,166	-	10,879	-	4,625	341,670
Total revenues	77,898,061	9,157,353	2,630,861	1,767,785	3,331,669	94,785,729
EXPENDITURES						
General government	17,058,497	-	-	-	-	17,058,497
Environment and development	19,184,143	-	-	1,767,785	2,437,650	23,389,578
Public safety	25,353,594	-	-	-	133,657	25,487,251
Leisure activities	11,567,471	-	-	-	336,026	11,903,497
Capital projects	-	-	19,730,131	-	3,440,258	23,170,389
Debt service:						
Principal	187,091	7,732,000	-	-	-	7,919,091
Interest and fiscal charges	859	2,904,105	-	-	-	2,904,964
Total expenditures	73,351,655	10,636,105	19,730,131	1,767,785	6,347,591	111,833,267
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	4,546,406	(1,478,752)	(17,099,270)	-	(3,015,922)	(17,047,538)

Continued

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	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	-	-	14,925,000	-	-	14,925,000
Premium on bond issuance	-	-	1,716,202	-	-	1,716,202
Insurance recovery	81,617	-	-	-	-	81,617
Subscription financing	351,357	-	-	-	-	351,357
Transfer from other funds	45,000	445,100	1,092,500	-	3,457,577	5,040,177
Transfer to other funds	(5,495,569)	-	-	-	(45,000)	(5,540,569)
Total other financing sources (uses)	(5,017,595)	445,100	17,733,702	-	3,412,577	16,573,784
NET CHANGE IN TOTAL FUND BALANCES	(471,189)	(1,033,652)	634,432	-	396,655	(473,754)
FUND BALANCES, BEGINNING	36,300,291	10,910,172	40,151,761	-	6,542,268	93,904,492
FUND BALANCES, ENDING	<u>\$ 35,829,102</u>	<u>\$ 9,876,520</u>	<u>\$ 40,786,193</u>	<u>\$ -</u>	<u>\$ 6,938,923</u>	<u>\$ 93,430,738</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, 2023

Net change in fund balances - total governmental funds		\$	(473,754)
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Amounts reported for governmental activities in the statement of activities are different because of the following:

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

Expenditures for capital assets	21,288,901	
Current year's depreciation	<u>7,500,544</u>	13,788,357

Right to use leased asset capital outlay expenditures which were capitalized

Amortization expense for leased intangible assets	<u>-</u>	(8,398)
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Right to use IT subscription asset capital outlay expenditures which were capitalized

Amortization expense for IT subscription intangible assets	<u>351,357</u>	187,132
	<u>164,225</u>	

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.

7,919,091

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

(14,925,000)

Bond premium in the current year is reported on the fund financial statements when debt is issued but amortized in the statement of activities.

(1,716,202)

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	(334,720)
Change in long-term separation allowance	913,751
Other postemployment benefits	1,466,821
Pension expense	7,438,750

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

(6,012,195)

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

(252,923)

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

223,338

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

747,095

Change in net position of governmental activities	\$	<u>9,651,939</u>
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The notes to the financial statements are an integral part of this statement.

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 35,828,500	\$ 35,828,500	\$ 35,562,611	\$ (265,889)
Local option sales taxes	20,246,281	20,246,281	20,646,299	400,018
Other taxes	1,337,000	1,337,000	1,641,242	304,242
Licenses and permits	2,924,600	2,924,600	4,345,136	1,420,536
Fines and forfeitures	22,750	22,750	31,392	8,642
Intergovernmental revenues	8,555,095	8,632,717	8,845,756	213,039
Charges for services	4,259,042	4,259,042	5,212,191	953,149
Interest on investments	10,000	10,000	598,665	588,665
Other	772,342	774,342	1,014,769	240,427
TOTAL REVENUES	73,955,610	74,035,232	77,898,061	3,862,829
EXPENDITURES				
General government	17,639,177	18,941,370	17,234,447	1,706,923
Environment and development	19,054,575	21,619,164	19,184,143	2,435,021
Public safety	25,640,864	25,912,897	25,353,594	559,303
Leisure activities	11,811,762	12,144,751	11,579,471	565,280
Total expenditures	74,146,378	78,618,182	73,351,655	5,266,527
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	(190,768)	(4,582,950)	4,546,406	9,129,356
OTHER FINANCING SOURCES (USES)				
Insurance recovery	25,000	25,000	81,617	56,617
Subscription financing	-	-	351,357	
Transfer from other funds	45,000	45,000	45,000	-
Transfer to other funds	(2,542,622)	(5,519,922)	(5,495,569)	24,353
Appropriated fund balance	2,663,390	10,032,872	-	(10,032,872)
Total other financing sources (uses)	190,768	4,582,950	(5,017,595)	(9,951,902)
NET CHANGE IN TOTAL FUND BALANCE	\$ -	\$ -	(471,189)	\$ (471,189)
FUND BALANCE, BEGINNING			36,300,291	
FUND BALANCE, ENDING			\$ 35,829,102	

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, 2023

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 41,563,021	\$ 3,849,373	\$ 6,040,069	\$ 6,148,733
Restricted cash and cash equivalents	8,210,115	-	82,678	30,175
Receivables:				
Accounts receivable, net	1,212,769	78,383	167,769	401,581
Governmental units and agencies	3,436,202	12	-	1,776
Property taxes, net	16,319	-	-	-
Inventories	933,143	-	33,390	-
Total current assets	<u>55,371,569</u>	<u>3,927,768</u>	<u>6,323,906</u>	<u>6,582,265</u>
NONCURRENT ASSETS				
Capital assets:				
Land and other non-depreciable assets	2,099,537	3,449,845	2,000,673	381,987
Other capital assets, net of accumulated depreciation	21,816,263	141,824	4,619,267	4,412,598
Right to use leased asset, net of amortization	-	20,520	-	149,400
Total capital assets, net	<u>23,915,800</u>	<u>3,612,189</u>	<u>6,619,940</u>	<u>4,943,985</u>
Total noncurrent assets	<u>23,915,800</u>	<u>3,612,189</u>	<u>6,619,940</u>	<u>4,943,985</u>
TOTAL ASSETS	<u>79,287,369</u>	<u>7,539,957</u>	<u>12,943,846</u>	<u>11,526,250</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension & OPEB deferrals	5,182,992	236,430	416,301	378,663
Total deferred outflows of resources	<u>5,182,992</u>	<u>236,430</u>	<u>416,301</u>	<u>378,663</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	871,421	63,585	59,573	90,982
Accrued liabilities	411,220	16,702	34,720	39,071
Deposits payable from restricted assets	-	-	82,678	30,175
Due to other funds	-	5,649,445	569,904	-
Compensated absences	593,737	42,545	46,384	70,652
Unearned revenue	16,319	-	-	-
Lease liability	-	-	-	64,631
Bonds payable	-	-	-	135,000
Installment purchase agreements	1,338,000	-	-	-
Total current liabilities	<u>3,230,697</u>	<u>5,772,277</u>	<u>793,259</u>	<u>430,511</u>
NONCURRENT LIABILITIES				
Compensated absences	78,788	-	23,002	3,075
Net other postemployment liability	7,434,378	359,877	581,339	489,063
Net pension liability	7,446,757	286,696	604,280	457,351
Lease liability	-	-	-	92,481
Bonds payable	-	-	-	1,987,164
Installment purchase agreements	9,551,000	-	-	-
Total noncurrent liabilities	<u>24,510,923</u>	<u>646,573</u>	<u>1,208,621</u>	<u>3,029,134</u>
Total liabilities	<u>27,741,620</u>	<u>6,418,850</u>	<u>2,001,880</u>	<u>3,459,645</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	2,072,081	99,233	162,816	139,198
Total deferred inflows of resources	<u>2,072,081</u>	<u>99,233</u>	<u>162,816</u>	<u>139,198</u>
NET POSITION				
Net investment in capital assets	21,236,915	3,612,189	6,619,940	2,664,709
Unrestricted	33,419,745	(2,353,885)	4,575,511	5,641,361
Total net position	<u>\$ 54,656,660</u>	<u>\$ 1,258,304</u>	<u>\$ 11,195,451</u>	<u>\$ 8,306,070</u>

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

PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2023

	Enterprise Funds Total	Internal Service Funds Total
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 57,601,196	\$ 1,990,412
Restricted cash and cash equivalents	8,322,968	-
Receivables:		
Accounts receivable, net	1,860,502	20,140
Governmental units and agencies	3,437,990	-
Property taxes, net	16,319	-
Inventories	966,533	80,697
Total current assets	<u>72,205,508</u>	<u>2,091,249</u>
NONCURRENT ASSETS		
Capital assets:		
Land and other non-depreciable assets	7,932,042	-
Other capital assets, net of accumulated depreciation	30,989,952	2,493,657
Right to use leased asset, net of amortization	169,920	-
Total capital assets, net	<u>39,091,914</u>	<u>2,493,657</u>
Total noncurrent assets	<u>39,091,914</u>	<u>2,493,657</u>
TOTAL ASSETS	<u>111,297,422</u>	<u>4,584,906</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	6,214,386	250,257
Total deferred outflows of resources	<u>6,214,386</u>	<u>250,257</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,085,561	437,527
Accrued liabilities	501,713	18,355
Deposits payable from restricted assets	112,853	-
Due to other funds	6,219,349	-
Compensated absences	753,318	37,384
Unearned revenue	16,319	-
Lease liability	64,631	-
Bonds payable	135,000	-
Installment purchase agreements	1,338,000	-
Total current liabilities	<u>10,226,744</u>	<u>493,266</u>
NONCURRENT LIABILITIES		
Compensated absences	104,865	5,641
Net other postemployment liability	8,864,657	393,711
Net pension liability	8,795,084	294,392
Lease liability	92,481	-
Bonds payable	1,987,164	-
Installment purchase agreements	9,551,000	-
Total noncurrent liabilities	<u>29,395,251</u>	<u>693,744</u>
Total liabilities	<u>39,621,995</u>	<u>1,187,010</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	2,473,328	107,954
Total deferred inflows of resources	<u>2,473,328</u>	<u>107,954</u>
NET POSITION		
Net investment in capital assets	34,133,753	2,493,657
Unrestricted	41,282,732	1,046,542
Total net position	<u>\$ 75,416,485</u>	<u>\$ 3,540,199</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, 2023

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
OPERATING REVENUES				
Charges for services	\$ 556,235	\$ 2,552,367	\$ 1,240,336	\$ 3,201,431
OPERATING EXPENSES				
Personnel	14,118,556	585,927	1,097,405	1,405,030
Depreciation and amortization	4,147,477	183,378	648,216	390,609
Drainage maintenance	-	-	-	154,379
Fuel and tires	1,625,683	-	-	-
Indirect costs	1,389,681	56,092	-	134,948
Maintenance and repairs	-	18,264	140,625	-
Building maintenance	549,770	-	-	-
Vehicle maintenance	1,209,146	-	-	-
Utilities	-	-	280,966	-
Insurance	425,031	-	-	-
Advertising and marketing	44,604	-	-	-
Professional services	360,347	-	-	185,057
Contracted services	5,038,299	106,669	356,393	182,166
Tarheel Express	235,961	-	-	-
Uniforms and supplies	151,646	-	-	-
Credit card fees	-	138,131	-	-
Parking lots	-	631,114	-	-
Other	691,806	214,081	197,413	45,347
Total operating expenses	29,988,007	1,933,656	2,721,018	2,497,536
OPERATING INCOME (LOSS)	(29,431,772)	618,711	(1,480,682)	703,895
NONOPERATING REVENUES (EXPENSES)				
Federal Operating Assistance Grant	2,898,896	-	1,369,777	-
State Operating Assistance Grant	3,631,704	-	-	-
Operating assistance-UNC Chapel Hill	9,339,002	-	-	-
Operating assistance-Town of Carrboro	1,992,152	-	-	-
Operating assistance - TTA Vehicle Fees	4,434,953	-	-	-
Vehicle licenses	452,740	-	-	-
Ad valorem taxes	5,909,203	-	-	-
Interest on investments	754,285	880	24,107	102,126
Insurance recovery	11,175	-	-	-
Lease revenue	-	53,770	-	-
Interest expense	(118,115)	(823)	-	(72,677)
Gain (Loss) on sale of capital assets	10,350	-	-	-
Gain (Loss) on lease modification	-	(25)	-	-
Total nonoperating revenues (expenses), net	29,316,345	53,802	1,393,884	29,449
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	(115,427)	672,513	(86,798)	733,344
CAPITAL CONTRIBUTIONS	1,143,490	-	309,735	-
TRANSFERS				
Transfers in	-	-	-	8,338
Transfers out	(641,746)	-	-	-
Total transfers	(641,746)	-	-	8,338
CHANGE IN NET POSITION	386,317	672,513	222,937	741,682
NET POSITION, BEGINNING	54,270,343	585,791	10,972,514	7,564,388
NET POSITION, ENDING	\$ 54,656,660	\$ 1,258,304	\$ 11,195,451	\$ 8,306,070

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, 2023

	Enterprise Funds Total	Internal Service Funds Total
OPERATING REVENUES		
Charges for services	\$ 7,550,369	\$ 2,248,788
OPERATING EXPENSES		
Personnel	17,206,918	654,789
Depreciation and amortization	5,369,680	774,044
Drainage maintenance	154,379	-
Fuel and tires	1,625,683	-
Indirect costs	1,580,721	-
Maintenance and repairs	158,889	-
Building maintenance	549,770	-
Vehicle maintenance	1,209,146	-
Utilities	280,966	-
Insurance	425,031	-
Advertising and marketing	44,604	-
Professional services	545,404	-
Contracted services	5,683,527	-
Tarheel Express	235,961	-
Uniforms and supplies	151,646	-
Credit card fees	138,131	-
Parking lots	631,114	-
Other	1,148,647	1,321,051
Total operating expenses	37,140,217	2,749,884
OPERATING INCOME (LOSS)	(29,589,848)	(501,096)
NONOPERATING REVENUES (EXPENSES)		
Federal Operating Assistance Grant	4,268,673	-
State Operating Assistance Grant	3,631,704	-
Operating assistance-UNC Chapel Hill	9,339,002	-
Operating assistance-Town of Carrboro	1,992,152	-
Operating assistance - TTA Vehicle Fees	4,434,953	-
Vehicle licenses	452,740	-
Ad valorem taxes	5,909,203	-
Interest on investments	881,398	22,163
Insurance recovery	11,175	6,144
Lease revenue	53,770	-
Interest expense	(191,615)	-
Gain (Loss) on sale of capital assets	10,350	86,084
Gain (Loss) on lease modification	(25)	-
Total nonoperating revenues (expenses), net	30,793,480	114,391
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,203,632	(386,705)
CAPITAL CONTRIBUTIONS	1,453,225	-
TRANSFERS		
Transfers in	8,338	1,133,800
Transfers out	(641,746)	-
Total transfers	(633,408)	1,133,800
CHANGE IN NET POSITION	2,023,449	747,095
NET POSITION, BEGINNING	73,393,036	2,793,104
NET POSITION, ENDING	\$ 75,416,485	\$ 3,540,199

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, 2023**

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 557,826	\$ 2,592,045	\$ 1,163,324	\$ 3,207,846
Payments to employees	(15,939,890)	(678,941)	(1,216,198)	(1,513,354)
Payments to suppliers	(7,256,380)	2,038,790	(900,222)	(716,048)
Net cash provided by (used in) operating activities	<u>(22,638,444)</u>	<u>3,951,894</u>	<u>(953,096)</u>	<u>978,444</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Grant funds received	6,530,600	-	1,369,777	-
Transit partner assistance received	15,766,107	-	-	-
Taxes and licenses received	6,361,943	-	-	-
Transfers to other funds	(641,746)	-	-	-
Transfers from other funds	-	-	-	8,338
Net cash provided by (used in) noncapital financing activities	<u>28,016,904</u>	<u>-</u>	<u>1,369,777</u>	<u>8,338</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on GO bonds, LOBs, and installment purchase agreements	(649,000)	-	-	(135,000)
Interest paid on GO bonds, LOBs, and installment purchase agreements	(118,115)	-	-	(68,616)
Proceeds from issuance of debt	8,155,000	-	-	-
Principal paid on leases	-	(116,682)	-	(61,277)
Interest paid on leases	-	(823)	-	(4,061)
Proceeds from sale of capital assets	10,350	-	-	-
Principal received on leases	-	53,770	-	-
Proceeds from insurance recovery	11,175	-	-	-
Acquisition and construction of capital assets	(296,848)	(40,116)	-	(59,185)
Net cash provided by (used in) capital and related financing activities	<u>7,112,562</u>	<u>(103,851)</u>	<u>-</u>	<u>(328,139)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	754,285	880	24,107	102,126
Net cash provided by investing activities	<u>754,285</u>	<u>880</u>	<u>24,107</u>	<u>102,126</u>

Continued

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	Enterprise Funds Total	Internal Service Funds Total
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 7,521,041	\$ 2,242,481
Payments to employees	(19,348,383)	(761,171)
Payments to suppliers	(6,833,860)	(1,147,786)
Net cash provided by (used in) operating activities	(18,661,202)	333,524
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grant funds received	7,900,377	-
Transit partner assistance received	15,766,107	-
Taxes and licenses received	6,361,943	-
Transfers to other funds	(641,746)	-
Transfers from other funds	8,338	1,133,800
Net cash provided by (used in) noncapital financing activities	29,395,019	1,133,800
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on GO bonds, LOBs, and installment purchase agreements	(784,000)	-
Interest paid on GO bonds, LOBs, and installment purchase agreements	(186,731)	-
Proceeds from issuance of debt	8,155,000	-
Principal paid on leases	(177,959)	-
Interest paid on leases	(4,884)	-
Proceeds from sale of capital assets	10,350	86,084
Principal received on leases	53,770	-
Proceeds from insurance recovery	11,175	6,144
Acquisition and construction of capital assets	(396,149)	(1,205,432)
Net cash provided by (used in) capital and related financing activities	6,680,572	(1,113,204)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	881,398	22,163
Net cash provided by investing activities	881,398	22,163

TOWN OF CHAPEL HILL, NORTH CAROLINA

PROPRIETARY FUNDS

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023**

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	13,245,307	3,848,923	440,788	760,769
CASH AND INVESTMENTS, BEGINNING	36,527,829	450	5,681,959	5,418,139
CASH AND INVESTMENTS, ENDING	<u>\$ 49,773,136</u>	<u>\$ 3,849,373</u>	<u>\$ 6,122,747</u>	<u>\$ 6,178,908</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (29,431,772)	\$ 618,711	\$ (1,480,682)	\$ 703,895
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	4,147,477	183,378	648,216	384,131
Pension expense	(1,108,273)	(57,252)	(84,043)	(63,060)
Changes in assets and liabilities:				
Receivables	4,767,705	39,678	(79,234)	6,415
Inventories	49,125	-	(8,584)	-
Due from other funds	-	3,350,757	103,507	-
Accounts payable	(351,236)	(93,953)	(19,748)	(7,673)
Accrued liabilities	(288,823)	(13,655)	(14,965)	(19,542)
Customer deposits	-	-	2,222	-
Unearned revenue	1,591	-	-	-
Accrued compensated absences	83,478	2,399	20,294	6,685
Accrued OPEB liability	(507,716)	(24,506)	(40,079)	(32,407)
(Increase) decrease in deferred inflows of resources for leases	-	(53,663)	-	-
Net cash provided by (used in) operating activities	<u>\$ (22,638,444)</u>	<u>\$ 3,951,894</u>	<u>\$ (953,096)</u>	<u>\$ 978,444</u>
SUMMARY OF NON-CASH & RELATED FINANCING ACTIVITIES:				
Capital asset contributions	\$ 1,143,490	\$ -	\$ 309,735	\$ -
Right to use asset acquired in exchange for lease liability	-	-	-	208,162
	<u>\$ 1,143,490</u>	<u>\$ -</u>	<u>\$ 309,735</u>	<u>\$ 208,162</u>

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

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	<u>Enterprise Funds Total</u>	<u>Internal Service Funds Total</u>
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	18,295,787	376,283
CASH AND INVESTMENTS, BEGINNING	47,628,377	1,614,129
CASH AND INVESTMENTS, ENDING	<u>\$ 65,924,164</u>	<u>\$ 1,990,412</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (29,589,848)	\$ (501,096)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,363,202	774,044
Pension expense	(1,312,628)	(64,673)
Changes in assets and liabilities:		
Receivables	4,734,564	(6,307)
Inventories	40,541	(25,650)
Due from other funds	3,454,264	-
Accounts payable	(472,610)	198,915
Accrued liabilities	(336,985)	(17,271)
Customer deposits	2,222	-
Unearned revenue	1,591	-
Accrued compensated absences	112,856	2,185
Accrued OPEB liability	(604,708)	(26,623)
(Increase) decrease in deferred outflows of resources for leases	<u>(53,663)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ (18,661,202)</u>	<u>\$ 333,524</u>
SUMMARY OF NON-CASH & RELATED FINANCING ACTIVITIES:		
Capital asset contributions	\$ 1,453,225	\$ -
Right to use asset acquired in exchange for lease liability	<u>208,162</u>	<u>-</u>
	<u>\$ 1,661,387</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, 2023

	<u>OPEB Trust Fund</u>
ASSETS	
Restricted assets:	
Investments:	
Cash and cash equivalents	\$ -
Equity Index	7,754,651
Bond Index	-
Short Term Investment	-
	<hr/>
TOTAL ASSETS	\$ 7,754,651
	<hr/>
NET POSITION	
Net position restricted for postemployment benefits other than pensions	\$ 7,754,651
	<hr/>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

OTHER POSTEMPLOYMENT (OPEB) TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2023

	OPEB Trust Fund
Additions:	
Employer contributions	\$ 2,689,124
Investment income	269,982
Total additions	<u>2,959,106</u>
Deductions:	
Benefit payments	2,234,424
Administrative expense	-
Total deductions	<u>2,234,424</u>
Change in net position	<u>724,682</u>
Net position restricted for postemployment benefits other than pensions:	
Beginning of year	7,029,969
End of year	<u>\$ 7,754,651</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, 2023**

A. Summary of Significant Accounting Policies

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

I. Reporting Entity

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

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

2. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities report information on all of the activities of the primary government and its component unit. These statements include the financial activities of the overall government, except for fiduciary funds. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the Town. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include

(1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including its fiduciary fund. Separate financial statements are provided for each fund category - governmental, proprietary and fiduciary funds – are presented. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental funds:

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

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

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

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

The Town reports the following non-major governmental funds:

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

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

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

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

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

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

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

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 are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town because the tax is levied by Orange County and Durham County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues.

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

4. Budgetary Data

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

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

enterprise funds. The budgets in the supplemental section represent the budget as amended through June 30, 2023.

The Council's schedule for developing the 2022-23 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 May and June. The budget was adopted by the Council on June 8, 2022.

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."

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, Public Housing Capital Grants Fund, Community Development Entitlement Fund, and Grants Fund. Donations in the Library Gift Fund are also classified as restricted.

Government Activities:	
General Fund	
Surety deposits	\$ 883,476
Capital Projects Ordinance Fund	
Unspent bond proceeds	42,345,991
American Rescue Plan Fund	
Grant restrictions	8,696,526
Capital Projects Fund	
Tenant deposits	1,347
Capital Reserve Fund	
Capital project restrictions	221,566
Public Housing Capital Grants Fund	
Grant restrictions	166,137
Community Development Entitlement Fund	
Grant restrictions	108,460
Transitional Housing Fund	
Tenant deposits	44,648
Grants Fund	
Grant restrictions	57,800
Library Gift Fund	
Donation restrictions	199,081
Total government activities	<u>\$ 52,725,032</u>
Business-type Activities:	
Transit Fund	
Unspent financing proceeds	\$ 8,210,115
Housing Fund	
Customer deposits	82,678
Stormwater Fund	
Surety deposits	30,175
Total business-type activities	<u>\$ 8,322,968</u>
Total Restricted Cash	<u>\$ 61,048,000</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, 2022.

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 cost.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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 lease)

or agreements where the Town reports and 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 should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right to offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right to use subscription assets should be amortized on a straight-line basis over the subscription term.

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

Land improvements	10 – 100 years
Buildings	10 – 40 years
Infrastructure	25 years
Equipment	3 – 20 years
Buses	12 years
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 three items that meet this criterion: deferred charge on refunding, pension deferrals for the 2023 fiscal year, and OPEB deferrals for the 2023 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, 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 first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. Compensated absences are reported in the governmental funds only if they have matured.

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

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.

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 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, infrastructure, 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 public housing – portion of fund balance that has been budgeted for affordable housing initiatives.

Assigned for municipal buildings and streets 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. Pensions and OPEB Plan

The Town participates in a cost-sharing, multiple-employer, defined benefit pension plan that is administered by the State: the Local 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, 2023, the Town's deposits had a carrying amount of \$119,752,334 and a bank balance of \$119,752,334. Of the bank balance, \$500,000 was covered by federal depository insurance, \$20,892,854 was covered by collateral held under the Dedicated Method, and \$98,359,480 was covered by collateral held under the Pooling Method. The Town had petty cash on hand of \$4,711 at year end.

At June 30, 2023, OWASA's deposits had a carrying amount of \$5,732,320 and a bank balance of \$6,767,484. Of the bank balance, \$250,000 was covered by federal depository insurance and \$6,517,484 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, 2023, the Town's investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 06/30/2023	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level I	\$ 42,501,604	N/A	AAAm
NC Capital Management Trust - Government Portfolio (OPEB Trust)	Fair Value Level I	7,754,651	N/A	AAAm
Total:		\$ 50,256,255		

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, 2023, the Town of Chapel Hill had \$42,501,604 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, 2023, the Town's Healthcare Benefits (HCB) Plan fund had \$7,754,651 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, 2023, OWASA had \$18,886,523 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, 2023.

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, 2023 consists of the following:

	Governmental Funds	Business-Type Funds
Sales tax refunds receivable	\$ 844,328	\$ -
Due from Federal Government	1,474,364	2,994,492
Due from State	7,620,939	117,575
Due from local governments	348,195	325,923
	\$ 10,287,826	\$ 3,437,990

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

Property taxes receivable	\$ 325,088	\$ -
Accounts receivable	7,002	25,005
	\$ 332,090	\$ 25,005

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 06/30/2023, the value of the lease receivable is \$102,432. 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 06/30/2023 was \$101,523, 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 06/30/2023, the value of the lease receivable is \$24,620. 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 06/30/2023 was \$24,456, 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 06/30/2023, the value of the lease receivable is \$18,014. The lessee is required to make monthly fixed payments of \$1,391. 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 06/30/2023 was \$18,310, 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.

Year Ending	Governmental Activities		
	Principal	Interest	Total
June 30	Payments	Payments	
2024	58,561	1,161	59,722
2025	43,739	682	44,421
2026	42,766	264	43,030
Total	<u>\$ 145,066</u>	<u>\$ 2,107</u>	<u>\$ 147,173</u>

On 07/01/2020, Town of Chapel Hill, NC (Enterprise) entered into a 36-month lease as Lessor for the use of Courtyard Parking Lot. An initial lease receivable was recorded in the amount of \$160,989. As of 06/30/2023, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$4,500. The lease has an interest rate of 0.43%. The Land Improvements estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$0, and the Town (Enterprise) recognized lease revenue of \$53,663 during the fiscal year.

OWASA's leases receivable as of June 30, 2023 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, 2023, the value of the lease receivable is \$159,795 and the value of the deferred inflow of resources was \$159,823. During fiscal year 2023, the Authority recognized \$53,274 of lease revenue and \$3,424 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, 2023, the value of the lease receivable is \$202,019 and the value of the deferred inflow of resources was \$205,615. During fiscal year 2023, the Authority recognized \$78,904 of lease revenue under the lease and \$0 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, 2023, the value of the lease receivable is \$157,630 and the value of the deferred inflow of resources was \$157,685. During fiscal year 2023, the Authority recognized \$52,562 of lease revenue and \$4,821 of interest revenue under the lease.

In April 2019, 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 \$116,169. Under the lease, the cell phone carrier pays the Authority \$60,500 annually through 3/31/2024 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 2.76%, which is the calculated Incremental Borrowing Rate. As of June 30, 2023, the value of the lease receivable is \$0 and the value of the deferred inflow of resources was \$0. During fiscal year 2023, the Authority recognized \$58,084 of lease revenue and \$1,625 of interest revenue under the lease.

In July 2018, 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 \$110,000. Under the lease, the cell phone carrier pays the Authority \$55,000 annually through 7/31/2023 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 0.0%, which is the calculated Incremental Borrowing Rate. As of June 30, 2023, the value of the lease receivable is \$0 and the value of the deferred inflow of resources was \$0. During fiscal year 2023, the Authority recognized \$55,000 of lease revenue under the lease.

In July 2018, 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 \$110,000. Under the lease, the cell phone carrier pays the Authority \$55,000 annually through 7/1/2023 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 0.0%, which is the calculated Incremental Borrowing Rate. As of June 30, 2023, the value of the lease receivable is \$0 and the value of the deferred inflow of resources was \$0. During fiscal year 2023, the Authority recognized \$55,000 of lease 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, 2023, the value of the lease receivable is \$112,316 and the value of the deferred inflow of resources was \$134,788. During fiscal year 2023, the Authority recognized \$44,929 of lease revenue and \$1,910 of interest revenue under the lease.

Year Ending June 30	Lease Receivables		
	Principal Payments	Interest Payments	Total
2024	\$ 207,523	\$ 14,597	\$ 222,120
2025	211,878	10,242	222,120
2026	159,219	5,781	165,000
2027	53,140	1,860	55,000
Total	<u>\$ 631,760</u>	<u>\$ 32,480</u>	<u>\$ 664,240</u>

F. Capital Assets

A summary of changes in the value of the Town's capital assets for the year ended June 30, 2023 follows:

	July 1, 2022	Increases	Decreases	June 30, 2023
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 39,426,813	\$ -	\$ -	\$ 39,426,813
Easements	476,198	202,752	-	678,950
Construction in progress	29,604,286	19,791,662	874,522	48,521,426
Total capital assets, not being depreciated	69,507,297	19,994,414	874,522	88,627,189
Capital assets, being depreciated:				
Land improvements	39,456,130	1,405,479	-	40,861,609
Infrastructure	36,920,716	-	-	36,920,716
Buildings and building improvements	87,639,347	491,600	-	88,130,947
Equipment	9,942,022	149,606	74,960	10,016,668
Vehicles	19,972,942	1,327,756	379,818	20,920,880
Total capital assets, being depreciated	193,931,157	3,374,441	454,778	196,850,820
Accumulated depreciation:				
Land improvements	17,007,151	1,837,019	-	18,844,170
Infrastructure	35,174,694	1,476,829	-	36,651,523
Buildings and building improvements	57,247,744	3,693,596	-	60,941,340
Equipment	9,112,315	252,929	74,960	9,290,284
Vehicles	15,563,758	1,014,215	379,818	16,198,155
Total accumulated depreciation	134,105,662	8,274,588	454,778	141,925,472
Total capital assets, being depreciated, net	59,825,495	(4,900,147)	-	54,925,348
Capital assets, being amortized:				
Leased land	23,794	-	-	23,794
IT subscriptions	-	351,357	-	351,357
Total capital assets, being amortized	23,794	351,357	-	375,151
Accumulated amortization:				
Leased land	8,398	8,398	-	16,796
IT subscriptions	-	164,225	-	164,225
Total accumulated amortization	8,398	172,623	-	181,021
Total capital assets, being amortized, net	15,396	178,734	-	194,130
Governmental activities capital assets, net	\$ 129,348,188	\$ 15,273,001	\$ 874,522	\$ 143,746,667

	July 1, 2022	Increases	Decreases	June 30, 2023
Business-type activities:				
Transit Fund:				
Capital assets, not being depreciated:				
Land	\$ 2,099,537	\$ -	\$ -	\$ 2,099,537
Total capital assets, not being depreciated	2,099,537	-	-	2,099,537
Capital assets, being depreciated:				
Land improvements	6,377,748	-	-	6,377,748
Buildings and building improvements	18,511,337	-	-	18,511,337
Equipment	2,438,388	340,103	27,789	2,750,702
Vehicles	50,803,125	1,100,235	33,134	51,870,226
Total capital assets, being depreciated	78,130,598	1,440,338	60,923	79,510,013
Accumulated depreciation:				
Land improvements	5,239,191	165,913	-	5,405,104
Buildings and building improvements	12,389,936	858,531	-	13,248,467
Equipment	2,221,911	80,174	27,789	2,274,296
Vehicles	33,756,158	3,042,859	33,134	36,765,883
Total accumulated depreciation	53,607,196	4,147,477	60,923	57,693,750
Total capital assets, being depreciated, net	24,523,402	(2,707,139)	-	21,816,263
Transit fund capital assets, net	\$ 26,622,939	\$ (2,707,139)	\$ -	\$ 23,915,800
	July 1, 2022	Increases	Decreases	June 30, 2023
Housing Operating Fund:				
Capital assets, not being depreciated:				
Land	\$ 1,701,659	\$ -	\$ -	\$ 1,701,659
Construction in progress	299,014	-	-	299,014
Total capital assets, not being depreciated	2,000,673	-	-	2,000,673
Capital assets, being depreciated:				
Land improvements	395,171	-	-	395,171
Buildings and building improvements	23,521,258	309,735	-	23,830,993
Equipment	438,283	-	-	438,283
Vehicles	315,401	-	-	315,401
Total capital assets, being depreciated	24,670,113	309,735	-	24,979,848
Accumulated depreciation:				
Land improvements	327,113	6,340	-	333,453
Buildings and building improvements	18,704,623	622,450	-	19,327,073
Equipment	438,283	-	-	438,283
Vehicles	242,346	19,426	-	261,772
Total accumulated depreciation	19,712,365	648,216	-	20,360,581
Total capital assets, being depreciated, net	4,957,748	(338,481)	-	4,619,267
Housing operating fund capital assets, net	\$ 6,958,421	\$ (338,481)	\$ -	\$ 6,619,940

	July 1, 2022	Increases	Decreases	June 30, 2023
Parking Facilities Fund:				
Capital assets, not being depreciated:				
Land	\$ 3,161,115	\$ -	\$ -	\$ 3,161,115
Construction in progress	248,614	40,116	-	288,730
Total capital assets, not being depreciated	<u>3,409,729</u>	<u>40,116</u>	<u>-</u>	<u>3,449,845</u>
Capital assets, being depreciated:				
Land improvements	493,631	-	-	493,631
Buildings and building improvements	7,296,236	-	-	7,296,236
Equipment	841,207	-	-	841,207
Total capital assets, being depreciated	<u>8,631,074</u>	<u>-</u>	<u>-</u>	<u>8,631,074</u>
Accumulated depreciation:				
Land improvements	436,772	5,571	-	442,343
Buildings and building improvements	7,288,865	590	-	7,289,455
Equipment	688,367	69,085	-	757,452
Total accumulated depreciation	<u>8,414,004</u>	<u>75,246</u>	<u>-</u>	<u>8,489,250</u>
Total capital assets, being depreciated, net	<u>217,070</u>	<u>(75,246)</u>	<u>-</u>	<u>141,824</u>
Capital assets, being amortized:				
Leased land	36,352	-	36,352	-
Leased land improvements	290,680	-	196,288	94,392
Total capital assets, being amortized	<u>327,032</u>	<u>-</u>	<u>232,640</u>	<u>94,392</u>
Accumulated amortization:				
Leased land	23,556	12,796	36,352	-
Leased land improvements	174,824	95,336	196,288	73,872
Total accumulated amortization	<u>198,380</u>	<u>108,132</u>	<u>232,640</u>	<u>73,872</u>
Total capital assets, being amortized, net	<u>128,652</u>	<u>(108,132)</u>	<u>-</u>	<u>20,520</u>
Parking facilities fund capital assets, net	<u>\$ 3,755,451</u>	<u>\$ (143,262)</u>	<u>\$ -</u>	<u>\$ 3,612,189</u>

	July 1, 2022	Increases	Decreases	June 30, 2023
Stormwater Management Fund:				
Capital assets, not being depreciated:				
Land	\$ 378,987	\$ -	\$ -	\$ 378,987
Easements	3,000	-	-	3,000
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>381,987</u>	<u>-</u>	<u>-</u>	<u>381,987</u>
Capital assets, being depreciated:				
Land improvements	5,405,743	-	-	5,405,743
Equipment	153,912	59,185	-	213,097
Vehicles	267,516	-	-	267,516
Total capital assets, being depreciated	<u>5,827,171</u>	<u>59,185</u>	<u>-</u>	<u>5,886,356</u>
Accumulated depreciation:				
Land improvements	906,624	268,418	-	1,175,042
Equipment	119,801	14,998	-	134,799
Vehicles	125,678	38,239	-	163,917
Total accumulated depreciation	<u>1,152,103</u>	<u>321,655</u>	<u>-</u>	<u>1,473,758</u>
Total capital assets, being depreciated, net	<u>4,675,068</u>	<u>(262,470)</u>	<u>-</u>	<u>4,412,598</u>
Capital assets, being amortized:				
Leased buildings	132,496	208,162	-	340,658
Total capital assets, being amortized	<u>132,496</u>	<u>208,162</u>	<u>-</u>	<u>340,658</u>
Accumulated amortization:				
Leased buildings	122,304	68,954	-	191,258
Total accumulated amortization	<u>122,304</u>	<u>68,954</u>	<u>-</u>	<u>191,258</u>
Total capital assets, being amortization, net	<u>10,192</u>	<u>139,208</u>	<u>-</u>	<u>149,400</u>
Stormwater management fund capital assets, net	<u>\$ 5,067,247</u>	<u>\$ (123,262)</u>	<u>\$ -</u>	<u>\$ 4,943,985</u>
Business-type activities capital assets, net	<u>\$ 42,320,550</u>	<u>\$ (3,228,636)</u>	<u>\$ -</u>	<u>\$ 39,091,914</u>

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

Governmental activities:

General government	\$ 212,454
Environment and development	4,396,845
Public safety	391,895
Leisure activities	2,499,350
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>774,044</u>
Total depreciation expense - governmental activities	<u><u>\$ 8,274,588</u></u>

Business-type activities:

Transit	\$ 4,147,477
Parking facilities	75,246
Housing Operating	648,216
Stormwater Management	<u>321,655</u>
Total depreciation expense - business-type activities	<u><u>\$ 5,192,594</u></u>

A summary of changes in the value of OWASA's capital assets for the year ended June 30, 2023, follows:

	July 1, 2022	Increases	Decreases	Transfers	June 30, 2023
Capital assets, not being depreciated:					
Land	\$ 17,844,022	\$ -	\$ -		\$ 17,844,022
Construction in progress	48,401,404	19,061,703	-	(36,861,139)	30,601,968
Total capital assets, not being depreciated	66,245,426	19,061,703	-	(36,861,139)	48,445,990
Capital assets, being depreciated:					
Water treatment and distribution	192,676,770	2,435,023	-	19,224,443	214,336,236
Sewer collection and treatment	253,022,397	1,390,798	-	17,273,737	271,686,932
Fixtures and equipment	59,882,879	935,559	(553,835)	301,860	60,566,463
Right-to-use lease equipment	220,471	13,538	-	-	234,009
Right-to-use lease solar equipment	465,989	380,713	-	-	846,702
Subscription assets	-	186,337	-	-	186,337
Total capital assets, being depreciated	506,268,506	5,341,968	(553,835)	36,800,040	547,856,679
Less accumulated depreciation for:					
Water treatment and distribution	83,013,654	4,071,307	-	-	87,084,961
Sewer collection and treatment	90,883,038	5,459,078	-	-	96,342,116
Fixtures and equipment	40,275,833	2,455,010	(483,269)	-	42,247,574
Right-to-use lease equipment	44,983	48,763	-	-	93,746
Right-to-use lease solar equipment	18,640	33,868	-	-	52,508
Subscription assets	-	67,836	-	-	67,836
Total accumulated depreciation	214,236,148	12,135,862	(483,269)	-	225,888,741
Total capital assets, being depreciated, net	292,032,358	(6,793,894)	(70,566)	36,800,040	321,967,938
Total capital assets, net	\$ 358,277,784	\$ 12,267,809	\$ (70,566)	\$ (61,099)	\$ 370,413,928

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

Capital assets	\$ 268,941,422
Depreciation	<u>(127,882,542)</u>
	141,058,880
Right to use leased assets	23,794
Amortization	<u>(16,796)</u>
	6,998
Right to use IT subscription assets	351,357
Amortization	<u>(164,225)</u>
	187,132
Internal service fund capital assets, net of depreciation	<u>2,493,657</u>
Total Capital Assets, net	<u><u>\$ 143,746,667</u></u>
Debt:	
Short-term portion of debt	\$ 10,853,691
Long-term portion of debt	<u>147,041,938</u>
Total Debt	157,895,629
Less Total pension liability (LEOSAA) (unrelated to capital)	(6,398,481)
Less Net Pension Liability (LGERS) (unrelated to capital)	(21,365,683)
Less Compensated absences (unrelated to capital)	(3,356,706)
Less Other Postemployment Benefits (unrelated to capital)	(21,894,043)
Unspent proceeds, governmental funds	<u>(42,345,991)</u>
Capital Related Debt	<u>62,534,725</u>
Net investment in capital assets	<u><u>\$ 81,211,942</u></u>

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

Capital assets, net	\$ 38,921,994
Right to use leased assets, net	<u>169,920</u>
Total capital assets, net	<u><u>\$ 39,091,914</u></u>
Debt:	
Short-term portion of debt	\$ 2,290,949
Long-term portion of debt	<u>29,395,251</u>
Total Debt	31,686,200
Less Net Pension Liability (LGERS) (unrelated to capital)	(8,795,084)
Less Compensated Absences (unrelated to capital)	(858,183)
Less Other Postemployment Benefits (unrelated to capital)	(8,864,657)
Unspent proceeds, business-type funds	<u>(8,210,115)</u>
Capital Related Debt	<u>4,958,161</u>
Net investment in capital assets	<u><u>\$ 34,133,753</u></u>

G. Payables

Payables at the government-wide level at June 30, 2023, were as follows:

	Vendors	Other	Total
Governmental Activities:			
General	\$ 2,217,276	\$ 2,260,167	\$ 4,477,443
Other Governmental	<u>5,766,416</u>	<u>87,125</u>	<u>5,853,541</u>
	<u>\$ 7,983,692</u>	<u>\$ 2,347,292</u>	<u>\$ 10,330,984</u>
Business-Type Activities:			
Transit	\$ 871,421	\$ 427,539	\$ 1,298,960
Parking Facilities	63,585	16,702	80,287
Housing Operations	59,573	117,398	176,971
Stormwater Management	<u>90,982</u>	<u>69,246</u>	<u>160,228</u>
	<u>\$ 1,085,561</u>	<u>\$ 630,885</u>	<u>\$ 1,716,446</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 entered into a 34-month lease as Lessee for the use of Piney Mountain Road. An initial lease liability was recorded in the amount of \$23,794. As of 06/30/2023, the value of the lease liability is \$0. The Town is required to make annual fixed payments of \$12,000. The lease has an interest rate of 0.6480%. The land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 is \$23,794 with accumulated amortization of \$16,796. The Town has the option to purchase the land for \$115,000.

On 07/01/2021, Town of Chapel Hill, NC (Enterprise) entered into a 46-month lease as Lessee for the use of 112 Basnight Lane Lot. An initial lease liability was recorded in the amount of \$94,392. As of 06/30/2023, the value of the lease liability is \$0. The Town (Enterprise) is required to make annual fixed payments of \$30,209. The lease has an interest rate of 0.47%. The Land Improvements estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 is \$94,392 with accumulated amortization of \$73,872.

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 06/30/2023, the value of the lease liability is \$157,112. The Town (Enterprise) is required to make monthly fixed payments of \$5,116. 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 06/30/2023 is \$340,658 with accumulated amortization of \$191,258.

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

Year Ending June 30	Business-Type Activities		
	Principal Payments	Interest Payments	Total
2024	\$ 64,631	\$ 2,797	\$ 67,428
2025	76,658	1,307	77,965
2026	15,823	43	15,866
Total	<u>\$ 157,112</u>	<u>\$ 4,147</u>	<u>\$ 161,259</u>

OWASA's leases liabilities as of June 30, 2023 consists of the following:

In July 2021, the Authority entered into an agreement to lease printing equipment and requires 60 monthly payments of \$507. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.8%, which is the stated rate in the lease agreement, and has an ending balance of \$4,509 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$4,397 at June 30, 2023.

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 1.3%, which is the stated rate in the lease agreement, and has an ending balance of \$12,365 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$12,248 at June 30, 2023.

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 \$113,420 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$112,110 at June 30, 2023.

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 \$117,198 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$117,661 at June 30, 2023.

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 \$226,764 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$221,875 at June 30, 2023.

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 \$88,916 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$89,174 at June 30, 2023.

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 \$339,503 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$365,485 on June 30, 2023.

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 \$11,554 at year end. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$11,507 on June 30, 2023.

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

Year Ending June 30	Business-Type Activities		
	Principal Payments	Interest Payments	Total
2024	\$ 67,783	\$ 25,477	\$ 93,260
2025	64,499	24,199	88,698
2026	65,754	22,945	88,699
2027	26,417	21,893	48,310
2028	24,618	21,156	45,774
2029-2033	132,594	94,606	227,200
2034-2038	164,461	72,739	237,200
2039-2043	201,802	45,398	247,200
2044-2047	166,301	12,319	178,620
Total	<u>\$ 914,229</u>	<u>\$ 340,732</u>	<u>\$ 1,254,961</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 06/30/2023, the value of the subscription liability is \$24,743. 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 06/30/2023 is \$49,704 with accumulated amortization of \$22,091.

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 06/30/2023, the value of the subscription liability is \$54,922. 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 06/30/2023 is \$110,103 with accumulated depreciation of \$46,359.

On 07/01/2022, Town of Chapel Hill, NC entered into a 24-month subscription for the use of Sierra Software. An initial subscription liability was recorded in the amount of \$191,550. As of 06/30/2023, the value of the subscription liability is \$96,524. The Town is required to make annual fixed payments of \$95,026. The subscription has an interest rate of 1.8937%. The value of the right to use asset as of 06/30/2023 is \$191,550 with accumulated amortization of \$95,775.

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

Year Ending June 30	Governmental Activities		
	Principal Payments	Interest Payments	Total
2024	\$ 176,189	\$ 3,336	\$ 179,525
Total	\$ 176,189	\$ 3,336	\$ 179,525

OWASA's leases liabilities as of June 30, 2023 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 \$16,971 at year end. As a result of the agreement, the Authority has recorded a right to use asset with a net book value of \$17,005 on June 30, 2023.

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 \$30,319 at year end. As a result of the agreement, the Authority has recorded a right to use asset with a net book value of \$30,726 on June 30, 2023.

In April 2023, the Authority entered into an agreement to use software which requires four annual payments of \$7,560. 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 \$21,180 at year end. As a result of the agreement, the Authority has recorded a right to use asset with a net book value of \$22,992 on June 30, 2023.

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 stated rate in the lease agreement, and has an ending balance of \$49,152 at year end. As a result of the agreement, the Authority has recorded a right to use asset with a net book value of \$47,778 on June 30, 2023.

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

Year Ending June 30	Business-Type Activities		
	Principal Payments	Interest Payments	Total
2024	\$ 69,038	\$ 3,498	\$ 72,536
2025	41,280	1,407	42,687
2026	7,304	256	7,560
Total	<u>\$ 117,622</u>	<u>\$ 5,161</u>	<u>\$ 122,783</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, 2023 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%	\$ 375,000
\$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%	765,000
\$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%	956,000
\$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%	6,300,000

\$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%	580,000
\$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%	7,350,000
\$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%	7,075,000
\$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%	2,885,000
\$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%	4,280,000
\$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%	1,980,000
\$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%	12,945,000
	<u>\$ 45,491,000</u>

Serviced by the Stormwater Fund:

\$2,700,000 - Construction and renovation to Town facilities, including Stormwater projects (\$2,700,000) - serial bonds payable in annual installments of \$135,000 through 2038; interest at 2.5% to 5%	<u>\$ 2,025,000</u>
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At June 30, 2023, 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
2024	\$ 3,705,000	\$ 1,721,784	\$ 135,000	\$ 68,344
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
2029-2033	14,030,000	3,798,802	675,000	167,063
2034-2038	9,450,000	1,634,514	675,000	64,798
2039-2043	4,410,000	434,397	-	-
	\$ 45,491,000	\$ 13,135,060	\$ 2,025,000	\$ 509,456

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	\$ 31,105,000
\$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	13,795,000
	\$ 44,900,000

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 4,060,000	\$ 1,446,112
2025	3,816,000	1,321,642
2026	2,462,000	1,211,072
2027	2,471,000	1,112,258
2028	2,480,000	1,013,204
2029-2033	11,848,000	3,596,524
2034-2038	9,880,000	1,727,530
2039-2042	7,883,000	433,868
	<u>\$ 44,900,000</u>	<u>\$ 11,862,210</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 \$ 4,268,000

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 \$ 2,734,000
 \$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 8,155,000
\$ 10,889,000

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
2024	\$ 558,000	\$ 99,018	\$ 1,338,000	\$ 344,758
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
2029-2031	1,567,000	73,103	4,424,000	409,720
	<u>\$ 4,268,000</u>	<u>\$ 438,898</u>	<u>\$ 10,889,000</u>	<u>\$ 1,643,267</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, 2023, the legal debt margin for the Town was approximately \$704 million.

Long-term debt activity for the year ended June 30, 2023 was as follows:

	June 30, 2022	Additions	Reductions	June 30, 2023	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 33,422,000	\$ 14,925,000	\$ 2,856,000	\$ 45,491,000	\$ 3,705,000
Limited obligation bonds	49,225,000	-	4,325,000	44,900,000	4,060,000
Direct placement installment notes payable	4,819,000	-	551,000	4,268,000	558,000
Orange County loan payable	123,146	-	-	123,146	-
Bond premium	8,896,975	1,716,202	690,796	9,922,381	-
Lease liability	11,923	-	11,923	-	-
IT subscription liability	-	351,357	175,168	176,189	176,189
Total pension liability for LEO	7,312,232	-	913,751	6,398,481	-
Net pension liability for LGERS	5,950,697	15,120,594	-	21,071,291	-
Net pension liability for LGERS - internal service	78,384	216,008	-	294,392	-
Compensated absences - governmental activities	2,978,961	2,651,838	2,317,118	3,313,681	2,317,118
Compensated absences - internal service	40,840	39,569	37,384	43,025	37,384
Net other postemployment liability	22,967,153	-	1,466,821	21,500,332	-
Net other postemployment liability - internal service	420,334	-	26,623	393,711	-
Long-term debt	<u>\$ 136,246,645</u>	<u>\$ 35,020,568</u>	<u>\$ 13,371,584</u>	<u>\$ 157,895,629</u>	<u>\$ 10,853,691</u>
Business-type activities:					
General obligation bonds	\$ 2,160,000	\$ -	\$ 135,000	\$ 2,025,000	\$ 135,000
Direct placement installment notes payable	3,383,000	8,155,000	649,000	10,889,000	1,338,000
Bond premium	103,642	-	6,478	97,164	-
Lease liability	43,376	291,695	177,959	157,112	64,631
Net pension liability for LGERS	2,530,838	6,264,246	-	8,795,084	-
Compensated absences	745,327	866,174	753,318	858,183	753,318
Net other postemployment liability	9,469,365	-	604,708	8,864,657	-
Long-term debt	<u>\$ 18,435,548</u>	<u>\$ 15,577,115</u>	<u>\$ 2,326,463</u>	<u>\$ 31,686,200</u>	<u>\$ 2,290,949</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, 2023, \$7,550,000 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, 2023, \$8,170,000 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, 2023, \$3,060,000 of certificates of participation is considered defeased.

OWASA's long-term debt as of June 30, 2023 consists of the following:

Revenue Bonds:

Revenue bonds payable, Series 2021 Water and Sewer System Revenue Bonds, in the amount of \$18,840,000, issued April 8, 2021, with coupon rates of 5.0%; final maturity June 2046; net of unamortized premium of \$1,209,518 at June 30, 2023	\$ 18,350,000
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 \$343,036 at June 30, 2023	4,865,000
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 \$1,530,553 at June 30, 2023	15,410,000
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 \$754,732 at June 30, 2023	15,315,000
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 \$514,832 at June 30, 2023	10,690,000
	\$ 64,630,000

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	\$ 3,608,000
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	741,419
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	2,388,560

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	1,409,301
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	1,285,419
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	2,291,520
Note payable to NCDEQ in the amount of \$6,132,000 issued June 3, 2019, interest at 1.53%, Federal Revolving Loan, beginning May 2020, payable in annual installments of \$266,429 with a final payment due in May 2039	4,262,869
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	684,490
	\$ 16,671,578

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	Maturities	Amortization of Premiums and Deferred Refunding		Total	Interest
		Losses			
2024	\$ 5,320,000	\$ 812,507		\$ 6,132,507	\$ 2,408,513
2025	5,645,000	673,572		6,318,572	2,137,638
2026	5,980,000	522,601		6,502,601	1,850,512
2027	4,495,000	421,307		4,916,307	1,578,051
2028	4,660,000	341,923		5,001,923	1,395,775
2029-2033	16,925,000	860,062		17,785,062	4,360,638
2034-2038	8,215,000	286,615		8,501,615	2,317,988
2039-2043	9,350,000	132,603		9,482,603	1,181,937
2044-2045	4,040,000	20,673		4,060,673	158,505
Total	\$ 64,630,000	\$ 4,071,863		\$ 68,701,863	\$ 17,389,557

OWASA notes payable maturities are as follows:

Fiscal Year	Maturities	Interest	Total
2024	\$ 1,113,284	\$ 156,072	\$ 1,269,356
2025	1,110,824	144,797	1,255,621
2026	1,112,104	134,788	1,246,892
2027	1,113,397	124,960	1,238,357
2028	1,114,703	115,105	1,229,808
2029-2033	5,593,583	426,576	6,020,159
2034-2038	4,316,303	191,274	4,507,577
2039-2043	1,197,380	14,738	1,212,118
Total	\$ 16,671,578	\$ 1,308,310	\$ 17,979,888

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, 2023 is as follows:

	July 1, 2022	Additions	Reductions	June 30, 2023	Due Within One Year
Direct Borrowings	\$ 14,060,466	\$ 3,850,544	\$ 1,239,432	\$ 16,671,578	\$ 1,113,284
Bonds payable:					
Revenue bonds	69,635,000	-	5,005,000	64,630,000	5,320,000
For issuance premiums	5,327,553	-	974,885	4,352,668	847,608
Lease liabilities	622,727	371,041	79,539	914,229	67,783
Subscription liabilities	-	186,337	68,715	117,622	69,038
Compensated absences	690,309	639,765	633,466	696,608	522,456
Net pension liability (LGERS)	1,875,283	5,020,801	-	6,896,084	-
Total OPEB liability	15,281,858	-	2,933,825	12,348,033	263,768
Total bonds payable	\$ 107,493,196	\$ 10,068,488	\$ 10,934,862	\$ 106,626,822	\$ 8,203,937

OWASA has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$64,630,000 in revenue bonds issued in 2014, 2018, 2019, 2020 and 2021. Proceeds from the bonds were used for rehabilitation or expansion of OWASA's water and sewer systems. Annual principal and interest payments are expected to require less than 22% of net revenues.

Principal and interest on the bonds are payable through 2046, solely from the water and sewer customer net revenues. The total principal and interest remaining to be paid on the bonds is \$82,019,555. Principal and interest paid in the year ended June 30, 2023 was \$7,668,512 and total customer net revenues for the year ended June 30, 2023 was \$42,601,900. 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 and 2021. The Bond Order requires the debt service coverage ratio to be no less than 100% of the debt service requirements for parity indebtedness.

The debt service coverage ratio calculation for the year ended June 30, 2023, is as follows:

Operating revenues	\$ 42,601,900
System development fees	812,400
Operating expenses *	<u>25,930,105</u>
Income available for debt service	<u>\$ 17,484,195</u>
Debt service on parity indebtedness, principal and interest paid	<u>\$ 7,668,512</u>
Debt service coverage ratio for parity debt	<u>228%</u>
Subordinated indebtedness debt service - principal and interest paid	<u>\$ 1,550,286</u>
Debt Service coverage ratio - parity and subordinated indebtness	<u>190%</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	\$ 6,265,118
Pension deferral	15,419,805
OPEB deferral	1,232,272
	<u>\$ 22,917,195</u>

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

Source	Amount
Prepaid taxes (General Fund)	\$ 4,063
Leases (General Fund)	144,289
Pension deferral	1,664,647
OPEB deferral	7,379,561
	<u>\$ 9,192,560</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	\$ 35,829,102
Less:	
Inventories	1,565
Leases	777
Stabilization by State Statute	12,333,204
Inspections	655,158
Parks projects	52,954
Streets projects	483,622
Public safety	176,641
Workforce development	10,016
Economic development	70,014
Appropriated in FY24 budget	2,469,359
Working capital fund balance reserve	9,461,667
Remaining fund balance	10,114,125

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	\$ 1,902,724
Capital Projects Ordinance Fund	27,347,977
Non-major funds	11,119,674

K. Interfund Receivables, Payables and Transfers

Interfund receivables and payables. At June 30, 2023, the statements of the Town include a net of balances due to/from other funds in the amount of \$6,219,349 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	569,904
Debt service fund	Parking facility fund	5,649,445
		<u>\$ 6,219,349</u>

Between governmental funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Fund - Housing Capital Grants Fund	232,521
General Fund	Nonmajor Fund - Transit Capital Grants Fund	1,070,112
		<u>\$ 1,302,633</u>

Interfund transfers. A schedule of interfund transfers for the year ended June 30, 2023 is as follows:

Interfund transfers to/(from) governmental funds

From General Fund to Stormwater Fund	(8,338)
From Transit Fund to Nonmajor Fund	641,746
Total transfers to governmental funds from proprietary funds	<u>\$ 633,408</u>

Transfers between governmental funds:

From Nonmajor Fund to General Fund	45,000
From General Fund to Internal Service Fund	1,133,800
From General Fund to Nonmajor Fund	2,815,831
From General Fund to Debt Fund	445,100
From General Fund to Capital Projects Ordinance Fund	1,092,500

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 \$8,338 from the General Fund to the Stormwater Fund is to cover the stormwater fee exemption. Transit made a transfer of \$641,746 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 Vehicle Replacement Fund for the purchase of vehicles replacements, 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 from the General Fund to the Capital Project Ordinance Fund represents FY 2022 excess fund balance funding to complete 140 West parking deck repairs, purchase public safety radios, and repairs at the American Legion Pond dam.

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, 2022, was 13.04% of compensation for law enforcement officers and 12.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the

year. For OWASA, the current rate for employees is 12.14%. The Town's contributions to the pension for the year ended June 30, 2023, were \$6,012,195 and OWASA's contributions were \$1,156,175.

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, 2023, the Town reported a liability of \$30,160,767 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2022 (measurement date), the Town's proportion was 0.53463%, which was a decrease of 0.02353% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$8,257,100. At June 30, 2023, 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	\$ 1,299,600	\$ 127,418
Changes of assumptions	3,009,368	-
Net difference between projected and actual earnings on pension plan investments	9,968,449	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	686,711
Town contributions subsequent to measurement date	6,012,195	-
Total	<u>\$ 20,289,612</u>	<u>\$ 814,129</u>

\$6,012,195 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, 2024. 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:

2024	\$	4,157,219
2025		3,573,410
2026		983,503
2027		4,749,156
2028		-
Thereafter		-
	\$	<u>13,463,288</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: (a) inflation rate of 2.5 percent, (b) salary increases of 3.25% to 8.25%, including inflation and a productivity factor, (c) investment rate of return of 6.50%, net of pension plan investment expense, including inflation.

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2019 through January 28, 2021.

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, 2022 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%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Opportunistic Fixed Income	7.0%	5.0%
Inflation Sensitive	6.0%	2.7%
	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2022, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. 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 2.25%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

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

Sensitivity of the 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)	\$ 54,436,299	\$ 30,160,767	\$ 10,156,318

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, 2021, 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	91
	<hr/>
	116
	<hr/> <hr/>

Summary of Significant Accounting Policies:

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

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

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2021 valuation. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: (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 4.31%. The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2021. 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 \$498,942 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, 2023, the Town reported a total pension liability of \$6,398,481. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$778,919.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 342,577	\$ -
Changes of assumptions	799,811	850,518
Town benefit payments and plan administrative expense made subsequent to the measurement date	252,923	-
Total	\$ 1,395,311	\$ 850,518

\$252,923 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, 2024. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as:

Year ending June 30:

2024	\$ 311,327
2025	250,252
2026	(106,675)
2027	(163,034)
2028	-
Thereafter	-
	<u>\$ 291,870</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 4.31%, 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 (3.31%) or one percentage point higher (5.31%) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	\$ 6,830,435	\$ 6,398,481	\$ 6,001,030

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

	<u>2023</u>
Total Pension Liability as of December 31, 2021	\$ 7,312,232
Changes for the year:	
Service Cost at End of Year	276,048
Interest on the total pension liability	158,912
Changes in benefit terms	-
Differences between expected and actuarial experience in the measurement of the total pension liability	80,206
Changes of assumptions and other inputs	(929,975)
Benefit payments	(498,942)
Other changes	-
Net Changes	<u>(913,751)</u>
Total Pension Liability as of December 31, 2022	<u>\$ 6,398,481</u>

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

The actuarial assumptions used in the December 31, 2021 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	\$ 8,257,100	\$ 778,919	\$ 9,036,019
Pension Liability	30,160,767	6,398,481	36,559,248
Proportionate Share of the Net Pension Liability	0.53463%	n/a	

	LGERS	LEOSSA	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$ 1,299,600	\$ 342,577	\$ 1,642,177
Changes of assumptions	3,009,368	799,811	3,809,179
Net difference between projected and actual earnings on plan investments	9,968,449	-	9,968,449
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	6,012,195	252,923	6,265,118
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ 127,418	\$ -	\$ 127,418
Changes of assumptions	-	850,518	850,518
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	686,711	-	686,711

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, 2023 were \$561,629 which consisted of \$381,189 from the Town and \$180,440 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, 2023 were \$3,155,236, which consisted of \$2,045,809 from the Town and \$1,109,427 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, 2022, 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, 2023, the Town made payments for post-retirement health benefit premiums of \$1,859,624 and the retirees made payments of \$103,368 for dependent care and for the employee's share of coverage according to the schedule above. For the fiscal year ended June 30, 2023, 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, 2023:

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, 2023, the annual money weighted rate of return on investments, net of investment expense was 6.75%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Town

The components of the net OPEB liability of the Town at June 30, 2023 were as follows:

Total OPEB Liability	\$	38,513,351
Plan fiduciary net position		<u>7,754,651</u>
Town's net OPEB liability	\$	<u><u>30,758,700</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		20.13%

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 2022 for medicare and 2.00% for vision.

The total OPEB liability was rolled forward to June 30, 2023, 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 2023, 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	\$ 35,041,744	\$ 30,758,700	\$ 27,161,557

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	\$ 26,672,517	\$ 30,758,700	\$ 35,642,704

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2023, the Town reported a net OPEB liability of \$30,758,700. 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, 2023 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2023, 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, 2022	\$ 39,886,821	\$ 7,029,969	\$ 32,856,852
Changes for the Year:			
Service Cost	548,350	-	548,350
Interest	2,618,180	-	2,618,180
Difference between Expected and Actual experience	(3,035,677)	-	(3,035,677)
Changes of assumptions	730,101	-	730,101
Contributions	-	2,689,124	(2,689,124)
Net Investment Income	-	269,982	(269,982)
Benefit Payments	(2,234,424)	(2,234,424)	-
Net Changes	(1,373,470)	724,682	(2,098,152)
Balances at June 30, 2023	<u>\$ 38,513,351</u>	<u>\$ 7,754,651</u>	<u>\$ 30,758,700</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, 2023, the Town recognized OPEB expense (income) of (\$6,222,505). At June 30, 2023, 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	\$ 95,946	\$ 7,338,646
Changes of assumptions	459,693	40,915
Net difference between projected and actual earnings on plan investments	<u>676,633</u>	<u>-</u>
Total	<u>\$ 1,232,272</u>	<u>\$ 7,379,561</u>

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

Year Ending June 30:	
2024	\$ (5,983,890)
2025	(340,665)
2026	133,337
2027	43,929
2028	-
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, 2023 for the following:

East Rosemary Deck Project	\$	21,808,886
Vehicle/Bus/Truck Purchases		10,209,656
Transit Projects		3,907,508
Estes Drive Project		2,968,763
Streets, Paving, Drainage and Sidewalks		2,279,311
Miscellaneous Projects		2,069,224
Affordable Housing Projects		1,417,258
Ephesus - Fordham Project		432,763
Elliott Road Ext Project		270,241
Parks & Recreation Projects		194,198
	\$	<u>45,557,808</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 \$15,562,056 at June 30, 2023.

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, 2023 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.

Q. GASB 96

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset.

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**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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Chapel Hill's proportion of the net pension liability (asset) (%)	0.53463%	0.55816%	0.57376%	0.58506%	0.61249%	0.60097%	0.59862%	0.60393%	0.60203%	0.60950%
Chapel Hill's proportion of the net pension liability (asset) (\$)	\$ 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)	\$ 7,346,815
Chapel Hill's covered payroll	\$ 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	\$ 33,509,249
Chapel Hill's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	73.54%	21.35%	49.50%	38.94%	36.24%	23.99%	34.68%	7.81%	-10.60%	21.92%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

** This 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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 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	\$ 2,360,129
Contributions in relation to the contractually required contribution	<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>	<u>2,360,129</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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
Contributions as a percentage of covered payroll	12.24%	11.45%	10.27%	9.07%	7.86%	7.62%	7.39%	6.78%	7.07%	7.04%

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

Exhibit 16

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

* 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 Seven Fiscal Years ****

Exhibit 17

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 6,398,481	\$ 7,312,232	\$ 7,320,909	\$ 5,341,805	\$ 5,042,365	\$ 4,945,342	\$ 4,798,949
Covered employee payroll	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	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 Seven Fiscal Years **

Exhibit 18

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service Cost	\$ 548,350	\$ 531,090	\$ 1,070,335	\$ 1,034,141	\$ 1,163,364	\$ 1,324,222	\$ 1,246,561
Interest	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	(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	(2,234,424)	(2,114,394)	(2,022,687)	(2,098,826)	(2,124,615)	(1,928,442)	(1,775,352)
Net change in total OPEB liability	\$ (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	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	\$ 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	\$ 2,689,124	\$ 2,569,094	\$ 2,477,387	\$ 2,765,226	\$ 2,964,615	\$ 2,768,442	\$ 4,733,352
Net investment income	269,982	11,118	1,172	73,508	100,313	325,262	306,647
Benefit payments	(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	\$ 724,682	\$ 465,818	\$ 455,872	\$ 739,908	\$ 940,313	\$ 1,165,262	\$ 3,262,796
Plan fiduciary net position - beginning	7,029,969	6,564,151	6,108,279	5,368,371	4,428,058	3,262,796	-
Plan fiduciary net position - ending	\$ 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	\$ 30,758,700	\$ 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	20.13%	17.62%	16.95%	9.39%	8.62%	7.63%	5.50%
Covered payroll	\$ 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	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 Seven Fiscal Years ****

Exhibit 19

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 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	<u>2,689,124</u>	<u>2,569,094</u>	<u>2,477,387</u>	<u>2,765,226</u>	<u>2,964,615</u>	<u>2,768,442</u>	<u>4,733,352</u>
Contribution deficiency (excess)	<u>\$ 455,238</u>	<u>\$ 575,268</u>	<u>\$ 2,936,808</u>	<u>\$ 2,648,969</u>	<u>\$ 2,454,304</u>	<u>\$ 2,650,477</u>	<u>\$ 1,750,719</u>
Covered payroll	\$ 16,143,496	\$ 18,537,729	\$ 18,537,729	\$ 22,647,789	\$ 22,647,789	\$ 25,569,537	\$ 25,569,357
Contributions as a percentage of covered payroll	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	Market 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 Vision - 2.00%
Salary increases	3.25% - 8.41%
Investment rate of return	6.75%, net of OPEB plan investment expense, including price inflation
Retirement age	Assumed life expectancies were adjusted as a result of adopting the Pub-2010 mortality tables using generational improvement with Scale MP-2019.
Mortality	Mortality rates were based on the Pub-2010 mortality tables with adjustments for LRS 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 Seven Fiscal Years ****

Exhibit 20

	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%	6.23%

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

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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, 2023

	Total Capital Projects Funds	Total Special Revenue Funds	Total
ASSETS			
Cash and cash equivalents	\$ 2,702,527	\$ 4,053,016	\$ 6,755,543
Receivables:			
Governmental units and agencies	1,224,233	291,883	1,516,116
Property taxes, net	-	2,168	2,168
Inventories	-	16,538	16,538
Restricted cash and cash equivalents	389,050	409,989	799,039
TOTAL ASSETS	\$ 4,315,810	\$ 4,773,594	\$ 9,089,404
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ 1,302,633	\$ -	\$ 1,302,633
Accounts payable	190,090	195,039	385,129
Accrued liabilities	-	22,775	22,775
Accounts payable from restricted assets	47,330	97,786	145,116
Other payables from restricted assets	1,347	44,648	45,995
Total liabilities	1,541,400	360,248	1,901,648
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	-	2,168	2,168
Fees and charges receivable	-	246,665	246,665
Total deferred inflows of resources	-	248,833	248,833
FUND BALANCES			
Nonspendable			
Inventories	-	16,538	16,538
Restricted			
Stabilization by State Statute	1,299,291	595,519	1,894,810
Public housing	16,433	113,836	130,269
Library	-	109,805	109,805
Infrastructure capital projects	221,566	-	221,566
Committed			
Municipal buildings capital projects	548,446	-	548,446
Infrastructure capital projects	344,440	-	344,440
Parks capital projects	36,530	-	36,530
Public housing	-	3,282,089	3,282,089
Climate action	-	102,946	102,946
Economic development	-	114,620	114,620
Assigned			
Subsequent year's expenditures	-	36,506	36,506
Municipal buildings capital projects	151,042	-	151,042
Streets capital projects	104	-	104
Public housing	156,558	-	156,558
Unassigned	-	(207,346)	(207,346)
Total fund balances	2,774,410	4,164,513	6,938,923
TOTAL LIABILITIES AND FUND BALANCES	\$ 4,315,810	\$ 4,773,594	\$ 9,089,404

TOWN OF CHAPEL HILL, NORTH CAROLINA

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

**COMBINING BALANCE SHEET
JUNE 30, 2023**

	Community Development Entitlement	Affordable Housing	Transitional Housing	Land Trust Fund	Grants Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ 1,624,059	\$ 136,928	\$ 31,396	\$ -
Receivables:					
Governmental units and agencies	69,870	-	-	-	172,421
Property taxes, net	-	-	-	-	-
Inventories	-	-	-	16,538	-
Restricted cash and cash equivalents	108,460	-	44,648	-	57,800
TOTAL ASSETS	\$ 178,330	\$ 1,624,059	\$ 181,576	\$ 47,934	\$ 230,221
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ -	\$ 1,559	\$ 1,385	\$ -	\$ -
Accrued liabilities	2,388	-	-	-	11,542
Accounts payable from restricted assets	62,106	-	-	-	15,003
Other payables from restricted assets	-	-	44,648	-	-
Total liabilities	<u>64,494</u>	<u>1,559</u>	<u>46,033</u>	<u>-</u>	<u>26,545</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	-	-	-	-	-
Fees and charges receivable	-	-	-	-	194,017
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,017</u>
FUND BALANCES					
Nonspendable					
Inventories	-	-	-	16,538	-
Restricted					
Stabilization by State Statute	-	-	-	-	217,005
Public housing	113,836	-	-	-	-
Library	-	-	-	-	-
Committed					
Public housing	-	1,622,500	135,543	31,396	-
Climate action	-	-	-	-	-
Economic development	-	-	-	-	-
Assigned					
Subsequent year's expenditures	-	-	-	-	-
Unassigned	-	-	-	-	(207,346)
Total fund balances	<u>113,836</u>	<u>1,622,500</u>	<u>135,543</u>	<u>47,934</u>	<u>9,659</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 178,330	\$ 1,624,059	\$ 181,576	\$ 47,934	\$ 230,221

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2023

	Downtown Service District	Affordable Housing Development Reserve Fund	Climate Action Fund	Library Gift Fund	Total
ASSETS					
Cash and cash equivalents	\$ 122,227	\$ 1,559,404	\$ 542,496	\$ 36,506	\$ 4,053,016
Receivables:					
Governmental units and agencies	435	-	-	49,157	291,883
Property taxes, net	2,168	-	-	-	2,168
Inventories	-	-	-	-	16,538
Restricted cash and cash equivalents	-	-	-	199,081	409,989
TOTAL ASSETS	\$ 124,830	\$ 1,559,404	\$ 542,496	\$ 284,744	\$ 4,773,594
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 5,863	\$ 57,884	\$ 128,348	\$ -	\$ 195,039
Accrued liabilities	1,744	-	7,101	-	22,775
Accounts payable from restricted assets	-	-	-	20,677	97,786
Other payables from restricted assets	-	-	-	-	44,648
Total liabilities	<u>7,607</u>	<u>57,884</u>	<u>135,449</u>	<u>20,677</u>	<u>360,248</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	2,168	-	-	-	2,168
Fees and charges receivable	-	-	-	52,648	246,665
Total deferred inflows of resources	<u>2,168</u>	<u>-</u>	<u>-</u>	<u>52,648</u>	<u>248,833</u>
FUND BALANCES					
Nonspendable					
Inventories	-	-	-	-	16,538
Restricted					
Stabilization by State Statute	435	8,870	304,101	65,108	595,519
Public housing	-	-	-	-	113,836
Library	-	-	-	109,805	109,805
Committed					
Public housing	-	1,492,650	-	-	3,282,089
Climate action	-	-	102,946	-	102,946
Economic development	114,620	-	-	-	114,620
Assigned					
Subsequent year's expenditures	-	-	-	36,506	36,506
Unassigned	-	-	-	-	(207,346)
Total fund balances	<u>115,055</u>	<u>1,501,520</u>	<u>407,047</u>	<u>211,419</u>	<u>4,164,513</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ 124,830	\$ 1,559,404	\$ 542,496	\$ 284,744	\$ 4,773,594

OTHER GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2023

	Capital Projects	Capital Reserve	Transit Grants	Public Housing Projects	Total
ASSETS					
Cash and cash equivalents	\$ 2,702,527	\$ -	\$ -	\$ -	\$ 2,702,527
Due from governmental units and agencies	7,332	-	1,086,754	130,147	1,224,233
Restricted cash and cash equivalents	1,347	221,566	-	166,137	389,050
TOTAL ASSETS	<u>\$ 2,711,206</u>	<u>\$ 221,566</u>	<u>\$ 1,086,754</u>	<u>\$ 296,284</u>	<u>\$ 4,315,810</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 1,070,112	\$ 232,521	\$ 1,302,633
Accounts payable	173,448	-	16,642	-	190,090
Accounts payable from restricted assets	-	-	-	47,330	47,330
Other payables from restricted assets	1,347	-	-	-	1,347
Total liabilities	<u>174,795</u>	<u>-</u>	<u>1,086,754</u>	<u>279,851</u>	<u>1,541,400</u>
FUND BALANCES					
Restricted					
Stabilization by State Statute	1,299,291	-	-	-	1,299,291
Public housing	-	-	-	16,433	16,433
Infrastructure capital projects	-	221,566	-	-	221,566
Committed					
Municipal buildings capital projects	548,446	-	-	-	548,446
Infrastructure capital projects	344,440	-	-	-	344,440
Parks capital projects	36,530	-	-	-	36,530
Assigned					
Municipal buildings capital projects	151,042	-	-	-	151,042
Streets capital projects	104	-	-	-	104
Infrastructure capital projects	156,558	-	-	-	156,558
Total fund balances	<u>2,536,411</u>	<u>221,566</u>	<u>-</u>	<u>16,433</u>	<u>2,774,410</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,711,206</u>	<u>\$ 221,566</u>	<u>\$ 1,086,754</u>	<u>\$ 296,284</u>	<u>\$ 4,315,810</u>

OTHER GOVERNMENTAL FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	Total Capital Projects Funds	Total Special Revenue Funds	Total
REVENUES			
Taxes	\$ -	\$ 406,497	\$ 406,497
Intergovernmental revenues			
Federal government	989,660	590,849	1,580,509
State government	485,000	91,017	576,017
Other	7,332	237,867	245,199
Interest on investments	28,935	36,732	65,667
Franchise rental fees	75,134	-	75,134
Program income	58,263	132,497	190,760
Donations	-	187,261	187,261
Other	1,731	2,894	4,625
	<u>1,646,055</u>	<u>1,685,614</u>	<u>3,331,669</u>
Total revenues			
EXPENDITURES			
Environment and development	-	2,437,650	2,437,650
Public safety	-	133,657	133,657
Leisure activities	-	336,026	336,026
Capital projects	3,440,258	-	3,440,258
	<u>3,440,258</u>	<u>2,907,333</u>	<u>6,347,591</u>
Total expenditures			
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,794,203)	(1,221,719)	(3,015,922)
OTHER FINANCING SOURCES (USES)			
Transfer from other funds	2,026,246	1,431,331	3,457,577
Transfer to other funds	-	(45,000)	(45,000)
	<u>2,026,246</u>	<u>1,386,331</u>	<u>3,412,577</u>
Total other financing sources (uses)			
NET CHANGE IN TOTAL FUND BALANCES	232,043	164,612	396,655
FUND BALANCES, BEGINNING	<u>2,542,367</u>	<u>3,999,901</u>	<u>6,542,268</u>
FUND BALANCES, ENDING	<u>\$ 2,774,410</u>	<u>\$ 4,164,513</u>	<u>\$ 6,938,923</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, 2023**

	Community Development Entitlement	Affordable Housing	Transitional Housing	Land Trust Fund	Grants Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal government	148,901	-	-	-	370,850
State government	-	-	-	-	87,918
Other	-	-	-	-	125,583
Interest on investments	-	27,581	2,719	501	-
Program income	46,486	39,462	46,549	-	-
Donations	-	2,200	-	-	-
Other	-	-	-	-	-
Total revenues	<u>195,387</u>	<u>69,243</u>	<u>49,268</u>	<u>501</u>	<u>584,351</u>
EXPENDITURES					
Environment and development	195,387	290,282	15,448	-	551,292
Public safety	-	-	-	-	133,657
Leisure activities	-	-	-	-	-
Total expenditures	<u>195,387</u>	<u>290,282</u>	<u>15,448</u>	<u>-</u>	<u>684,949</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(221,039)</u>	<u>33,820</u>	<u>501</u>	<u>(100,598)</u>
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	-	92,936
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,936</u>
NET CHANGE IN TOTAL FUND BALANCES	<u>-</u>	<u>(221,039)</u>	<u>33,820</u>	<u>501</u>	<u>(7,662)</u>
FUND BALANCES, BEGINNING	<u>113,836</u>	<u>1,843,539</u>	<u>101,723</u>	<u>47,433</u>	<u>17,321</u>
FUND BALANCES, ENDING	<u>\$ 113,836</u>	<u>\$ 1,622,500</u>	<u>\$ 135,543</u>	<u>\$ 47,934</u>	<u>\$ 9,659</u>

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	Downtown Service District	Affordable Housing Development Reserve Fund	Climate Action Fund	Library Gift Fund	Total
REVENUES					
Taxes	\$ 406,497	\$ -	\$ -	\$ -	\$ 406,497
Intergovernmental revenues					
Federal government	-	-	-	71,098	590,849
State government	-	-	-	3,099	91,017
Other	73,500	-	29,311	9,473	237,867
Interest on investments	1,007	-	-	4,924	36,732
Program income	-	-	-	-	132,497
Donations	-	-	-	185,061	187,261
Other	-	-	2,894	-	2,894
Total revenues	481,004	-	32,205	273,655	1,685,614
EXPENDITURES					
Environment and development	569,088	218,562	597,591	-	2,437,650
Public safety	-	-	-	-	133,657
Leisure activities	-	-	-	336,026	336,026
Total expenditures	569,088	218,562	597,591	336,026	2,907,333
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	(88,084)	(218,562)	(565,386)	(62,371)	(1,221,719)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	100,000	688,395	550,000	-	1,431,331
Transfers to other funds	-	-	-	(45,000)	(45,000)
Total other financing sources (uses)	100,000	688,395	550,000	(45,000)	1,386,331
NET CHANGE IN TOTAL FUND BALANCES					
	11,916	469,833	(15,386)	(107,371)	164,612
FUND BALANCES, BEGINNING	103,139	1,031,687	422,433	318,790	3,999,901
FUND BALANCES, ENDING	\$ 115,055	\$ 1,501,520	\$ 407,047	\$ 211,419	\$ 4,164,513

OTHER GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	Capital Projects	Capital Reserve	Transit Grants	Public Housing Projects	Total
REVENUES					
Intergovernmental revenues					
Federal government	\$ -	\$ -	\$ 141,363	\$ 848,297	\$ 989,660
State government	-	-	485,000	-	485,000
Other	7,332	-	-	-	7,332
Interest on investments	25,458	3,477	-	-	28,935
Franchise rental fees	75,134	-	-	-	75,134
Program income	58,263	-	-	-	58,263
Other	-	-	-	1,731	1,731
Total revenues	166,187	3,477	626,363	850,028	1,646,055
EXPENDITURES					
Capital projects:					
Municipal facilities	840,849	-	-	848,297	1,689,146
Street improvements and sidewalks	218,169	-	-	-	218,169
Parks, recreation and open space	261,919	-	-	-	261,919
Public safety	2,915	-	-	-	2,915
Transit equipment and improvements	-	-	1,268,109	-	1,268,109
Total expenditures	1,323,852	-	1,268,109	848,297	3,440,258
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,157,665)	3,477	(641,746)	1,731	(1,794,203)
OTHER FINANCING SOURCES					
Transfer from other funds	1,384,500	-	641,746	-	2,026,246
NET CHANGE IN TOTAL FUND BALANCES	226,835	3,477	-	1,731	232,043
FUND BALANCES, BEGINNING	2,309,576	218,089	-	14,702	2,542,367
FUND BALANCES, ENDING	\$ 2,536,411	\$ 221,566	\$ -	\$ 16,433	\$ 2,774,410

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, 2023

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Computer Equipment Replacement Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,521,348	\$ 394,985	\$ 74,079	\$ 1,990,412
Accounts receivable	-	20,140	-	20,140
Inventories	-	80,697	-	80,697
Total current assets	1,521,348	495,822	74,079	2,091,249
NONCURRENT ASSETS				
Capital assets, net of depreciation	2,461,173	32,484	-	2,493,657
Total noncurrent assets	2,461,173	32,484	-	2,493,657
TOTAL ASSETS	3,982,521	528,306	74,079	4,584,906
DEFERRED OUTFLOWS OF RESOURCES				
Pension and OPEB deferrals	-	250,257	-	250,257
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	143,831	293,696	-	437,527
Accrued liabilities	-	18,355	-	18,355
Compensated absences	-	37,384	-	37,384
Total current liabilities	143,831	349,435	-	493,266
NONCURRENT LIABILITIES				
Compensated absences	-	5,641	-	5,641
Net other postemployment liability	-	393,711	-	393,711
Net pension liability	-	294,392	-	294,392
Total noncurrent liabilities	-	693,744	-	693,744
TOTAL LIABILITIES	143,831	1,043,179	-	1,187,010
DEFERRED INFLOWS OF RESOURCES				
Pension and OPEB deferrals	-	107,954	-	107,954
NET POSITION				
Net investment in capital assets	2,461,173	32,484	-	2,493,657
Unrestricted	1,377,517	(405,054)	74,079	1,046,542
TOTAL NET POSITION	\$ 3,838,690	\$ (372,570)	\$ 74,079	\$ 3,540,199

INTERNAL SERVICE FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 YEAR ENDED JUNE 30, 2023**

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Computer Equipment Replacement Fund	Total
OPERATING REVENUES				
Charges for services	\$ 355,000	\$ 1,719,813	\$ 173,975	\$ 2,248,788
OPERATING EXPENSES				
Depreciation and amortization	763,262	10,782	-	774,044
Personnel	-	654,789	-	654,789
Operations	10,403	1,157,942	152,706	1,321,051
Total operating expenses	773,665	1,823,513	152,706	2,749,884
OPERATING INCOME (LOSS)	(418,665)	(103,700)	21,269	(501,096)
NONOPERATING REVENUES				
Insurance recovery	-	6,144	-	6,144
Interest on investments	12,432	8,144	1,587	22,163
Gain on sale of capital assets	86,084	-	-	86,084
Total nonoperating revenues	98,516	14,288	1,587	114,391
CHANGE IN NET ASSETS BEFORE TRANSFERS	(320,149)	(89,412)	22,856	(386,705)
TRANSFERS				
Transfers in	1,133,800	-	-	1,133,800
CHANGE IN NET POSITION	813,651	(89,412)	22,856	747,095
NET POSITION, BEGINNING	3,025,039	(283,158)	51,223	2,793,104
NET POSITION, ENDING	\$ 3,838,690	\$ (372,570)	\$ 74,079	\$ 3,540,199

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Computer Equipment Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 355,000	\$ 1,713,506	\$ 173,975	\$ 2,242,481
Payments to employees	-	(761,171)	-	(761,171)
Payments to suppliers	131,711	(1,055,875)	(223,622)	(1,147,786)
	<u>486,711</u>	<u>(103,540)</u>	<u>(49,647)</u>	<u>333,524</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	1,133,800	-	-	1,133,800
	<u>1,133,800</u>	<u>-</u>	<u>-</u>	<u>1,133,800</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	86,084	-	-	86,084
Proceeds from insurance recovery	-	6,144	-	6,144
Acquisition and construction of capital assets	(1,205,432)	-	-	(1,205,432)
	<u>(1,119,348)</u>	<u>6,144</u>	<u>-</u>	<u>(1,113,204)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	12,432	8,144	1,587	22,163
	<u>12,432</u>	<u>8,144</u>	<u>1,587</u>	<u>22,163</u>

Continued

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Computer Equipment Replacement Fund	Total
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	513,595	(89,252)	(48,060)	376,283
CASH AND INVESTMENTS, BEGINNING	1,007,753	484,237	122,139	1,614,129
CASH AND INVESTMENTS, ENDING	<u>\$ 1,521,348</u>	<u>\$ 394,985</u>	<u>\$ 74,079</u>	<u>\$ 1,990,412</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (418,665)	\$ (103,700)	\$ 21,269	\$ (501,096)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	763,262	10,782	-	774,044
Changes in assets and liabilities:				
Receivables	-	(6,307)	-	(6,307)
Inventories	-	(25,650)	-	(25,650)
Accounts payable	142,114	127,717	(70,916)	198,915
Accrued liabilities	-	(17,271)	-	(17,271)
Compensated absences	-	2,185	-	2,185
Accrued OPEB liability	-	(26,623)	-	(26,623)
Deferred outflows of resources for pensions	-	(64,673)	-	(64,673)
Net cash provided (used) by operating activities	<u>\$ 486,711</u>	<u>\$ (103,540)</u>	<u>\$ (49,647)</u>	<u>\$ 333,524</u>

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GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Ad valorem taxes - current year	\$ 35,660,000	\$ 35,660,000	\$ 35,380,668	\$ (279,332)
Ad valorem taxes - prior years	102,500	102,500	93,944	(8,556)
Interest on delinquent taxes	65,000	65,000	84,519	19,519
Interest on state held taxes	1,000	1,000	3,480	2,480
Local option sales taxes	20,246,281	20,246,281	20,646,299	400,018
Occupancy tax	1,250,000	1,250,000	1,514,877	264,877
Other taxes	87,000	87,000	126,365	39,365
Total taxes	<u>57,411,781</u>	<u>57,411,781</u>	<u>57,850,152</u>	<u>438,371</u>
Licenses and permits				
Motor vehicles	450,000	450,000	453,299	3,299
Privilege licenses	5,000	5,000	4,345	(655)
Building permits	2,064,550	2,064,550	3,312,628	1,248,078
Special use permits	40,000	40,000	17,445	(22,555)
Work zone traffic permits	50,000	50,000	50,650	650
Engineering permits	45,100	45,100	43,487	(1,613)
Fire inspection fees	109,000	109,000	194,832	85,832
Traffic impact study and fees	96,350	96,350	212,862	116,512
Police permits	16,200	16,200	3,413	(12,787)
Fire permits	48,400	48,400	52,175	3,775
Total licenses and permits	<u>2,924,600</u>	<u>2,924,600</u>	<u>4,345,136</u>	<u>1,420,536</u>
Fines and forfeitures				
Garbage citations	750	750	250	(500)
Parking tickets and towing fees	10,000	10,000	9,350	(650)
False alarm fees	12,000	12,000	21,792	9,792
Total fines and forfeitures	<u>22,750</u>	<u>22,750</u>	<u>31,392</u>	<u>8,642</u>

Continued

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Intergovernmental revenues				
Federal Government				
FEMA grant	\$ -	\$ -	\$ 87,350	\$ 87,350
Total federal government	-	-	87,350	87,350
State of North Carolina				
Beer and wine tax	260,000	260,000	280,048	20,048
Fuel tax (Powell Bill) funds	1,775,842	1,775,842	1,619,630	(156,212)
State fire protection	1,106,256	1,106,256	1,027,162	(79,094)
Utility franchise tax	4,000,000	4,000,000	4,453,555	453,555
Video programming tax	600,000	600,000	534,551	(65,449)
Supplemental PEG support	80,000	80,000	76,923	(3,077)
Solid waste disposal tax	42,000	42,000	49,812	7,812
State library aid	30,098	30,098	32,839	2,741
UNC contributions	-	-	1,284	1,284
State Equitable Sharing - Drug	3,000	3,000	1,713	(1,287)
Total State of North Carolina	7,897,196	7,897,196	8,077,517	180,321
Other				
Orange County recreational support	83,760	83,760	83,760	-
Orange County library contribution	568,139	568,139	504,507	(63,632)
Orange County bail bond justice	6,000	6,000	3,000	(3,000)
Orange County contribution	-	77,622	89,622	12,000
Total other	657,899	735,521	680,889	(54,632)
Total intergovernmental revenues	8,555,095	8,632,717	8,845,756	213,039

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Charges for services				
Library fines and fees	\$ 50,000	\$ 50,000	\$ 61,062	\$ 11,062
Street cuts and right of way	105,385	105,385	135,248	29,863
Traffic signals	330,200	330,200	497,376	167,176
Rent revenue	308,125	308,125	370,963	62,838
Cemetery staking	1,000	1,000	1,220	220
Fire districts	275,386	275,386	278,181	2,795
Solid waste collection	296,000	296,000	317,945	21,945
Planning review	410,575	410,575	859,332	448,757
Engineering review	67,743	67,743	125,581	57,838
Recreation	641,290	641,290	984,562	343,272
Charges to other funds	1,773,338	1,773,338	1,580,721	(192,617)
Total charges for services	4,259,042	4,259,042	5,212,191	953,149
Interest on investments	10,000	10,000	598,665	588,665
Other				
Sales - planning and documents	19,000	19,000	19,311	311
Sales - capital assets	10,000	10,000	57,613	47,613
Sales - fuel	5,500	5,500	8,669	3,169
Sales - miscellaneous	20,400	20,400	23,812	3,412
Cemetery lot sales	10,000	10,000	20,380	10,380
Court fees	10,000	10,000	11,854	1,854
Mutual aid reimbursements	532,342	532,342	565,167	32,825
Gifts and donations	55,000	57,000	107,085	50,085
Revenue in lieu	-	-	16,351	16,351
Miscellaneous	110,100	110,100	184,527	74,427
Total other revenues	772,342	774,342	1,014,769	240,427
TOTAL REVENUES	73,955,610	74,035,232	77,898,061	3,862,829

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXPENDITURES				
General government				
Mayor/Council	\$ 498,793	\$ 531,793	\$ 523,133	\$ 8,660
Manager/Governance Svcs	3,533,474	3,857,450	3,573,007	284,443
Human Resources	1,784,370	1,837,167	1,601,896	235,271
Business Management	2,685,370	2,913,656	2,537,842	375,814
Technology Solutions	2,635,733	2,674,568	2,532,792	141,776
Attorney	598,125	619,904	603,052	16,852
Total general government	<u>11,735,865</u>	<u>12,434,538</u>	<u>11,371,722</u>	<u>1,062,816</u>
Environment and development				
Planning	2,027,957	3,463,557	2,357,057	1,106,500
Building and Development Services	2,493,251	2,493,251	2,314,047	179,204
Affordable Housing & Community Connections	954,730	1,296,480	1,080,279	216,201
Public Works	<u>13,578,637</u>	<u>14,365,876</u>	<u>13,432,760</u>	<u>933,116</u>
Total environment and development	<u>19,054,575</u>	<u>21,619,164</u>	<u>19,184,143</u>	<u>2,435,021</u>
Public safety				
Police	15,024,867	15,163,766	15,126,350	37,416
Fire	<u>10,615,997</u>	<u>10,749,131</u>	<u>10,227,244</u>	<u>521,887</u>
Total public safety	<u>25,640,864</u>	<u>25,912,897</u>	<u>25,353,594</u>	<u>559,303</u>
Leisure activities				
Parks and recreation	7,763,651	8,021,304	7,547,178	474,126
Library	<u>4,048,111</u>	<u>4,123,447</u>	<u>4,032,293</u>	<u>91,154</u>
Total leisure activities	<u>11,811,762</u>	<u>12,144,751</u>	<u>11,579,471</u>	<u>565,280</u>
Nondepartmental				
Liability insurance	350,000	350,000	477,449	(127,449)
Supplemental PEG expense	175,000	175,000	153,390	21,610
Economic development incentives	1,116,969	1,116,969	668,474	448,495
Contributions to agencies	1,732,193	2,479,351	1,997,165	482,186
Contribution to OPEB liability	250,000	250,000	250,000	-
Retiree medical insurance	1,615,000	1,615,000	1,663,396	(48,396)
Reserve for pay adjustments	158,005	103,562	-	103,562
General government	<u>506,145</u>	<u>416,950</u>	<u>652,851</u>	<u>(235,901)</u>
Total nondepartmental	<u>5,903,312</u>	<u>6,506,832</u>	<u>5,862,725</u>	<u>644,107</u>
Total expenditures	<u>74,146,378</u>	<u>78,618,182</u>	<u>73,351,655</u>	<u>5,266,527</u>

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(190,768)	(4,582,950)	4,546,406	9,129,356
OTHER FINANCING SOURCES (USES)				
Insurance recovery	25,000	25,000	81,617	56,617
Subscription financing	-	-	351,357	351,357
Transfer from Library Gift Fund	45,000	45,000	45,000	-
Transfer to Downtown Service District Fund	(100,000)	(100,000)	(100,000)	-
Transfer to Afford Hsg Develop Reserve Fund	(688,395)	(688,395)	(688,395)	-
Transfer to Climate Action Fund	(550,000)	(550,000)	(550,000)	-
Transfer to Vehicle Replacement Fund	-	(1,133,800)	(1,133,800)	-
Transfer to Stormwater Fund	(17,000)	(17,000)	(8,338)	8,662
Transfer to Debt Service Fund	(445,100)	(445,100)	(445,100)	-
Transfer to Capital Projects Fund	(634,500)	(1,384,500)	(1,384,500)	-
Transfer to Capital Projects Ordinance Fund	-	(1,092,500)	(1,092,500)	-
Transfer to Grants Fund	(107,627)	(108,627)	(92,936)	15,691
Appropriated fund balance	<u>2,663,390</u>	<u>10,032,872</u>	<u>-</u>	<u>(10,032,872)</u>
Total other financing sources (uses)	<u>190,768</u>	<u>4,582,950</u>	<u>(5,017,595)</u>	<u>(9,600,545)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(471,189)	<u>\$ (471,189)</u>
FUND BALANCE, BEGINNING			<u>36,300,291</u>	
FUND BALANCE, ENDING			<u>\$ 35,829,102</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes - current year	\$ 8,430,000	\$ 8,430,000	\$ 8,371,008	\$ (58,992)
Ad valorem taxes - prior years	13,000	13,000	17,552	4,552
Interest on investments	<u>10,000</u>	<u>10,000</u>	<u>768,793</u>	<u>758,793</u>
Total revenues	<u>8,453,000</u>	<u>8,453,000</u>	<u>9,157,353</u>	<u>704,353</u>
EXPENDITURES				
Debt service:				
Principal	5,201,000	7,732,000	7,732,000	-
Interest and fiscal charges	<u>1,659,901</u>	<u>2,904,133</u>	<u>2,904,105</u>	<u>28</u>
Total expenditures	<u>6,860,901</u>	<u>10,636,133</u>	<u>10,636,105</u>	<u>28</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,592,099	(2,183,133)	(1,478,752)	704,381
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	445,100	882,897	445,100	(437,797)
Transfer to other funds	(2,710,026)	-	-	-
Appropriated fund balance	<u>672,827</u>	<u>1,300,236</u>	<u>-</u>	<u>(1,300,236)</u>
Total other financing sources (uses)	<u>(1,592,099)</u>	<u>2,183,133</u>	<u>445,100</u>	<u>(1,738,033)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(1,033,652)</u>	<u>\$ (1,033,652)</u>
FUND BALANCES, BEGINNING			<u>10,910,172</u>	
FUND BALANCES, ENDING			<u>\$ 9,876,520</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, 2023**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
REVENUES				
Interest on investments	\$ 990,664	\$ 1,134,350	\$ 727,054	\$ 1,861,404
Federal Bridge Replacement Grant	212,865	268,730	-	268,730
Federal Transit Administration Grants	4,773,137	2,796,376	(37,792)	2,758,584
Federal Highway Administration Grants	7,287,618	937,913	1,413,052	2,350,965
Other Federal Grants	1,542,077	961,222	244,991	1,206,213
North Carolina Clean Water Grant	200,000	200,000	-	200,000
North Carolina Department of Transportation Grants	5,016,691	3,569,226	170,013	3,739,239
Parks and Recreation Trust Fund	500,000	500,000	-	500,000
Other State Grants	573,121	521,814	(3,500)	518,314
Orange County parks bonds	8,337,520	8,337,520	-	8,337,520
Other Grants	1,314,052	1,138,743	-	1,138,743
Charges for services	258,005	258,005	-	258,005
Donations	1,613,193	1,613,193	-	1,613,193
Revenue in lieu	371,895	943,585	106,164	1,049,749
Other	1,883,484	1,886,680	10,879	1,897,559
Total revenues	<u>34,874,322</u>	<u>25,067,357</u>	<u>2,630,861</u>	<u>27,698,218</u>
EXPENDITURES				
Parks, recreation, library and open space capital improvements	36,184,964	32,302,286	176,993	32,479,279
Public safety capital improvements	4,254,534	1,484,561	2,010,674	3,495,235
Parking deck	39,446,214	15,302,387	9,798,795	25,101,182
Public safety facility	2,122,075	1,731,101	248,771	1,979,872
Municipal facilities	8,605,702	8,013,493	441,606	8,455,099
Affordable housing	10,541,576	1,346,254	381,696	1,727,950
Sewer capital improvements	1,458,000	1,036,258	204,947	1,241,205
Software development	300,000	274,798	-	274,798
Street and sidewalk improvements	52,695,064	26,331,157	6,466,649	32,797,806
Debt service:				
Principal	4,300,000	4,300,000	-	4,300,000
Interest and fiscal charges	64,500	64,500	-	64,500
Total expenditures	<u>159,972,629</u>	<u>92,186,795</u>	<u>19,730,131</u>	<u>111,916,926</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(125,098,307)</u>	<u>(67,119,438)</u>	<u>(17,099,270)</u>	<u>(84,218,708)</u>

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, 2023**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance	99,028,466	84,036,528	14,925,000	98,961,528
Proceeds from financing	6,194,682	6,191,486	-	6,191,486
Premium on debt	10,026,432	8,300,539	1,716,202	10,016,741
Transfer from General Fund	8,349,985	7,257,485	1,092,500	8,349,985
Transfer from Capital Projects Fund	1,115,614	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	-	-	-
	<u>125,098,307</u>	<u>107,271,199</u>	<u>17,733,702</u>	<u>125,004,901</u>
Total other financing sources (uses)				
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ 40,151,761</u>	634,432	<u>\$ 40,786,193</u>
FUND BALANCE, BEGINNING			<u>40,151,761</u>	
FUND BALANCE, ENDING			<u>\$ 40,786,193</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, 2023**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
REVENUES				
Intergovernmental revenues - federal	\$ 10,668,497	\$ 431,945	\$ 1,767,785	\$ 2,199,730
EXPENDITURES				
Environment and development	10,668,497	431,945	1,767,785	2,199,730
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, BEGINNING			-	
FUND BALANCE, ENDING			<u>\$ -</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
Other	\$ -	\$ 57,332	\$ 7,332	\$ (50,000)
Interest on investments	500	500	25,458	24,958
Franchise rental fees	70,000	70,000	75,134	5,134
Program income	36,241	36,241	58,263	22,022
	<u>106,741</u>	<u>164,073</u>	<u>166,187</u>	<u>2,114</u>
EXPENDITURES				
Capital projects:				
Municipal facilities	355,241	1,911,653	840,849	1,070,804
Street improvements and sidewalks	186,000	399,832	218,169	181,663
Parks, recreation and open space	200,000	295,833	261,919	33,914
Technology and communications	-	51,615	-	51,615
Public safety	-	950,000	2,915	947,085
	<u>741,241</u>	<u>3,608,933</u>	<u>1,323,852</u>	<u>2,285,081</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(634,500)</u>	<u>(3,444,860)</u>	<u>(1,157,665)</u>	<u>2,287,195</u>
OTHER FINANCING SOURCES				
Transfer from other funds	634,500	1,384,500	1,384,500	-
Appropriated fund balance	-	2,060,360	-	(2,060,360)
	<u>634,500</u>	<u>3,444,860</u>	<u>1,384,500</u>	<u>(2,060,360)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	226,835	<u>\$ 226,835</u>
FUND BALANCE, BEGINNING			<u>2,309,576</u>	
FUND BALANCE, ENDING			<u>\$ 2,536,411</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CAPITAL RESERVE FUND
 YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ -	\$ -	\$ 3,477	\$ 3,477
Total revenues	-	-	3,477	3,477
EXPENDITURES				
Environment and development	-	-	-	-
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	3,477	<u>\$ 3,477</u>
FUND BALANCE, BEGINNING			<u>218,089</u>	
FUND BALANCE, ENDING			<u>\$ 221,566</u>	

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
TRANSIT GRANT PROJECTS ORDINANCE FUND
FROM GRANT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Intergovernmental revenue				
Federal government	\$ 10,449,518	\$ 2,182,979	\$ 141,363	\$ 2,324,342
State government	2,771,250	45,500	485,000	530,500
Other	390,000	390,000	-	390,000
	<u>13,610,768</u>	<u>2,618,479</u>	<u>626,363</u>	<u>3,244,842</u>
Total revenues	<u>13,610,768</u>	<u>2,618,479</u>	<u>626,363</u>	<u>3,244,842</u>
EXPENDITURES				
Bus & vehicle purchases	16,424,384	3,327,424	935,000	4,262,424
Equipment and improvements	1,469,233	465,037	208,490	673,527
Administration	221,537	136,093	124,619	260,712
	<u>18,115,154</u>	<u>3,928,554</u>	<u>1,268,109</u>	<u>5,196,663</u>
Total expenditures	<u>18,115,154</u>	<u>3,928,554</u>	<u>1,268,109</u>	<u>5,196,663</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(4,504,386)</u>	<u>(1,310,075)</u>	<u>(641,746)</u>	<u>(1,951,821)</u>
OTHER FINANCING SOURCES				
Transfer from other funds	4,504,386	1,310,075	641,746	1,951,821
	<u>4,504,386</u>	<u>1,310,075</u>	<u>641,746</u>	<u>1,951,821</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
PUBLIC HOUSING PROJECTS - CAPITAL FUND GRANTS
FROM GRANT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2023**

	Project Authorization	Prior Year	Actual Current Year	Total to Date
REVENUES				
Intergovernmental revenues				
Capital Grant 2017	\$ 549,598	\$ 538,495	\$ 10,303	\$ 548,798
Capital Grant 2018	789,318	588,858	194,603	783,461
Capital Grant 2019	825,913	141,213	347,873	489,086
Capital Grant 2020	891,521	73,059	144,975	218,034
Capital Grant 2021	935,260	33,750	144,198	177,948
Capital Grant 2022	<u>935,260</u>	-	<u>6,345</u>	<u>6,345</u>
Total federal government	4,926,870	1,375,375	848,297	2,223,672
Other revenues	<u>48,750</u>	<u>53,636</u>	<u>1,731</u>	<u>55,367</u>
 Total revenues	 <u>4,975,620</u>	 <u>1,429,011</u>	 <u>850,028</u>	 <u>2,279,039</u>
EXPENDITURES				
Environment and development	<u>4,975,620</u>	<u>1,414,309</u>	<u>848,297</u>	<u>2,262,606</u>
 NET CHANGE IN TOTAL FUND BALANCE	 <u>\$ -</u>	 <u>\$ 14,702</u>	 1,731	 <u>\$ 16,433</u>
 FUND BALANCE, BEGINNING			 <u>14,702</u>	
 FUND BALANCE, ENDING			 <u>\$ 16,433</u>	

**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, 2023**

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
REVENUES				
Intergovernmental revenues				
Block Grant 16	\$ 387,702	\$ 387,702	\$ -	\$ 387,702
Block Grant 17	380,825	380,825	-	380,825
Block Grant 18	418,344	418,344	-	418,344
Block Grant 19	386,584	386,584	-	386,584
Block Grant 20 CV-1	245,693	245,692	-	245,692
Block Grant 20	417,591	399,595	17,996	417,591
Block Grant 21 CV-3	290,902	287,890	2,930	290,820
Block Grant 21	418,300	195,054	127,975	323,029
Block Grant 22	421,755	-	-	-
Block Grant 23	419,225	-	-	-
Program income	<u>141,141</u>	<u>94,657</u>	<u>46,486</u>	<u>141,143</u>
Total revenues	<u>3,928,062</u>	<u>2,796,343</u>	<u>195,387</u>	<u>2,991,730</u>
EXPENDITURES				
Public improvement	89,911	89,096	-	89,096
Neighborhood revitalization	2,015,189	1,126,944	62,638	1,189,582
Administration	655,694	461,417	78,203	539,620
Community services	215,829	201,130	3,905	205,035
Public services	936,101	803,920	50,641	854,561
Economic development	<u>15,338</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,928,062</u>	<u>2,682,507</u>	<u>195,387</u>	<u>2,877,894</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, 2023**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Interest on investments	\$ 54,612	\$ 60,823	\$ 27,581	\$ 88,404
Program income	650,799	650,800	39,462	690,262
Donations	52,607	57,832	2,200	60,032
Revenue in lieu	4,802,576	4,802,576	-	4,802,576
	<u>5,560,594</u>	<u>5,572,031</u>	<u>69,243</u>	<u>5,641,274</u>
EXPENDITURES				
Environment and development	<u>5,716,372</u>	<u>3,884,271</u>	<u>290,282</u>	<u>4,174,553</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(155,778)</u>	<u>1,687,760</u>	<u>(221,039)</u>	<u>1,466,721</u>
OTHER FINANCING SOURCES				
Transfer from other funds	<u>155,778</u>	<u>155,779</u>	<u>-</u>	<u>155,779</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ 1,843,539</u>	<u>(221,039)</u>	<u>\$ 1,622,500</u>
FUND BALANCE, BEGINNING			<u>1,843,539</u>	
FUND BALANCE, ENDING			<u>\$ 1,622,500</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, 2023**

	Project Authorization	Prior Year	Actual Current Year	Total to Date
REVENUES				
Intergovernmental revenues				
Federal government	\$ 165,776	\$ 165,776	\$ -	\$ 165,776
Other	75,000	75,000	-	75,000
Interest on investments	853	1,433	2,719	4,152
Program income	242,937	263,664	46,549	310,213
Other	393	393	-	393
	<u>484,959</u>	<u>506,266</u>	<u>49,268</u>	<u>555,534</u>
EXPENDITURES				
Environment and development	<u>552,459</u>	<u>472,043</u>	<u>15,448</u>	<u>487,491</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(67,500)</u>	<u>34,223</u>	<u>33,820</u>	<u>68,043</u>
OTHER FINANCING SOURCES				
Transfer from other funds	<u>67,500</u>	<u>67,500</u>	<u>-</u>	<u>67,500</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ 101,723</u>	<u>33,820</u>	<u>\$ 135,543</u>
FUND BALANCE, BEGINNING			<u>101,723</u>	
FUND BALANCE, ENDING			<u>\$ 135,543</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, 2023**

	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	2,258	501	2,759
Program income	<u>249,389</u>	<u>249,390</u>	-	<u>249,390</u>
Total revenues	<u>482,178</u>	<u>482,306</u>	<u>501</u>	<u>482,807</u>
EXPENDITURES				
Environment and development	<u>482,178</u>	<u>434,873</u>	-	<u>434,873</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ 47,433</u>	501	<u>\$ 47,934</u>
FUND BALANCE, BEGINNING			<u>47,433</u>	
FUND BALANCE, ENDING			<u>\$ 47,934</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues				
Federal government	\$ 348,017	\$ 472,133	\$ 370,850	\$ (101,283)
State government	30,759	30,759	87,918	57,159
Other	7,500	202,129	125,583	(76,546)
Total revenues	<u>386,276</u>	<u>705,021</u>	<u>584,351</u>	<u>(120,670)</u>
EXPENDITURES				
Environment and development	493,903	623,903	551,292	72,611
Public safety	-	197,471	133,657	63,814
Total expenditures	<u>493,903</u>	<u>821,374</u>	<u>684,949</u>	<u>136,425</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(107,627)</u>	<u>(116,353)</u>	<u>(100,598)</u>	<u>15,755</u>
OTHER FINANCING SOURCES				
Transfer from other funds	107,627	108,627	92,936	(15,691)
Appropriated fund balance	-	7,726	-	(7,726)
Total other financing sources	<u>107,627</u>	<u>116,353</u>	<u>92,936</u>	<u>(23,417)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(7,662)</u>	<u>\$ (7,662)</u>
FUND BALANCE, BEGINNING			<u>17,321</u>	
FUND BALANCE, ENDING			<u>\$ 9,659</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DOWNTOWN SERVICE DISTRICT FUND
 YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 397,000	\$ 397,000	\$ 405,733	\$ 8,733
Interest on delinquent taxes	1,000	1,000	764	(236)
Intergovernmental revenues - other	73,500	73,500	73,500	-
Interest on investments	-	-	1,007	1,007
	<u>471,500</u>	<u>471,500</u>	<u>481,004</u>	<u>9,504</u>
EXPENDITURES				
Environment and development	<u>574,897</u>	<u>574,897</u>	<u>569,088</u>	<u>5,809</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES				
	<u>(103,397)</u>	<u>(103,397)</u>	<u>(88,084)</u>	<u>15,313</u>
OTHER FINANCING SOURCES				
Transfer from other funds	100,000	100,000	100,000	-
Appropriated fund balance	<u>3,397</u>	<u>3,397</u>	<u>-</u>	<u>(3,397)</u>
Total other financing sources	<u>103,397</u>	<u>103,397</u>	<u>100,000</u>	<u>(3,397)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>11,916</u>	<u>\$ 11,916</u>
FUND BALANCE, BEGINNING			<u>103,139</u>	
FUND BALANCE, ENDING			<u>\$ 115,055</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - AFFORDABLE HOUSING DEVELOPMENT RESERVE FUND
 YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXPENDITURES				
Environment and development	\$ 688,395	\$ 1,720,081	\$ 218,562	\$ 1,501,519
DEFICIENCY OF REVENUES OVER EXPENDITURES	(688,395)	(1,720,081)	(218,562)	1,501,519
OTHER FINANCING SOURCES				
Transfer from other funds	688,395	688,395	688,395	-
Appropriated fund balance	-	1,031,686	-	(1,031,686)
Total other financing sources	688,395	1,720,081	688,395	(1,031,686)
NET CHANGE IN TOTAL FUND BALANCE	\$ -	\$ -	469,833	\$ 469,833
FUND BALANCE, BEGINNING			1,031,687	
FUND BALANCE, ENDING			\$ 1,501,520	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CLIMATE ACTION FUND
 YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
State government	\$ -	\$ 310,594	\$ -	\$ (310,594)
Other	-	112,645	29,311	(83,334)
Other	-	2,894	2,894	-
Total revenues	-	426,133	32,205	(393,928)
EXPENDITURES				
Environment and development	550,000	1,398,566	597,591	800,975
DEFICIENCY OF REVENUES OVER EXPENDITURES				
	(550,000)	(972,433)	(565,386)	407,047
OTHER FINANCING SOURCES				
Transfer from other funds	550,000	550,000	550,000	-
Appropriated fund balance	-	422,433	-	(422,433)
Total other financing sources	550,000	972,433	550,000	(422,433)
NET CHANGE IN TOTAL FUND BALANCE	\$ -	\$ -	(15,386)	\$ (15,386)
FUND BALANCE, BEGINNING			422,433	
FUND BALANCE, ENDING			\$ 407,047	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LIBRARY GIFT FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues				
Federal government	\$ -	\$ 196,820	\$ 71,098	\$ (125,722)
State government	-	508	3,099	2,591
Other	-	9,592	9,473	(119)
Interest on investments	341	341	4,924	4,583
Library donations	177,500	217,755	185,061	(32,694)
	<u>177,841</u>	<u>425,016</u>	<u>273,655</u>	<u>(151,361)</u>
Total revenues				
	<u>177,841</u>	<u>425,016</u>	<u>273,655</u>	<u>(151,361)</u>
EXPENDITURES				
Leisure activities	<u>108,818</u>	<u>606,599</u>	<u>336,026</u>	<u>270,573</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>69,023</u>	<u>(181,583)</u>	<u>(62,371)</u>	<u>119,212</u>
OTHER FINANCING SOURCES (USES)				
Transfer to other funds	(45,000)	(45,000)	(45,000)	-
Contribution to reserve	(27,941)	(2,941)	-	2,941
Appropriated fund balance	3,918	229,524	-	(229,524)
	<u>(69,023)</u>	<u>181,583</u>	<u>(45,000)</u>	<u>(226,583)</u>
Total other financing sources (uses)				
	<u>(69,023)</u>	<u>181,583</u>	<u>(45,000)</u>	<u>(226,583)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(107,371)</u>	<u>\$ (107,371)</u>
FUND BALANCE, BEGINNING			<u>318,790</u>	
FUND BALANCE, ENDING			<u>\$ 211,419</u>	

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(MODIFIED ACCRUAL BASIS) - TRANSIT FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services:				
Tarheel Express	\$ 306,238	\$ 306,238	\$ 45,995	\$ (260,243)
Bus advertising	200,000	200,000	67,482	(132,518)
Other	605,949	605,949	442,758	(163,191)
Total charges for services	1,112,187	1,112,187	556,235	(555,952)
OPERATING EXPENSES				
Personnel	17,431,522	17,224,472	15,651,067	1,573,405
Fuel and tires	1,677,492	1,589,992	1,625,683	(35,691)
Indirect costs	1,542,984	1,433,984	1,389,681	44,303
Building maintenance	544,011	977,462	549,770	427,692
Vehicle maintenance	1,889,737	1,937,916	1,209,146	728,770
Insurance	449,183	449,183	425,031	24,152
Advertising and marketing	63,500	75,620	44,604	31,016
Tarheel Express	286,060	276,060	235,961	40,099
Uniforms and supplies	142,745	143,245	151,646	(8,401)
Professional services	153,734	451,474	360,347	91,127
Contracted services	4,175,178	9,029,553	5,038,299	3,991,254
Other	436,620	828,585	691,806	136,779
Total operating expenses	28,792,766	34,417,546	27,373,041	7,044,505
OPERATING LOSS	(27,680,579)	(33,305,359)	(26,816,806)	6,488,553
NONOPERATING REVENUES (EXPENSES)				
Federal Operating Assistance Grant	4,100,000	2,784,693	2,898,896	114,203
State Operating Assistance Grant	3,200,000	3,200,000	3,631,704	431,704
Operating assistance-UNC Chapel Hill	10,266,042	10,266,042	9,339,002	(927,040)
Operating assistance-Town of Carrboro	2,196,177	2,196,177	1,992,152	(204,025)
Operating assistance - TTA Vehicle Fees	4,074,423	4,074,423	4,434,953	360,530
Vehicle licenses	450,034	450,034	452,740	2,706
Ad valorem taxes	5,957,000	5,957,000	5,909,203	(47,797)
Interest on investments	10,000	10,000	754,285	744,285
Insurance recovery	48,000	48,000	11,175	(36,825)
Capital outlay	(1,120,000)	(9,866,192)	(296,848)	9,569,344
Gain (Loss) from sale of capital assets	14,000	14,000	10,350	(3,650)
Debt service	(716,308)	(771,308)	(767,115)	4,193
Proceeds from debt issuance	-	8,155,000	8,155,000	-
Revenue in lieu	26,500	26,500	-	(26,500)
Contribution to reserve	(825,289)	(4,164,735)	-	4,164,735
Appropriated fund balance	-	13,467,725	-	(13,467,725)
Total nonoperating revenues (expenses), net	27,680,579	35,847,359	36,525,497	678,138
INCOME BEFORE TRANSFERS	-	2,542,000	9,708,691	7,166,691

Continued

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(MODIFIED ACCRUAL BASIS) - TRANSIT FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
TRANSFERS				
Transfers out	-	(2,542,000)	(641,746)	1,900,254
EXCESS OF REVENUES OVER EXPENSES AND TRANSFERS	\$ -	\$ -	9,066,945	\$ 9,066,945
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			(83,478)	
Accrued OPEB liability			507,716	
Pension Expense			1,108,273	
Debt service principal			649,000	
Debt issuance proceeds			(8,155,000)	
Capital outlay			296,848	
Depreciation and amortization			(4,147,477)	
Capital contributions			1,143,490	
Change in net position			\$ 386,317	

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BASIS) - PARKING FACILITIES FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 3,364,330	\$ 2,736,921	\$ 2,552,367	\$ (184,554)
OPERATING EXPENSES				
Personnel	1,008,328	885,023	665,286	219,737
Maintenance and repairs	41,500	60,473	18,264	42,209
Credit card fees	148,575	157,575	138,131	19,444
Parking lots	477,495	640,400	631,114	9,286
Indirect costs	91,198	91,198	56,092	35,106
Contracted services	168,348	130,757	106,669	24,088
Other	267,805	275,894	214,081	61,813
Total operating expenses	2,203,249	2,241,320	1,829,637	411,683
OPERATING INCOME	1,161,081	495,601	722,730	227,129
NONOPERATING REVENUES (EXPENSES)				
Interest on investments	500	500	880	380
Insurance recovery	2,000	2,000	-	(2,000)
Lease revenue	53,770	53,770	53,770	-
Debt service	(3,775,232)	-	-	-
Lease expense	(117,505)	(117,505)	(117,505)	-
Loss on lease modification	-	-	(25)	(25)
Capital outlay	(34,640)	(63,847)	(40,116)	23,731
Appropriated fund balance	-	67,278	-	(67,278)
Total nonoperating revenues (expenses), net	(3,871,107)	(57,804)	(102,996)	(45,192)
INCOME (LOSS) BEFORE TRANSFERS	(2,710,026)	437,797	619,734	181,937
TRANSFERS				
Transfers in	2,710,026	-	-	-
Transfers out	-	(437,797)	-	437,797
Total transfers	2,710,026	(437,797)	-	437,797
EXCESS OF REVENUES OVER EXPENSES AND TRANSFERS	\$ -	\$ -	619,734	\$ 619,734

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BASIS) - PARKING FACILITIES FUND
YEAR ENDED JUNE 30, 2023**

Reconciliation of modified accrual basis to
full accrual basis:

Accrued vacation payable	(2,399)
Accrued OPEB liability	24,506
Pension expense	57,252
Lease principal	116,682
Capital outlay	40,116
Depreciation	(75,246)
Lease amortization	<u>(108,132)</u>
Change in net position	<u>\$ 672,513</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(MODIFIED ACCRUAL BASIS) - HOUSING OPERATING FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 1,062,460	\$ 1,062,460	\$ 1,240,336	\$ 177,876
OPERATING EXPENSES				
Personnel	1,444,995	1,444,995	1,201,233	243,762
Maintenance and repairs	122,530	144,730	140,625	4,105
Contracted services	411,664	380,959	356,393	24,566
Utilities	213,400	228,397	280,966	(52,569)
Other	224,335	218,858	197,413	21,445
Total operating expenses	2,416,924	2,417,939	2,176,630	241,309
OPERATING LOSS	(1,354,464)	(1,355,479)	(936,294)	419,185
NONOPERATING REVENUES (EXPENSES)				
Federal Operating Assistance Grant	1,274,426	1,274,426	1,369,777	95,351
Interest on investments	1,715	1,715	24,107	22,392
Capital outlay	-	(1,500,000)	-	1,500,000
Appropriated fund balance	78,323	1,579,338	-	(1,579,338)
Total nonoperating revenues (expenses), net	1,354,464	1,355,479	1,393,884	38,405
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ -	457,590	\$ 457,590
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			(20,294)	
Accrued OPEB liability			40,079	
Pension Expense			84,043	
Depreciation			(648,216)	
Capital contribution			309,735	
Change in net position			\$ 222,937	

PUBLIC HOUSING FINANCIAL DATA SCHEDULE

Schedule 30

Line Item #	Account Description	Low Rent 14.850	CGP 14.872	TOTAL
ASSETS:				
CURRENT ASSETS:				
111	Cash - unrestricted	\$ 6,040,069	\$ -	6,040,069
113	Cash - other restricted	-	166,137	166,137
114	Cash - tenant security deposits	82,678	-	82,678
100	Total cash	6,122,747	166,137	6,288,884
124	Accounts receivable - Other Governmental	-	130,147	130,147
126	Accounts receivable - Tenants dwelling rents	175,181	-	175,181
126.1	Allowance for doubtful accounts - Tenants dwelling rents	(7,412)	-	(7,412)
120	Total receivables, net allowances for uncollectibles	167,769	130,147	297,916
143	Inventories	34,851	-	34,851
143.1	Allowance for Obsolete Inventories	(1,461)	-	(1,461)
	Total inventories	33,390	-	33,390
150	TOTAL CURRENT ASSETS	6,323,906	296,284	6,620,190
NONCURRENT ASSETS:				
Capital assets:				
161	Land	2,096,831	-	2,096,831
162	Building	23,830,992	-	23,830,992
164	Furniture, Equipment, & Machinery -Administration	753,684	-	753,684
166	Accumulated depreciation	(20,360,581)	-	(20,360,581)
167	Construction in progress	299,014	-	299,014
160	Total capital assets, net of accumulated depreciation	6,619,940	-	6,619,940
180	TOTAL NONCURRENT ASSETS	6,619,940	-	6,619,940
190	TOTAL ASSETS	12,943,846	296,284	13,240,130
DEFERRED OUTFLOWS OF RESOURCES:				
200	Contributions to pension plan	416,301	-	416,301
290	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 13,360,147	\$ 296,284	\$ 13,656,431
LIABILITIES:				
CURRENT LIABILITIES:				
312	Accounts payable ≤ 90 days	\$ 629,477	\$ 279,851	\$ 909,328
321	Accrued wage/payroll taxes payable	34,720	-	34,720
322	Accrued compensated absences - current portion	46,384	-	46,384
341	Tenant security deposits	82,678	-	82,678
310	TOTAL CURRENT LIABILITIES	793,259	279,851	1,073,110
354	Accrued compensated absences - non-current portion	23,002	-	23,002
357	Accrued pension and OPEB liabilities	1,185,619	-	1,185,619
350	TOTAL NON-CURRENT LIABILITIES	1,208,621	-	1,208,621
300	TOTAL LIABILITIES	2,001,880	279,851	2,281,731
DEFERRED INFLOWS OF RESOURCES:				
400	Pension deferrals	162,816	-	162,816
EQUITY:				
508.4	Net investment in capital assets	6,619,940	-	6,619,940
511.4	Restricted net position	-	16,433	16,433
512.4	Unrestricted net position	4,575,511	-	4,575,511
513	TOTAL EQUITY	11,195,451	16,433	11,211,884
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY	\$ 13,360,147	\$ 296,284	\$ 13,656,431

PUBLIC HOUSING FINANCIAL DATA SCHEDULE

Schedule 30

Line Item #	Account Description	Low Rent 14.850	CGP 14.872	TOTAL
REVENUE:				
Tenant revenues:				
703	Net tenant rental revenue	\$ 1,240,336	\$ -	\$ 1,240,336
705	Total tenant revenue	1,240,336	-	1,240,336
Other revenues:				
706	HUD PHA grants	1,369,777	848,297	2,218,074
711	Investment income - unrestricted	24,107	-	24,107
715	Other revenue	-	1,731	1,731
	Total other revenue	1,393,884	850,028	2,243,912
700	TOTAL REVENUE	2,634,220	850,028	3,484,248
EXPENSES:				
OPERATING EXPENSES:				
Administrative:				
911	Administrative salaries	408,058	80,149	488,207
915	Employee benefit contributions - administrative	82,831	20,291	103,122
919	Other operating - administrative	125,380	-	125,380
Tenant services:				
924	Tenant services-other	4,865	-	4,865
Utilities:				
931	Water	242,620	-	242,620
932	Electricity	30,800	-	30,800
933	Gas	7,546	-	7,546
Ordinary maintenance & operations:				
941	Ordinary maintenance and operations - labor	397,774	-	397,774
942	Ordinary maintenance and operations - materials	102,624	-	102,624
943	Ordinary maintenance and operations - contract costs	380,546	-	380,546
945	Employee benefit contributions - ordinary maintenance	188,448	-	188,448
General expenses:				
961	Insurance premiums	61,120	-	61,120
962	Other general expenses	-	-	-
962.1	Compensated Absences	20,294	-	20,294
964	Bad debt - tenant rents	19,896	-	19,896
969	TOTAL OPERATING EXPENSES	2,072,802	100,440	2,173,242
970	EXCESS OF OPERATING REVENUE OVER OPERATING EXPENSES	561,418	749,588	1,311,006
NON-OPERATING EXPENSES:				
971	Extraordinary maintenance	-	747,857	747,857
974	Depreciation Expense	648,216	-	648,216
900	TOTAL NON-OPERATING EXPENSES	648,216	747,857	1,396,073
1000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(86,798)	1,731	(85,067)
1104	Capital Outlays Enterprise Fund	309,735	-	309,735
	CHANGE IN NET POSITION	222,937	1,731	224,668
1103	BEGINNING EQUITY	10,972,514	14,702	10,987,216
	ENDING EQUITY	\$ 11,195,451	\$ 16,433	\$ 11,211,884

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BASIS) - STORMWATER MANAGEMENT FUND
YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 2,983,000	\$ 2,983,000	\$ 3,201,431	\$ 218,431
OPERATING EXPENSES				
Personnel	1,559,631	1,559,631	1,493,812	65,819
Drainage maintenance	174,800	187,305	154,379	32,926
Indirect costs	139,156	139,156	134,948	4,208
Professional services	397,000	741,369	185,057	556,312
Contracted services	266,800	346,629	182,166	164,463
Other	63,680	66,789	45,347	21,442
Total operating expenses	2,601,067	3,040,879	2,195,709	845,170
OPERATING INCOME (LOSS)	381,933	(57,879)	1,005,722	1,063,601
NONOPERATING REVENUES (EXPENSES)				
Operating assistance - Town of Carrboro	8,000	8,000	-	(8,000)
Interest on investments	2,000	2,000	102,126	100,126
Capital outlay	(133,501)	(383,955)	(59,185)	324,770
Debt service	(210,094)	(210,094)	(210,094)	-
Lease expense	(65,338)	(65,338)	(65,338)	-
Appropriated fund balance	-	690,266	-	(690,266)
Total nonoperating revenues (expenses), net	(398,933)	40,879	(232,491)	(273,370)
INCOME (LOSS) BEFORE TRANSFERS	(17,000)	(17,000)	773,231	790,231
TRANSFERS				
Transfers In	17,000	17,000	8,338	(8,662)
EXCESS OF REVENUES OVER EXPENSES AND TRANSFERS	\$ -	\$ -	781,569	\$ 781,569
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			(6,685)	
Accrued OPEB liability			32,407	
Pension Expense			63,060	
Debt service principal			135,000	
Amortization of bond premium			6,478	
Lease principal			61,277	
Capital outlay			59,185	
Depreciation			(321,655)	
Lease Amortization			(68,954)	
Change in net position			\$ 741,682	

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN
(MODIFIED ACCRUAL BASIS) - VEHICLE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2023**

	Financial Plan		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 355,000	\$ 355,000	\$ 355,000	\$ -
OPERATING EXPENSES				
Operations	-	11,004	10,403	601
OPERATING INCOME	355,000	343,996	344,597	601
NONOPERATING REVENUES (EXPENSES)				
Interest on investments	-	-	12,432	12,432
Proceeds from sale of capital assets	-	-	86,084	86,084
Capital outlay	(355,000)	(2,333,060)	(1,205,432)	1,127,628
Appropriated net position	-	855,264	-	(855,264)
Total nonoperating revenues (expenses), net	(355,000)	(1,477,796)	(1,106,916)	370,880
(LOSS) BEFORE TRANSFERS	-	(1,133,800)	(762,319)	371,481
TRANSFERS				
Transfers in	-	1,133,800	1,133,800	-
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ -	371,481	\$ 371,481
Reconciliation of modified accrual basis to full accrual basis:				
Depreciation and amortization			(763,262)	
Capital outlay			1,205,432	
Change in net position			\$ 813,651	

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN
(MODIFIED ACCRUAL BASIS) - VEHICLE MAINTENANCE FUND
YEAR ENDED JUNE 30, 2023**

	Financial Plan		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 1,609,100	\$ 1,719,100	\$ 1,719,813	\$ 713
OPERATING EXPENSES				
Personnel	743,255	743,255	743,901	(646)
Operations	903,385	1,173,594	1,157,942	15,652
Total operating expenses	1,646,640	1,916,849	1,901,843	15,006
OPERATING (LOSS)	(37,540)	(197,749)	(182,030)	15,719
NONOPERATING REVENUES (EXPENSES)				
Insurance recovery	18,000	18,000	6,144	(11,856)
Interest on investments	-	-	8,144	8,144
Appropriated net position	19,540	179,749	-	(179,749)
Total nonoperating revenues (expenses)	37,540	197,749	14,288	(183,461)
DEFICIENCY OF REVENUES OVER EXPENSES	\$ -	\$ -	(167,742)	\$ (167,742)
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			(2,184)	
Accrued OPEB liability			113,745	
Pension Expense			(22,449)	
Depreciation and amortization			(10,782)	
Change in net position			\$ (89,412)	

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN
(MODIFIED ACCRUAL BASIS) - COMPUTER EQUIPMENT REPLACEMENT FUND
YEAR ENDED JUNE 30, 2023**

	Financial Plan		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 173,975	\$ 173,975	\$ 173,975	\$ -
OPERATING EXPENSES				
Operations	173,975	173,975	152,706	21,269
OPERATING INCOME	-	-	21,269	21,269
NONOPERATING REVENUES				
Interest on investments	-	-	1,587	1,587
Change in net position	\$ -	\$ -	\$ 22,856	\$ 22,856

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TOWN OF CHAPEL HILL, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2023

Fiscal Year	Uncollected Balance 07/01/22	Additions	Collections and Credits	Uncollected Balance 06/30/23
2022-2023	\$ -	\$ 49,787,472 a	\$ 49,650,109 b	\$ 137,363 c
2021-2022	140,130 **	-	83,747	56,383
2020-2021	66,010	-	17,457	48,553
2019-prior	287,281	-	26,611	260,670
Totals	<u>\$ 493,421</u>		<u>\$ 49,777,924</u>	502,969
				<u>325,088</u>
				<u>\$ 177,881</u>
Reconciliation with revenues:				
				\$ 35,562,611
				8,388,561
				<u>5,909,203</u>
				\$ 49,860,375
				5,549
				(84,519)
				<u>(3,481)</u>
				<u>\$ 49,777,924</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, 2023

	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	\$ 9,537,829,885	0.00522	\$ 49,787,472	\$ 45,853,304	\$ 3,934,168
Uncollected taxes at June 30, 2023			137,363 c	114,724	22,639
Current year's taxes collected			\$ 49,650,109 b	\$ 45,738,580	\$ 3,911,529
Current levy collection percentage			<u>99.72%</u>	<u>99.75%</u>	<u>99.42%</u>

STATISTICAL SECTION

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

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

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

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

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

Operating Information (Tables 16-18) - These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. The Town implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 73,079,773	\$ 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
Restricted	21,880,495	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
Unrestricted	(253,331)	(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)
Total governmental activities net position	\$ 94,706,937	\$ 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
Business-type activities										
Net investment in capital assets	\$ 50,976,684	\$ 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
Unrestricted	8,802,655	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
Total business-type activities net position	\$ 59,779,339	\$ 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
Primary government										
Net investment in capital assets	\$ 124,056,457	\$ 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
Restricted	21,880,495	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
Unrestricted	8,549,324	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
Total primary government net position	\$ 154,486,276	\$ 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
Component unit										
Net investment in capital assets	\$ 219,522,714	\$ 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
Restricted	187,910	222,470	260,978	171,013	206,053	241,332	276,217	310,538	323,721	355,658
Unrestricted	18,686,692	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
Total component unit net position	\$ 238,397,316	\$ 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

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities:										
Expenses										
General government	\$ 10,010,914	\$ 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
Environment and development	23,481,833	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
Public safety	21,303,785	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
Leisure activities	11,131,488	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
Interest	2,300,475	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
Total expenses	<u>68,228,495</u>	<u>64,842,769</u>	<u>68,341,142</u>	<u>73,253,647</u>	<u>80,922,265</u>	<u>78,121,604</u>	<u>82,008,267</u>	<u>74,648,094</u>	<u>80,628,330</u>	<u>86,200,172</u>
Program Revenues										
Charges for services:										
General government	\$ 1,874,861	\$ 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
Environment and development	2,960,803	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
Public safety	368,938	413,873	477,315	534,893	536,244	502,416	505,806	399,466	436,408	559,743
Leisure activities	1,044,868	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
Operating grants and contributions:										
Environment and development	2,888,753	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
Public safety	1,374,748	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
Leisure activities	595,494	711,614	782,546	773,574	742,834	798,843	754,274	898,883	729,271	706,060
Capital grants and contributions:										
Environment and development	2,671,685	346,064	790,803	525,538	4,754,718	3,701,042	3,659,420	1,800,911	3,339,114	3,242,227
Public safety	-	-	-	559,365	852,297	-	-	-	-	-
Leisure activities	797,386	476,120	170,149	402,981	180,252	170,449	122,138	-	-	-
Total program revenues	<u>14,577,536</u>	<u>11,080,967</u>	<u>11,440,874</u>	<u>12,496,577</u>	<u>17,692,697</u>	<u>16,026,576</u>	<u>15,276,211</u>	<u>14,953,549</u>	<u>16,014,970</u>	<u>19,310,225</u>
Total governmental activities net program expense	<u>\$ (53,650,959)</u>	<u>\$ (53,761,802)</u>	<u>\$ (56,900,268)</u>	<u>\$ (60,757,070)</u>	<u>\$ (63,229,568)</u>	<u>\$ (62,095,028)</u>	<u>\$ (66,732,056)</u>	<u>\$ (59,694,545)</u>	<u>\$ (64,613,360)</u>	<u>\$ (66,889,947)</u>
General revenues and other changes in net position										
Property taxes	\$ 34,876,543	\$ 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
Sales tax	10,548,129	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
Occupancy tax	1,044,856	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
Other taxes	59,698	65,384	74,988	77,403	85,932	88,524	79,557	71,860	95,800	126,365
Grants and contributions not restricted	4,000,460	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
Investment earnings	34,491	39,476	56,872	92,371	253,870	472,755	283,172	15,581	56,676	2,160,179
Miscellaneous	1,792,297	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
Transfers	1,200,050	946,753	907,756	927,575	1,004,202	1,360,658	1,337,390	(9,312)	1,130,530	633,408
Total general revenues and other changes in net position	<u>53,556,524</u>	<u>57,864,939</u>	<u>57,122,931</u>	<u>58,825,614</u>	<u>61,184,162</u>	<u>63,690,469</u>	<u>64,765,787</u>	<u>65,858,037</u>	<u>73,352,662</u>	<u>76,541,886</u>
Total governmental activities changes in net position	<u>\$ (94,435)</u>	<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>

Continued

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

Table 2

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities:										
Expenses										
Transportation	\$ 21,286,421	\$ 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
Parking	2,101,226	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
Housing	3,016,395	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
Stormwater	1,799,370	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
Total expenses	28,203,412	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
Program Revenues										
Charges for services:										
Transportation	\$ 1,565,824	\$ 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
Parking	2,395,883	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
Housing	882,363	910,630	940,223	944,681	997,741	1,017,155	998,645	955,804	1,093,693	1,240,336
Stormwater	2,152,429	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
Operating grants and contributions:										
Transportation	13,985,562	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
Housing	1,231,670	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
Stormwater	-	-	-	-	7,500	7,500	7,500	41,800	7,500	-
Capital grants and contributions:										
Transportation	176,358	5,429	-	98,334	3,174,767	2,695,405	2,736,954	191,377	2,871,426	1,143,490
Housing	2,077,462	-	59,118	-	-	349,106	164,858	-	15,580	309,735
Total program revenues	24,467,551	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
Total business-type activities net program expense	\$ (3,735,861)	\$ (5,303,426)	\$ (7,292,215)	\$ (4,933,645)	\$ (340,530)	\$ (1,024,945)	\$ (642,460)	\$ 251,701	\$ 10,445,291	\$ (4,209,039)
General revenues and other changes in net position										
Property taxes	\$ 3,794,976	\$ 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
Investment earnings	15,644	18,067	19,812	34,592	66,767	151,448	115,810	11,534	7,630	881,398
Miscellaneous	288,341	117,907	112,634	54,891	140,116	186,785	88,775	51,781	365,144	75,295
Transfers	(1,200,050)	(946,753)	(907,756)	(927,575)	(1,004,202)	(1,360,658)	(1,337,390)	9,312	(1,130,530)	(633,408)
Total general revenues and other changes in net position	2,898,911	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
Total business-type activities changes in net position	\$ (836,950)	\$ (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
Total primary government changes in net position										
\$ (931,385)	\$ 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	

Continued

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

Table 2

	Fiscal Year									
	<u>2014</u>	<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>
Component unit activities:										
Expenses	\$ 31,648,089	\$ 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
Program Revenues										
Charges for services	35,843,032	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
Capital grants and contributions	849,325	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
Total component unit revenues	<u>36,692,357</u>	<u>38,335,553</u>	<u>38,215,845</u>	<u>38,103,470</u>	<u>39,052,759</u>	<u>40,220,916</u>	<u>38,298,956</u>	<u>36,879,965</u>	<u>38,871,975</u>	<u>46,670,531</u>
Total component unit net (expense)/revenue	<u>\$ 5,044,268</u>	<u>\$ 6,618,633</u>	<u>\$ 7,475,375</u>	<u>\$ 5,859,775</u>	<u>\$ 5,712,043</u>	<u>\$ 5,548,324</u>	<u>\$ 2,141,035</u>	<u>\$ 482,188</u>	<u>\$ 1,441,300</u>	<u>\$ 5,733,546</u>
General revenues and other changes in net position										
Investment earnings	14,755	15,133	20,663	32,802	56,524	64,842	63,207	1,291	17,689	684,832
Miscellaneous	1,200,778	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
Total general revenues and other changes in net position	<u>1,215,533</u>	<u>1,444,377</u>	<u>1,539,096</u>	<u>3,242,068</u>	<u>1,739,408</u>	<u>1,983,285</u>	<u>1,649,324</u>	<u>2,868,157</u>	<u>2,529,405</u>	<u>2,903,338</u>
Total component unit activities changes in net position	<u>\$ 6,259,801</u>	<u>\$ 8,063,010</u>	<u>\$ 9,014,471</u>	<u>\$ 9,101,843</u>	<u>\$ 7,451,451</u>	<u>\$ 7,531,609</u>	<u>\$ 3,790,359</u>	<u>\$ 3,350,345</u>	<u>\$ 3,970,705</u>	<u>\$ 8,636,884</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Fund				
Nonspendable				
Inventories	2,670	1,599	840	1,697
Prepaid expenses	350	49,357	7,551	76,121
Leases	-	-	-	-
Restricted				
Stabilization by State Statute	9,994,453	8,825,428	10,706,650	7,234,759
Employee appreciation	94,489	93,049	-	-
Inspections	-	-	-	-
Parks capital projects	139,757	89,712	117,123	46,899
Streets capital projects	213,788	233,158	323,008	382,723
Public safety	372,598	217,530	213,023	147,578
Committed				
Economic development	72,513	-	-	-
Assigned				
Subsequent years' expenditures	2,654,093	2,705,364	2,706,550	2,684,006
Other post employment benefits	1,200,000	1,758,000	2,258,000	-
Workforce development	89,750	242,528	253,860	111,281
Economic development	161,223	233,377	166,980	163,246
Unassigned	<u>11,143,807</u>	<u>13,374,946</u>	<u>15,990,195</u>	<u>13,661,662</u>
Total General Fund	\$ <u>26,139,491</u>	\$ <u>27,824,048</u>	\$ <u>32,743,780</u>	\$ <u>24,509,972</u>
All Other Governmental Funds				
Nonspendable				
Inventories	16,538	16,538	16,538	16,538
Prepaid expenses	6,110	-	-	-
Restricted				
Stabilization by State Statute	8,941,889	8,830,715	12,493,165	9,376,741
Parks capital projects	3,237,033	3,081,580	2,148,256	7,467,623
Streets capital projects	2,546,208	2,042,742	5,642,501	2,009,609
Municipal buildings projects	1,605,667	5,280,387	4,506,614	3,172,394
Affordable housing projects	-	-	-	-
Public housing	594,147	127,623	129,839	124,771
Public safety	8,180	522,436	65,058	1,612,295
Transit capital purchases	60,529	18,317	20,538	16,926
Infrastructure capital projects	214,756	214,996	215,226	215,525
Library	443,476	253,462	193,174	337,500
Committed				
Debt service payments	4,803,926	5,452,410	6,615,510	7,048,523
Parks capital projects	-	-	-	166,572
Municipal buildings projects	475,687	119,300	549,273	129,969
Infrastructure capital projects	-	-	-	115,000
Technology projects	776,339	805,203	25,202	425,202
Fire capital projects	20,353	637,093	502,675	1,013,367
Public housing	353,843	599,938	480,562	1,929,871
Climate action	-	-	-	-
Economic development	85,117	128,109	76,836	115,469
Assigned				
Subsequent year's expenditures	28,841	135,237	56,414	-
Parks capital projects	85,538	506,877	110,193	296,962
Streets capital projects	7,209	-	-	-
Municipal buildings projects	318,978	612,849	721,282	259,633
Fire capital projects	-	-	-	-
Technology projects	4,464	43,800	43,800	-
Public housing	-	-	-	-
Unassigned	<u>(8,047,445)</u>	<u>(7,709,975)</u>	<u>(11,670,556)</u>	<u>(8,967,961)</u>
Total other governmental funds	\$ <u>16,587,383</u>	\$ <u>21,719,637</u>	\$ <u>22,942,100</u>	\$ <u>26,882,529</u>

Table 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
1,135	1,528	1,283	3,206	3,439	1,565
99,820	40,568	8,519	4,756	-	-
-	-	-	-	383	777
6,955,024	7,961,838	8,780,909	9,643,814	10,293,382	12,333,204
-	-	-	-	-	-
-	425,387	216,250	321,808	83,089	655,158
27,411	27,411	27,411	27,411	36,603	52,954
389,435	412,427	423,439	427,898	483,622	483,622
156,618	139,618	138,951	167,542	178,347	176,641
-	-	-	-	-	-
3,096,886	3,355,766	2,388,512	2,510,221	2,663,390	2,469,359
-	-	-	-	-	-
205,249	105,457	133,013	196,029	263,029	10,016
127,994	157,494	139,642	70,202	53,737	70,014
13,621,925	13,630,629	15,075,943	20,989,439	22,241,270	19,575,792
\$ 24,681,497	\$ 26,258,123	\$ 27,333,872	\$ 34,362,326	\$ 36,300,291	\$ 35,829,102
16,538	16,538	16,538	16,538	16,538	16,538
399	-	-	-	-	-
6,683,531	8,018,324	11,857,913	2,094,011	3,237,414	7,594,451
8,266,327	4,257,229	3,806,154	4,304,913	4,326,067	4,795,237
7,703,224	5,919,897	4,956,112	6,075,182	6,817,891	11,345,222
2,435,373	2,195,933	1,707,136	1,364,398	25,052,227	15,274,675
-	-	-	5,123,403	3,867,711	8,813,625
300,117	146,765	122,862	113,836	128,538	130,269
97,785	55,765	50,103	672,969	62,660	557,434
12,377	5,682	1,782	59,005	76,146	-
216,186	217,195	217,969	218,049	218,089	221,566
268,456	165,679	185,844	102,434	250,989	109,805
7,189,658	7,494,829	9,565,682	7,264,168	10,237,345	813,667
18,103	53,791	-	-	-	36,530
98,729	47,375	48,750	155,195	701,812	548,446
-	-	-	-	163,380	344,440
48,586	25,202	25,202	25,202	25,202	-
-	4,825	-	-	44,480	-
2,087,281	2,310,074	1,993,060	2,094,759	2,880,698	3,282,089
-	-	-	-	390,933	102,946
114,948	133,710	132,897	107,952	80,902	114,620
-	-	-	-	680,142	3,399,718
358,174	102,448	63,212	5,363	96,647	-
-	-	-	-	-	104
217,982	394,122	499,890	182,660	147,210	151,042
154,700	17,762	-	-	-	-
56,616	41,916	117,166	88,014	51,615	-
-	-	-	9,816	198,446	156,558
(6,674,748)	(7,936,715)	(11,718,663)	(1,506,146)	(2,148,881)	(207,346)
\$ 29,670,342	\$ 23,688,346	\$ 23,649,609	\$ 28,571,721	\$ 57,604,201	\$ 57,601,636

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Revenues				
Taxes	\$ 46,529,226	\$ 48,227,231	\$ 49,340,902	\$ 49,883,531
Intergovernmental	12,328,526	10,379,680	10,367,311	10,891,739
Charges for services	3,435,270	3,475,157	3,632,627	4,190,130
Licenses and permits	2,683,188	2,392,108	2,710,159	2,485,929
Interest on investments	34,491	39,476	56,872	92,371
Other	1,923,309	3,485,501	1,548,178	2,130,432
Total Revenues	<u>66,934,010</u>	<u>67,999,153</u>	<u>67,656,049</u>	<u>69,674,132</u>
Expenditures				
General government	9,541,046	9,589,280	10,729,883	14,147,529
Environment and development	14,745,265	15,340,737	15,762,311	18,778,116
Public safety	19,946,007	20,362,042	20,333,988	20,645,476
Leisure activities	8,449,100	8,772,826	9,556,022	10,023,953
Capital projects	9,313,279	3,696,507	7,685,753	19,725,287
Debt Service:				
Principal	4,904,000	4,594,000	4,330,000	5,030,000
Interest	2,300,475	2,168,703	2,007,653	2,025,209
Total Expenditures	<u>69,199,172</u>	<u>64,524,095</u>	<u>70,405,610</u>	<u>90,375,570</u>
Excess of revenues over (under) expenditures	<u>(2,265,162)</u>	<u>3,475,058</u>	<u>(2,749,561)</u>	<u>(20,701,438)</u>
Other Financing Sources (Uses)				
Transfers in	3,744,153	3,989,863	4,878,505	8,287,269
Transfers out	(2,544,103)	(3,043,110)	(3,970,749)	(7,359,694)
Proceeds from bonds	-	-	-	9,000,000
Advance refunding	-	-	-	-
Premium on debt	-	-	-	-
Lease liabilities issued	-	-	-	-
Subscription financing	-	-	-	-
Proceeds from installment notes	-	2,395,000	7,984,000	5,760,000
Total other financing sources (uses)	<u>1,200,050</u>	<u>3,341,753</u>	<u>8,891,756</u>	<u>15,687,575</u>
Net change in fund balances	<u>\$ (1,065,112)</u>	<u>\$ 6,816,811</u>	<u>\$ 6,142,195</u>	<u>\$ (5,013,863)</u>
Debt service as a percentage of non capital expenditures	11.31%	10.94%	9.94%	9.94%

Table 4

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 51,899,899	\$ 54,366,124	\$ 56,052,887	\$ 58,964,009	\$ 64,274,760	\$ 66,645,209	
15,426,936	13,330,922	13,358,209	13,475,308	13,529,754	14,802,030	
3,990,342	4,610,116	4,003,574	3,132,740	3,759,055	5,212,191	
3,322,598	3,246,115	2,925,728	3,321,503	3,655,031	4,345,136	
253,870	472,755	283,172	15,581	56,676	2,160,179	
2,459,468	2,307,186	1,925,030	1,911,757	2,961,826	1,702,601	
77,353,113	78,333,218	78,548,600	80,820,898	88,237,102	94,867,346	
12,898,095	13,884,472	13,760,788	12,468,122	14,384,980	17,058,497	
19,175,142	18,157,985	18,584,377	19,264,337	20,552,256	23,389,578	
21,063,210	21,187,156	21,993,688	21,492,830	23,943,252	25,487,251	
10,300,116	10,169,809	9,999,649	9,669,807	10,499,954	11,903,497	
12,545,297	10,294,241	6,833,473	7,502,044	25,496,289	23,170,389	
7,488,000	7,995,000	5,572,000	5,224,000	5,858,871	7,919,091	
2,247,661	2,433,752	2,261,011	1,965,577	2,786,237	2,904,964	
85,717,521	84,122,415	79,004,986	77,586,717	103,521,839	111,833,267	
(8,364,408)	(5,789,197)	(456,386)	3,234,181	(15,284,737)	(16,965,921)	
3,159,729	3,579,357	3,188,910	4,329,309	8,787,293	5,040,177	
(2,155,527)	(2,218,699)	(1,851,520)	(4,338,621)	(8,556,763)	(5,540,569)	
9,800,000	-	-	7,960,000	51,526,000	14,925,000	
-	-	(1,917,928)	-	(12,241,044)	-	
519,544	-	2,073,936	765,697	6,715,902	1,716,202	
-	-	-	-	23,794	-	
-	-	-	-	-	351,357	
-	-	-	-	-	-	
11,323,746	1,360,658	1,493,398	8,716,385	46,255,182	16,492,167	
\$ 2,959,338	\$ (4,428,539)	\$ 1,037,012	\$ 11,950,566	\$ 30,970,445	\$ (473,754)	
12.38%	13.39%	10.19%	9.95%	10.18%	11.95%	

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

Table 5

<u>Fiscal Year</u>	<u>Property Tax</u> (1)	<u>Sales Tax</u>	<u>Occupancy Tax</u>	<u>Other Tax</u>	<u>Total</u>
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

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
2014		*	*	6,823,181,920	573,309,679
2015		*	*	6,862,576,184	519,383,543
2016		*	*	6,913,283,131	541,047,846
2017		*	*	6,902,832,865	546,117,755
2018	(1)	*	*	7,399,771,971	550,409,864
2019		*	*	7,529,444,369	613,170,831
2020		*	*	7,601,209,365	598,051,765
2021		*	*	7,805,662,760	576,246,878
2022	(1)	*	*	8,754,178,419	618,604,665
2023		*	*	8,795,629,837	646,036,515

* 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)
66,762,306	7,463,253,905	0.514	7,421,692,427	100.56%
65,246,662	7,447,206,389	0.524	7,606,952,389	97.90%
85,443,691	7,539,774,668	0.524	7,599,047,236	99.22%
83,768,622	7,532,719,242	0.524	7,562,971,127	99.60%
84,467,574	8,034,649,409	0.508	8,062,060,414	99.66%
80,677,065	8,223,292,265	0.528	8,263,784,811	99.51%
84,003,208	8,283,264,338	0.544	8,318,200,781	99.58%
83,305,619	8,465,215,257	0.544	8,496,652,873	99.63%
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%

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

Year Taxes Payable	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Chapel Hill within Orange County:				
<u>Town Direct Rates:</u>				
General Fund	0.388	0.388	0.388	0.388
Transit	0.051	0.051	0.051	0.051
Debt Service	0.075	0.085	0.085	0.085
Total outside Downtown Service District	0.514	0.524	0.524	0.524
Downtown Service District	0.071	0.071	0.071	0.071
Total Direct Rates	0.585	0.595	0.595	0.595
 <u>Overlapping Rates:</u>				
Orange County	0.858	0.878	0.878	0.878
Chapel Hill - Carrboro School District	0.208	0.208	0.208	0.208
Total Overlapping Rates	1.066	1.086	1.086	1.086
Total Direct and Overlapping Rates	1.651	1.681	1.681	1.681
 Chapel Hill within Durham County:				
<u>Town Direct Rates:</u>				
General Fund	0.388	0.388	0.388	0.388
Transit	0.051	0.051	0.051	0.051
Debt Service	0.075	0.085	0.085	0.085
Total Direct Rates	0.514	0.524	0.524	0.524
 <u>Overlapping Rates:</u>				
Durham County	0.744	0.744	0.793	0.740
Total Direct and Overlapping rates	1.258	1.268	1.317	1.264

* Revaluation year

Source: North Carolina State Department of Revenue.

Table 7

Fiscal Year					
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
*				*	
0.376	0.386	0.386	0.386	0.372	0.372
0.050	0.060	0.060	0.060	0.054	0.062
0.082	0.082	0.098	0.098	0.088	0.088
0.508	0.528	0.544	0.544	0.514	0.522
0.070	0.070	0.070	0.070	0.064	0.064
0.578	0.598	0.614	0.614	0.578	0.586
0.838	0.850	0.868	0.868	0.819	0.831
0.202	0.202	0.202	0.202	0.183	0.183
1.040	1.052	1.070	1.070	1.002	1.014
1.618	1.650	1.684	1.684	1.580	1.600
0.376	0.386	0.386	0.386	0.372	0.372
0.050	0.060	0.060	0.060	0.054	0.062
0.082	0.082	0.098	0.098	0.088	0.088
0.508	0.528	0.544	0.544	0.514	0.522
0.768	0.778	0.712	0.712	0.722	0.722
1.276	1.306	1.256	1.256	1.236	1.244

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

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

Taxpayer	Type of Business
Chapel Hill Foundation Real Estate (University Square)	Shopping Center
BIR Chapel Hill LLC (formerly Village Plaza Apartments LLC)	Apartment & Retail
NR Edge Apartments Property Owner LLC	Apartment & Retail
Northwestern Mutual Life (Chapel Watch Apartments)	Apartment Rental
Townhouse Apartments 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
KV Chapel Hill 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) 2013-2014 Comprehensive Annual Financial Report.
- (2) Orange County Department of Revenue.

Table 8

Fiscal Year 2023			Fiscal Year 2014		
Assessed Valuation	(2) Rank	Percentage of Total Assessed Valuation	Assessed Valuation	(1) Rank	Percentage of Total Assessed Valuation
112,650,500	1	1.18%			
80,124,700	2	0.84%			
78,566,982	3	0.82%			
68,735,640	4	0.72%	38,627,273	2	0.52%
67,581,700	5	0.71%			
55,602,934	6	0.58%	36,975,559	3	0.50%
48,841,408	7	0.51%			
47,681,846	8	0.50%			
45,114,901	9	0.47%	33,779,800	7	0.45%
44,775,207	10	0.47%			
			47,524,400	1	0.64%
			35,399,116	4	0.47%
			35,006,817	5	0.47%
			34,144,411	6	0.46%
			27,747,385	8	0.37%
			27,327,293	9	0.37%
			25,076,702	10	0.34%
<u>\$ 649,675,818</u>		<u>6.81%</u>	<u>\$ 341,608,756</u>		<u>4.58%</u>
<u>\$ 9,537,829,885</u>			<u>\$ 7,463,253,905</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	
2014	38,361,125	38,115,148	99.36%	-	38,115,148	99.36%	245,977
2015	39,009,200	38,849,950	99.59%	-	38,849,950	99.59%	159,250
2016	39,789,825	39,638,269	99.62%	-	39,638,269	99.62%	151,556
2017	39,471,449	39,314,757	99.60%	-	39,314,757	99.60%	156,692
2018	40,816,019	40,679,175	99.66%	-	40,679,175	99.66%	136,844
2019	43,418,983	43,206,984	99.51%	-	43,206,984	99.51%	211,999
2020	45,060,958	44,871,448	99.58%	-	44,871,448	99.58%	189,510
2021	46,050,771	45,882,304	99.63%	-	45,882,304	99.63%	168,467
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

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
2014	28,141,000	24,465,000	-	3,890,775	123,146	-
2015	25,662,000	22,350,000	-	5,456,766	123,146	-
2016	23,472,000	20,210,000	-	12,592,753	123,146	-
2017	31,741,000	18,045,000	-	15,351,269	123,146	-
2018	38,770,000	16,155,000	470,234	11,895,257	123,146	-
2019	35,528,000	14,235,000	446,522	8,672,083	123,146	-
2020	30,851,000	12,305,000	2,289,552	7,718,365	123,146	-
2021	36,264,000	10,325,000	2,786,058	6,958,000	123,146	-
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

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)
-	-	-	-	56,619,921	51,702	955	1.85%
-	-	-	-	53,591,912	52,339	898	1.72%
-	-	-	-	56,397,899	52,989	944	1.78%
-	-	6,408,000	-	71,668,415	55,338	1,203	2.17%
2,700,000	129,554	5,848,000	-	76,091,191	58,438	1,270	2.17%
2,565,000	123,076	5,251,000	-	66,943,827	62,202	1,060	1.70%
2,430,000	116,598	4,641,000	-	60,474,661	67,385	944	1.40%
2,295,000	110,120	4,019,000	-	62,880,324	65,185	988	1.52%
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%

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

Fiscal Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General bonded debt outstanding:				
General obligation bonds	\$ 28,141,000	\$ 25,662,000	\$ 23,472,000	\$ 31,741,000
Bond premium	-	-	-	-
	\$ 28,141,000	\$ 25,662,000	\$ 23,472,000	\$ 31,741,000
Percentage of estimated actual property value (1)	0.38%	0.34%	0.31%	0.42%
Per capita (2)	\$ 544	\$ 490	\$ 443	\$ 574

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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>		
\$ 38,770,000	\$ 35,528,000	\$ 30,851,000	\$ 36,264,000	\$ 33,422,000	\$ 45,491,000		
470,234	446,522	2,289,552	2,786,058	8,896,975	9,922,381		
<u>\$ 39,240,234</u>	<u>\$ 35,974,522</u>	<u>\$ 33,140,552</u>	<u>\$ 39,050,058</u>	<u>\$ 42,318,975</u>	<u>\$ 55,413,381</u>		
0.49%	0.44%	0.40%	0.46%	0.45%	0.58%		
\$ 671	\$ 578	\$ 492	\$ 599	\$ 631	\$ 739		

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**Town of Chapel Hill
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023**

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	\$ 116,815,000	36.98%	\$ 43,195,367
Durham County	198,380,000	1.11%	2,209,582
Total overlapping debt			<u>45,404,949</u>
Total direct debt			<u>104,880,716</u>
Total direct and overlapping debt			<u><u>\$ 150,285,665</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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Total assessed valuation	\$ 7,463,253,905	\$ 7,447,206,389	\$ 7,539,774,668	\$ 7,532,719,242
Debt limit - 8% of total assessed valuation	597,060,312	595,776,511	603,181,973	602,617,539
General obligation bonds	28,141,000	25,662,000	23,472,000	31,741,000
Bonds authorized but unissued	-	-	40,300,000	31,300,000
Net debt applicable to debt limit	<u>28,141,000</u>	<u>25,662,000</u>	<u>63,772,000</u>	<u>63,041,000</u>
Legal debt margin	<u>\$ 568,919,312</u>	<u>\$ 570,114,511</u>	<u>\$ 539,409,973</u>	<u>\$ 539,576,539</u>
Legal debt margin as a percentage of the debt limit	95.29%	95.69%	89.43%	89.54%

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, 2023 totaled \$58,616,000.
This total is less than 1% of the Town's June 30, 2023 tax base (\$9.54 billion).

* Source: The North Carolina Department of Revenue final report of assessed property values for the 2022/2023 fiscal year.

North Carolina G.S §159-55.

Table 13

Fiscal Year					
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 8,034,649,409	\$ 8,223,292,265	\$ 8,283,264,338	\$ 8,465,215,257	\$ 9,461,547,860	\$ 9,537,829,885
642,771,953	657,863,381	662,661,147	677,217,221	756,923,829	763,026,391
41,470,000	38,093,000	33,281,000	38,559,000	35,582,000	47,516,000
28,800,000	28,800,000	28,800,000	24,045,000	24,045,000	11,100,000
<u>70,270,000</u>	<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>\$ 572,501,953</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>
89.07%	89.83%	90.63%	90.76%	92.12%	92.32%

**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%

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

<u>Taxpayer</u>	<u>Fiscal Year 2023</u>			<u>Fiscal Year 2014</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment Town</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment Town</u>
University of North Carolina at Chapel Hill	10000+	1		1000+	1	
University of North Carolina Healthcare	10000+	2	Not available	1000+	2	Not available
Carrboro-Chapel Hill Schools	1000+	3	available	1000+	3	available
Town of Chapel Hill	650+	4		500-999	4	
Aramark Food and Support Services	250+	5		500-999	5	
			<u>Not available</u>			<u>Not available</u>
Total Town Employment	<u>Not available</u>			<u>37,831</u>		

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

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

Function/Program	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General government:				
Finance				
Purchase orders issued	1,214	1,279	1,353	1,318
Human Resources				
Recruitment for positions	68	99	83	88
Public Works				
Streets resurfaced (miles)	5.88	5.88	5.88	4.79
Refuse collected (tons)	14,746	14,082	14,331	14,339
Economic and development:				
Planning/Inspections				
Building permits issued	1,006	967	967	762
Public safety:				
Police				
Calls for service	36,088	37,804	38,009	33,479
Traffic citations	5,721	6,709	6,459	5,567
Fire				
Emergency responses	4,109	4,388	4,642	4,514
Property losses	\$ 2,244,585	\$ 1,001,991	\$ 1,145,028	\$ 951,042
Inspections	757	946	1,178	1,562
Leisure activities:				
Parks and Recreation				
Pass memberships	4,195	4,123	4,189	4,150
Class registrations	5,207	4,507	4,524	6,120
Daily visits	108,569	104,728	95,047	82,537
Transit				
Service miles	2,614,684	2,372,166	2,303,864	2,150,124
Parking				
Citations issued	12,970	10,465	12,598	12,754

Source: Town of Chapel Hill department representatives.

Table 16

Fiscal Year						
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
1,218	1,354	1,542	1,588	1,775	1,893	
89	77	56	61	102	75	
2.74	3.15	2.37	4.14	8.25	7.53	
13,894	13,857	12,947	12,957	13,027	12,789	
1,069	979	1,921	2,133	2,799	5,949	
31,950	40,379	36,890	33,405	37,058	41,006	
2,601	3,785	2,633	584	922	3,491	
4,928	4,896	4,385	3,737	4,448	5,773	
\$ 77,060	\$ 325,766	\$ 264,400	\$ 283,000	\$ 1,069,500	\$ 2,176,759	
2,789	4,790	1,971	697	2,960	2,554	
2,385	2,959	1,991	604	1,074	1,498	
7,396	7,529	6,160	6,785	5,322	7,334	
136,401	121,801	76,962	20,370	53,712	78,156	
1,849,310	2,128,686	1,488,674	1,801,340	1,567,492	1,701,636	
8,729	9,330	9,105	7,178	13,014	12,213	

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

Function/Program	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government:				
Public Works				
Streets (miles)	165.2	165.2	165.2	166.1
Street lights	3,425	3,491	3,522	3,566
Public Safety:				
Police				
Patrol units	5	5	5	5
Investigative units	2	2	2	2
Other specialty units	4	4	4	4
Fire				
Number of stations	5	5	5	5
Leisure activities:				
Parks and Recreation				
Number of parks & recreational facilities	15	14	14	14
Library				
Volumes in circulation	216,985	204,271	199,922	210,873
Transportation				
Number of buses	98	98	98	98
Number of vans	19	19	6	18
Parking				
Number of spaces available	1,189	1,189	1,106	1,159
Housing				
Number of units occupied	321	321	321	319

Source: Town of Chapel Hill Department representatives.

Table 17

Fiscal Year					
<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
166.1	166.1	166.1	166.1	166.1	166.1
3,600	3,605	3,651	4,876	3,734	3,781
5	5	5	5	3	3
2	5	5	3	3	5
4	4	4	4	3	5
5	5	5	5	5	5
15	15	15	15	15	15
339,352	385,880	342,667	477,104	539,451	819,084
93	95	95	96	101	105
20	19	22	22	22	18
1,475	1,475	1,480	1,463	1,185	1,226
300	290	290	294	287	286

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

Table 18

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
Mayor and council	1	1	1	1	1	1	1	1	1	1
Town manager's office	11.75	11.75	9	9	10	10	11	11	12	17
Communication and Public Affairs	7.53	7.53	8.53	7.53	7.53	7.53	7.53	7.53	7.53	7.53
Human resources	8	7	10	10	10	10	10	10	10	10
Finance	15	16	18	18	18	18	18	18	18	18
Technology solutions	9	9	10	13	13	16	16	16	16	16
Legal	2	2	2	2	2	2	2	2	3	3
Environment and development:										
Planning & Sustainability (A)	15.75	15.75	35.65	36.65	22.65	20.65	15.65	15.65	15.65	16.8
Housing & Community	-	-	6.2	7.2	7.2	7.2	7.2	7.2	7.2	7.2
Public Works	71.25	71.25	72.25	72.55	72.55	70.2	71.2	71.2	71.2	71.2
Inspections (A)	8	12	-	-	-	-	-	-	-	-
Engineering	23	23	21	20	20	20	20	20	20	20
Public Safety:										
Police	138	136	136	134	150	150	155	155	141	141
Fire	92	92	95	97	96	96	96	96	96	96
Leisure activities:										
Parks & Recreation	54.01	54.41	57.83	57.83	57.8	56.5	53.8	53.8	53.8	53.8
Library	26.63	30.09	30.41	29.9	30.3	32.16	34.66	34.66	34.66	34.66
Transit	178.41	183.79	198.29	201.29	203.29	203.29	203.29	203.29	205.66	205.66
Parking	11.8	11.8	10.8	10.8	9	9.8	9.8	9.8	9.8	9.8
Housing	16	16	16	16	16	16	16	16	16	16
Stormwater	14	14	14	14.7	14.7	15.05	15.05	15.05	15.05	15.05
Vehicle Maintenance	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75
Downtown Service	1	1	1	1	1	1	1	1	1	1
Total	711.88	723.12	760.71	767.2	769.77	770.13	771.93	771.93	762.3	768.45

Notes:

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

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

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Honorable Mayor 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 (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Chapel Hill, North Carolina, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town of Chapel Hill's basic financial statements, and have issued our report thereon dated November 10, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 of Chapel Hill's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 10, 2023

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Honorable Mayor 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, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Chapel Hill's major federal programs for the year ended June 30, 2023. The Town of Chapel Hill's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the Town of Chapel Hill complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Chapel Hill 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 basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Chapel Hill'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 of Chapel Hill'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 of Chapel Hill'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 judgement made by a reasonable user of the report on compliance about the Town of Chapel Hill's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, 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 of Chapel Hill'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 of Chapel Hill'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 the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Town of Chapel Hill'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, non-compliance with a type of compliance requirement of a

federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material 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 in internal control over compliance may exist that were not identified.

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 10, 2023

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Honorable Mayor 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, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Town of Chapel Hill's major state programs for the year ended June 30, 2023. The Town of Chapel Hill's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the Town of Chapel Hill complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Chapel Hill 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 basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town of Chapel Hill'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 of Chapel Hill'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 of Chapel Hill'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 judgement made by a reasonable user of the report on compliance about the Town of Chapel Hill's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, 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 of Chapel Hill'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 of Chapel Hill'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 the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Town of Chapel Hill'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, non-compliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency,

or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material 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 in internal control over compliance may exist that were not identified.

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 10, 2023

TOWN OF CHAPEL HILL, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

1. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>Program Name</u>	<u>AL#</u>
Public Housing Capital Fund	14.872
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Program	20.505
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027

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

Auditee qualified as low-risk auditee? Yes

TOWN OF CHAPEL HILL, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

State Awards

Internal control over major state programs:

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

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

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

Identification of major state programs:

Program Name

State Maintenance Assistance for Urban and Small Urban Areas

Auditee qualified as low-risk auditee? Yes

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

None reported

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

None reported

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

None reported

TOWN OF CHAPEL HILL, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

None reported.

**TOWN OF CHAPEL HILL, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

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	
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		2,614,203	2,614,203	-	653,551
Federal Transit Administration - Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526		534,037	30,624	-	7,656
Federal Transit Administration - Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526		3,130,755	-	-	208,490
Federal Transit Administration - Bus and Bus Facilities Formula & Discretionary Programs (Bus Program)	20.526		657,654	69,071	-	17,268
Federal Transit Administration - Federal Transit Capital and Investment Grant - Fixed Guideway Capital Investment Grants	20.500		745,000	284,693	-	75,547
<i>Subtotal Direct Federal Transit Cluster</i>			<i>2,998,591</i>	<i>-</i>	<i>-</i>	<i>962,512</i>

TOWN OF CHAPEL HILL, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2023

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	
<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	307,590	245,875	30,734	30,734
<i>Subtotal Pass-Through Metro Transportation Planning Program / State and Non-Metro Planning and Research Program</i>				245,875	30,734	30,734
<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)	55,000	44,000	-	11,000
NCDOT CMAQ Grant - Estes Drive Bike Construction	20.205	C-5179	5,694,118	1,419,452	-	408,447
NCDOT COVID-DA Grant - Estes Drive Bike Constructi	20.205	C-5179	429,455	214,336	-	-
NCDOT-Sidepath	20.205	EB-5721	1,058,000	30,655	-	7,664
<i>Subtotal Pass-Through Highway Planning, Research, and Construction Cluster</i>				1,708,443	-	427,111
National Highway Traffic Safety Administration Highway Safety Cluster						
State and Community Highway Safety Program	20.600	PS-22-05-02	67,973	53,288	-	-
<i>Subtotal Pass-Through Highway Safety Cluster</i>				53,288	-	-
Total U.S. Department of Transportation				5,006,197	30,734	1,420,357

TOWN OF CHAPEL HILL, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2023

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	
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		2,831,101	148,901	-	95,752
COVID-19 CDBG Entitlement Grant	14,218		290,902	-	-	-
COVID-19 CDBG Entitlement Grant	14,218		245,693	-	-	-
Program income			133,803	-	46,486	-
<i>Subtotal Direct CDBG Entitlement Grants Cluster</i>			148,901	-	46,486	95,752
ASSISTANT SECRETARY FOR PUBLIC & INDIAN HOUSING						
Public Housing Operating Fund - Operating	14,850		1,369,777	1,369,777	-	-
Rental and other income			-	-	1,240,336	-
<i>Subtotal Direct Public Housing Capital Grants</i>			1,369,777	-	1,240,336	-
PUBLIC HOUSING CAPITAL FUND						
Public Housing - Capital Fund	14,872		549,598	10,303	-	-
	14,872		782,242	194,603	-	-
	14,872		825,913	347,873	-	-
	14,872		891,521	144,975	-	-
	14,872		935,260	144,198	-	-
	14,872		935,260	6,345	-	-
<i>Subtotal Direct Public & Indian Housing Capital Grants</i>			848,297	-	-	-

**TOWN OF CHAPEL HILL, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

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	
<i>Passed-Through Orange County, North Carolina:</i>						
HOME INVESTMENT PARTNERSHIP PROGRAM						
Public and Indian Housing - Program Income				-	-	26,177
<i>Subtotal Pass-Through HOME Program</i>				-	-	26,177
Total U.S. Department of Housing and Urban Development				2,366,975	-	1,312,999
U.S. Department of Justice						
Office of Justice Programs						
<i>Direct Programs:</i>						
Bulletproof Vest Partnership Program	16.607		22,687	4,961	-	7,662
Bulletproof Vest Partnership Program	16.607		26,030	19,126	-	-
<i>Subtotal direct programs</i>				24,087	-	7,662
<i>Passed-Through NC Department of Public Safety:</i>						
Governor's Crime Commission						
Project Safe Neighborhood Grant	16.609	2019-GP-BX-0050	20,000	3,600	-	-
<i>Subtotal Passed-Through NC Dept of Public Safety</i>				3,600	-	-
Total U.S. Department of Justice				27,687	-	7,662

TOWN OF CHAPEL HILL, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2023

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	
U.S. Department of Homeland Security						
<i>Passed-Through NC Department of Public Safety:</i>						
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	PW119879	87,350	87,350	-	-
Total U.S. Department of Homeland Security				87,350	-	-
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	57,340	-	-
Grants to States	45.310	LS-00-17-0034-21	11,820	11,513	-	-
Total U.S. Institute of Museum and Library Services				68,853	-	-
<i>Direct Program</i>						
U.S. Department of Treasury						
COVID-19 Coronavirus State & Local Fiscal Recovery Fund	21.027	1505-0271	10,668,497	1,767,785	-	-
<i>Passed-Through NC Office of Management and Budget, NC Pandemic Recovery Office & Orange County:</i>						
COVID-19 Coronavirus State & Local Fiscal Recovery Fund	21.027	2000057929	54,775	2,245	-	-
Total U.S. Department of Treasury				1,770,030	-	-
TOTAL FEDERAL ASSISTANCE				9,327,092	30,734	95,752

**TOWN OF CHAPEL HILL, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

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	
STATE ASSISTANCE						
North Carolina Department of Transportation:						
Powell Bill	5121		1,619,630	-	1,619,630	-
State Maintenance Assistance for Urban and Small Urban Areas	NC-2022-049-00		3,631,704	-	3,631,704	-
NCDOT-19 Urban Regional Bus and Facility Program	36231		-	-	41,668	-
NCDOT-18 Statewide Contingency Program	50154		-	-	121,266	-
				-	5,414,268	-
					48,748	-
<i>Passed-Through Triangle J Council of Government:</i>						
Transit Demand Grant	2000004447		123,889	-	57,184	-
Total North Carolina Department of Transportation					51,202	-
					99,950	-
North Carolina Department of Environmental Quality:						
NC Phase I VW Mitigation Grant	NC-2020-045-00		935,000	-	485,000	-
Total NC Department of Environmental Quality					485,000	-
North Carolina Department of Natural and Cultural Resources:						
State Library Aid	2022-2023		32,839	-	32,839	-
TOTAL STATE ASSISTANCE					5,989,291	-
TOTAL FINANCIAL ASSISTANCE				9,327,092	6,020,025	95,752

**TOWN OF CHAPEL HILL, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2023

- 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, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the 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.
- 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.
- The Town of Chapel Hill has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
- 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, 2023. The Town is required to report annually to the NCDOT on the accumulated unspent Powell Bill funds. As of June 30, 2023, 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.
- 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

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