

**Town of Chapel Hill, North Carolina
Comprehensive Annual Financial Report
For the fiscal year ended June 30, 2020**

Prepared by:

Town of Chapel Hill
Business Management Department

TABLE OF CONTENTS

Page

INTRODUCTORY SECTION

Letter of Transmittal.....	i
Certificate of Achievement for Excellence in Financial Reporting.....	ix
Organizational Chart.....	x
The Town Governing Body and Officials.....	xi

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT	I
MANAGEMENT'S DISCUSSION AND ANALYSIS	5

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

Statement of Net Position	17
Statement of Activities	18

FUND FINANCIAL STATEMENTS:

MAJOR FUNDS	19
--------------------------	----

Governmental Funds:

Balance Sheet.....	21
Reconciliation of the Balance Sheet to the Statement of Net Position.....	23
Statement of Revenues, Expenditures and Changes in Fund Balances	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities.....	26
General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual.....	27

Proprietary Funds:

Statement of Fund Net Position.....	28
Statement of Revenues, Expenses and Changes in Net Position	30
Statement of Cash Flows.....	32

Fiduciary Funds:

Statement of Fiduciary Net Position.....	36
Statement of Changes in Fiduciary Net Position.....	37

NOTES TO THE FINANCIAL STATEMENTS	39
--	----

REQUIRED SUPPLEMENTARY INFORMATION

Local Government Employees' Retirement:	
Schedule of the Proportionate Share of the Net Pension Liability.....	87

TABLE OF CONTENTS

	Page
Schedule of Contributions	88
Law Enforcement Officers' Special Separation Allowance (LEOSSA):	
Schedule of Changes in Total Pension Liability	89
Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll	90
Other Postemployment Benefits Trust (OPEB Trust):	
Schedule of Changes in the Net OPEB Liability and Related Ratios	91
Schedule of Town Contributions	92
Schedule of Investment Returns	93

COMBINING NON-MAJOR FUND STATEMENTS AND SCHEDULES

Non-Major Governmental Funds:	95
Combining Balance Sheets:	
Other Governmental Funds	97
Special Revenue Funds	98
Capital Projects Funds	100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances:	
Other Governmental Funds	101
Special Revenue Funds	102
Capital Projects Funds	104
Internal Service Funds	105
Combining Statement of Net Position	106
Combining Statement of Revenues, Expenses and Changes in Net Position	107
Combining Statement of Cash Flow	108

BUDGETARY STATEMENTS

Major Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual:

General Fund	111
Debt Service Fund	116
Capital Projects Ordinance Fund	117

Non-major Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances –

Budget and Actual:

Capital Projects Fund	119
Capital Reserve Fund	120
Transit Grant Projects Ordinance Fund	121
Public Housing Capital Grants Fund	122
Community Development Grant Fund	123
Affordable Housing Fund	124
Transitional Housing Fund	125

TABLE OF CONTENTS

	Page
Land Trust Fund	126
Grants Fund	127
Downtown Service District Fund.....	128
Affordable Housing Development Reserve Fund.....	129
Library Gift Fund.....	130
 Enterprise Funds	
Statement of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual (Modified Accrual Basis):	
Transit Fund	131
Parking Facilities Fund	133
Public Housing Operating Fund	134
Public Housing Supplemental Data Schedules	135
Stormwater Management Fund	137
 Internal Service Funds	
Statement of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual (Modified Accrual Basis):	
Vehicle Replacement Fund	138
Vehicle Maintenance Fund	139
Computer Equipment Replacement Fund	140
 Other Supplemental Schedules	
Schedule of Ad Valorem Taxes Receivable	141
Analysis of Current Tax Levy	142

STATISTICAL SECTION

Statistical Section Summary	143
Net Position by Component	144
Changes in Net Position	145
Fund Balances, Governmental Funds	148
Changes in Fund Balance, Governmental Funds	150
Governmental Funds Tax Revenue by Source.....	153
Assessed Value and Actual Value of Taxable Property.....	154
Direct and Overlapping Property Tax Rates	156
Principal Property Tax Payers	158
Property Tax Levies and Collections.....	161
Ratios of Outstanding Debt by Type.....	162
Ratios of Net General Bonded Debt Outstanding.....	164
Direct and Overlapping Governmental Debt.....	167
Legal Debt Margin Information	168
Demographics and Economic Statistics.....	170

TABLE OF CONTENTS

	Page
Principal Employers	171
Operating Indicators	172
Capital Asset Statistics.....	174
Full Time Equivalent Town Employees by Function	176

SINGLE AUDIT SECTION

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	177
Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; Required by the Uniform Guidance and the State Single Audit Implementation Act	179
Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; Required by Uniform Guidance and the State Single Audit Implementation Act	181
Schedule of Findings, Responses, and Questioned Costs.....	183
Schedule of Expenditures of Federal and State Awards	187



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

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

November 3, 2020

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

Mayor and Council:

The Comprehensive Annual Financial Report (CAFR) of the Town of Chapel Hill for the fiscal year ended June 30, 2020 (FY 2019-20) 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, 2020.

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, 2020 are presented in conformity with generally accepted accounting principles. The report of the independent auditors is presented as the first component of the financial section of this report.

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

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

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

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

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

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

Budgetary control is maintained at the major functional level. Neither an operational expenditure nor an encumbrance is processed when the transaction would result in a department overrun. Open encumbrances are a component of restricted fund balances at June 30, 2020.

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 21.3 square miles, serves an official population of 64,051 and is the home of the University of North Carolina at Chapel Hill.

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

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

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

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

Factors Affecting Financial Condition

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

Local economy. The Town of Chapel Hill is a part of the Triangle region of North Carolina, which includes the Research Triangle Park, a major complex of research and research-oriented manufacturing facilities. The Town, Orange County and the Research Triangle Park area continue to experience growth and are considered to be among the most desirable areas of the country to live and work. In 2009, the U.S. Conference of Mayors named Chapel Hill the “most livable city” and the Town frequently appears in national “best place to live” listings.

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

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. As a result, economic uncertainties have arisen which have a potential to negatively impact Town revenues and operations. The Town immediately took action to help protect our resources and prepare for the unknown by implementing a hiring freeze, closely monitoring expenditures, conservatively budgeting FY 2021 revenues and reducing the FY 2021 capital and maintenance budget.

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

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

No bonds under this order have been issued as of June 30, 2020.

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	<u>5.9 million</u>
Total	\$40.3 million

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

In preparation for the referendum the Council increased the portion of the property tax dedicated to debt service from 7.5 cents to 8.5 cents for FY15. This increase provides capacity to pay the additional debt service for the 2015 general obligation bonds.

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

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

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

In 2011-12, the Town engaged the community in the creation of a new comprehensive plan, Chapel Hill 2020. The 2020 process brought together all stakeholders, including people who live, work, invest or play in the town, through a year-long series of discussions to provide input into the development of a guiding document that articulates the comprehensive vision and direction of the Town. The Town Council adopted Chapel Hill 2020 in June 2012, and directed

a refinement of several small area plans and the Town's land development regulations as the first implementation phase of the new comprehensive plan. The implementation of 2020 which began in FY2013, included a series of small area focus plans and the launch of proposed revisions to the Land Use Management Ordinance (LUMO). These revisions include: rezoning for the Ephesus-Fordham area, Central West Small Area planning, a NC-DOT grant-funded bicycle plan, two development agreement negotiations (Glen Lennox and Obey Creek), the LUMO review, reconsideration of the Town's advisory board structure, and work on the Town's housing policies and community engagement practices. These efforts are anticipated to span several years, bringing the Town's community vision, regulations, and policies into closer alignment.

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

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

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

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

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

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

- The principle of preserving fund balance for use on one-time expenses was maintained in the 2018-19 budget, with the allocation of fund balance for Other Post Employment Benefits (OPEB) and for capital projects.

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, 2019.

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

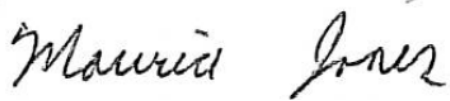
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

In addition, the Town also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for 2019-20. In order to qualify for the Distinguished Budget Presentation Award, the Town's budget document was judged to be proficient in all required categories, as a policy document, a financial plan, an operations guide, and a communications device.

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

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

Respectfully submitted,

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

Maurice Jones
Town Manager

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

Amy Oland
Business Management Director



Government Finance Officers Association

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

Presented to

**Town of Chapel Hill
North Carolina**

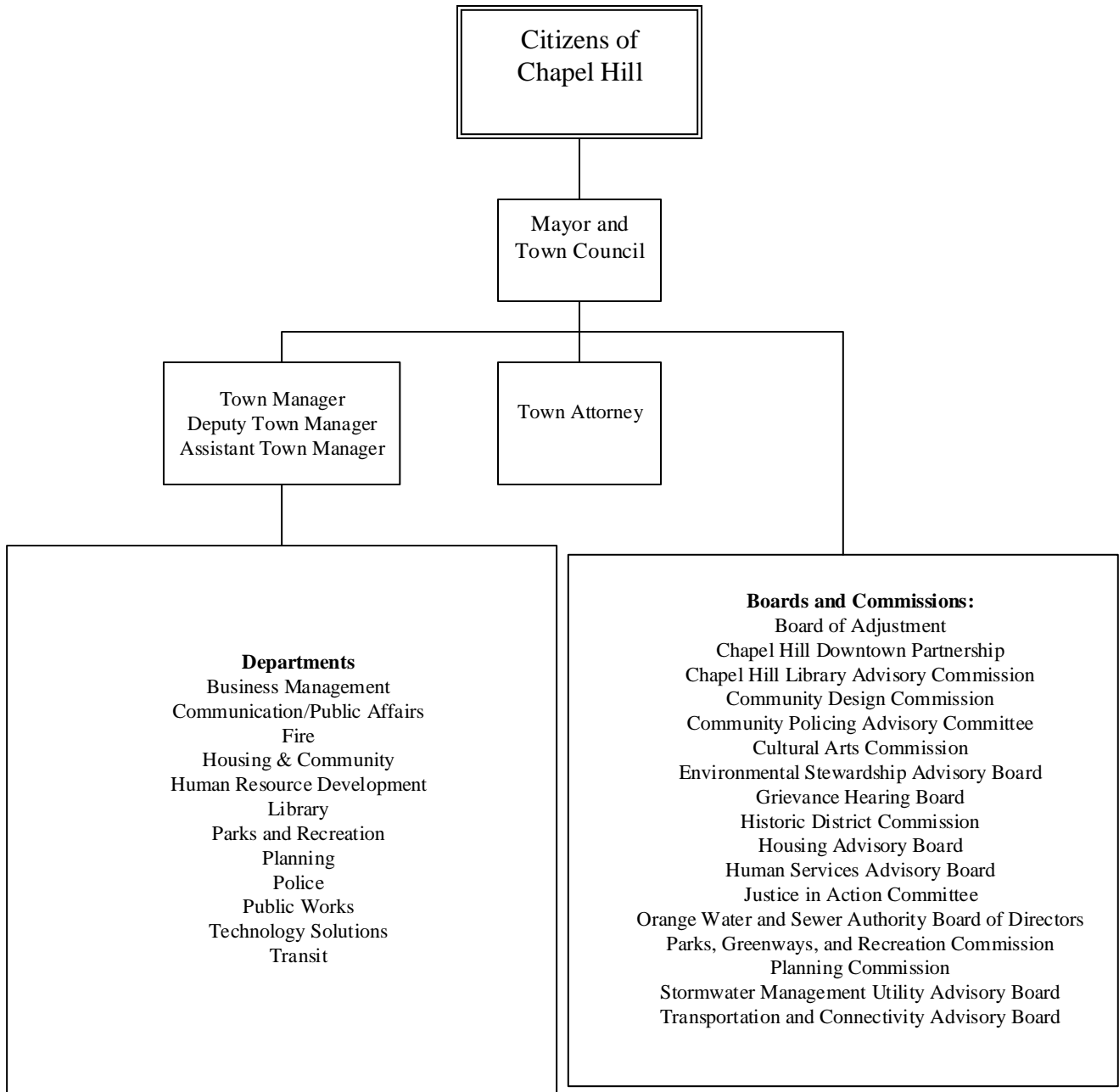
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

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, 2020
MEMBERS OF THE GOVERNING BODY**

Mayor

Pam Hemminger

Mayor pro tem

Michael Parker

Council Members

Jessica Anderson

Allen Buansi

Hongbin Gu

Tai Huynh

Amy Ryan

Karen Stegman

Administrative and Financial Staff

Maurice Jones

Town Manager

Florentine A. Miller

Deputy Town Manager

Mary Jane Nirdlinger

Assistant Town Manager

Amy Oland

Business Management Director

Ann Anderson

Town Attorney

This page intentionally left blank.

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

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

Report On the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Chapel Hill, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Chapel Hill, North Carolina, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Chapel Hill's basic financial statements. The introductory section, combining and individual fund financial statements, budget and actual schedules, other schedules, supplemental ad valorem tax schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Financial Data Schedule is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* the State Single Audit Implementation Act and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, other schedules, supplemental ad valorem tax schedules, Financial Data Schedule and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and

individual fund financial statements, 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2020 on our consideration of the Town of Chapel Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Chapel Hill's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Chapel Hill's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 3, 2020

This page intentionally left blank.

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, 2020. 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 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, 2020, 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 \$120.3 million (net position.)
- The government's total net position increased by about \$1.2 million, the total of a \$1.9 million decrease in governmental activities net position (largely the result of a decrease in capital assets due to a smaller number of capital projects and an increase in accumulated depreciation) and a \$3.2 million increase in business-type activities net position (cost savings in transit and stormwater operations).
- A 1.6 cent tax rate increase from 52.8 cents to 54.4 cents was adopted with the FY 2020 budget for the debt service fund.
- In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. As a result, FY 2020 quarter four revenues were impacted. The largest revenue impacts were in sales tax, occupancy tax and department fees. Strong revenues from the first three quarters, along with a fourth quarter hiring freeze, allowed the General Fund to finish strong with a \$1 million increase to fund balance.
- At June 30, 2020, total net position was \$120.2 million which is made up of \$117.4 million invested in capital assets, \$24.3 restricted net position which has been reserved for specific purposes, and a negative remaining balance of (\$21.4) million that is unrestricted. Restrictions for Stabilization by State Statute accounts for \$20.6 million of net position, largely representing

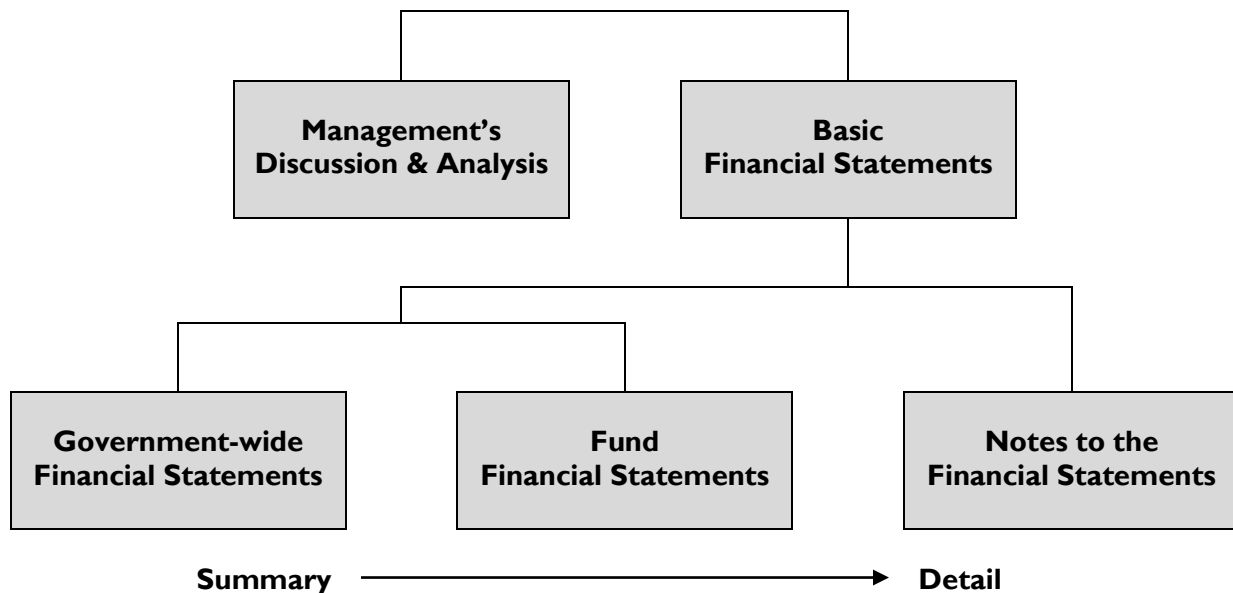
Management's Discussion and Analysis

bond and capital funds (\$9.1 million) and debt fund (\$1.4 million) and outstanding purchase orders for ongoing Town operating costs (\$6.2 million.)

- As of the close of the current fiscal year, Chapel Hill's governmental funds reported combined ending fund balances of approximately \$51.0 million, a decrease of \$1.0 million in comparison with the prior year. This net decrease is a result of planned spending down of bond funds in the capital projects ordinance fund and an increase in the contribution to reserve in the debt service fund.
- Unassigned fund balance of the General Fund (totaling approximately \$15.1 million) continues to meet working capital requirements and a policy of reserving at least 12% of total expenditures. Legal provisions and financial policies of the Town restrict fund balance in other funds for the purposes of those funds.
- The Town's total long-term liabilities decreased by \$2.4 million to \$144.4 million as a result of the net impact of the increase in the net OPEB liability and total pension liabilities for LEOSSA and LGERS offset by the decrease due to the annual debt payments made.
- Property taxes supported 52% of the governmental services to citizens and the community in fiscal year 2020.
- 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 Financial Report



Management's Discussion and Analysis

Basic Financial Statements

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

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Management's Discussion and Analysis

Governmental Funds are used to account for basic services and are reported as governmental activities in the government-wide financial statements. Governmental funds use an accounting method called modified accrual accounting. This method provides a short-term spending focus. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

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

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 39 through 85 of this report.

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

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

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

Management's Discussion and Analysis

Government-Wide Financial Analysis

Figure 2 below is a summary of net position for the Town of Chapel Hill at June 30, 2020 (as shown in Exhibit 1) with comparative data from June 30, 2019.

Town of Chapel Hill's Net Position						
Figure 2						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 58,030,465	\$ 56,671,252	\$ 36,524,623	\$ 33,593,939	\$ 94,555,088	\$ 90,265,191
Capital assets	121,796,924	127,394,987	45,283,287	44,361,155	167,080,211	171,756,142
Total assets	179,827,389	184,066,239	81,807,910	77,955,094	261,635,299	262,021,333
Total deferred outflows of resources	8,627,270	9,653,016	3,072,088	3,644,982	11,699,358	13,297,998
Current liabilities	12,421,609	13,104,076	2,562,692	2,732,271	14,984,301	15,836,347
Non-current liabilities	107,083,073	109,248,912	28,295,359	27,866,595	135,378,432	137,115,507
Total liabilities	119,504,682	122,352,988	30,858,051	30,598,866	150,362,733	152,951,854
Deferred inflows of resources	1,816,398	2,266,419	827,426	986,008	2,643,824	3,252,427
Net position:						
Net investment in capital assets	76,894,871	78,789,668	40,492,920	39,067,845	117,387,791	117,857,513
Restricted for:						
Stabilization by State Statute	20,638,822	15,980,162	-	-	20,638,822	15,980,162
Capital projects	3,133,135	2,802,021	-	-	3,133,135	2,802,021
Inspections	216,250	425,387	-	-	216,250	425,387
Public housing	122,862	146,765	-	-	122,862	146,765
Other functions	189,054	195,383	-	-	189,054	195,383
Unrestricted	(34,061,415)	(29,239,538)	12,701,601	10,947,357	(21,359,814)	(18,292,181)
Total net position	\$ 67,133,579	\$ 69,099,848	\$ 53,194,521	\$ 50,015,202	\$ 120,328,100	\$ 119,115,050

The assets and deferred outflow of resources of the Town of Chapel Hill exceeded liabilities and deferred inflows of resources by \$120.3 million as of June 30, 2020. The Town's net position increased by a total of \$1.2 million, the total of a \$2.0 million decrease in governmental activities and a \$3.2 million increase in business-type activities.

The largest portion of net position (about \$117.4 million) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related outstanding debt. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Chapel Hill's investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

A large portion of the Town of Chapel Hill's net position (about \$24.3 million) represents resources that are subject to external restrictions on how they may be used, leaving a remaining negative balance of (\$21.4) million in unrestricted net position.

Management's Discussion and Analysis

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

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

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

Governmental activities. Governmental activities show a decrease in net position of about \$2.1 million.

Business-type activities: Business-type activities show an increase in net position of about \$3.2 million. The Transit fund had a \$2.8 million increase in net position from personnel savings. The Parking Facilities Fund had a \$502,000 decrease as a result of lower than anticipated parking fee collections due to COVID-19 and the Town offering free parking to help stimulate business downtown. The Stormwater Management Fund which increased \$0.9 million in net position due to a reductions in personnel costs and capital project delays. The Housing Operating Fund had a decrease in net position of \$21,000.

Figure 3 presents a summary of government-wide activity (as presented in Exhibit 2) for the year ended June 30, 2020, with comparative data for June 30, 2019.

Management's Discussion and Analysis

Town of Chapel Hill's Changes in Net Position

Figure 3

	Governmental		Business-Type		Total	
	Activities		Activities			
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 7,099,114	\$ 8,035,320	\$ 7,535,022	\$ 7,896,067	\$ 14,634,136	\$ 15,931,387
Operating grants and contributions	4,395,539	4,119,765	21,850,000	20,968,062	26,245,539	25,087,827
Capital grants and contributions	3,781,558	3,871,491	2,901,812	3,044,511	6,683,370	6,916,002
General revenues:						
Taxes	56,052,887	54,366,124	4,954,584	4,918,809	61,007,471	59,284,933
Grants and contributions not restricted to specific programs	5,181,112	5,339,666	-	-	5,181,112	5,339,666
Investment earnings	283,172	472,755	115,810	151,448	398,982	624,203
Other	1,911,226	2,151,266	88,775	186,785	2,000,001	2,338,051
Total revenues	78,704,608	78,356,387	37,446,003	37,165,682	116,150,611	115,522,069
Expenses:						
General government	13,540,168	14,062,125	-	-	13,540,168	14,062,125
Environment and development	28,656,379	26,619,126	-	-	28,656,379	26,619,126
Public safety	24,550,231	22,286,773	-	-	24,550,231	22,286,773
Leisure activities	13,074,746	12,743,540	-	-	13,074,746	12,743,540
Interest expense	2,186,743	2,410,040	-	-	2,186,743	2,410,040
Transportation	-	-	26,422,046	26,560,258	26,422,046	26,560,258
Parking facilities	-	-	1,736,615	1,883,893	1,736,615	1,883,893
Stormwater management	-	-	2,185,848	1,954,820	2,185,848	1,954,820
Housing operations	-	-	2,584,785	2,534,614	2,584,785	2,534,614
Total expenses	82,008,267	78,121,604	32,929,294	32,933,585	114,937,561	111,055,189
Increase (decrease) in net position before transfers	(3,303,659)	234,783	4,516,709	4,232,097	1,213,050	4,466,880
Transfers	1,337,390	1,360,658	(1,337,390)	(1,360,658)	-	-
Increase (decrease) in net position	(1,966,269)	1,595,441	3,179,319	2,871,439	1,213,050	4,466,880
Net position, July 1	69,099,848	67,504,407	50,015,202	47,143,763	119,115,050	114,648,170
Net position, June 30	\$ 67,133,579	\$ 69,099,848	\$ 53,194,521	\$ 50,015,202	\$ 120,328,100	\$ 119,115,050

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, 2020, the governmental funds of Chapel Hill reported a combined fund balance of about \$51.0 million, an increase of \$1.0 million or 2.1% from last year. This change is largely the result of the net of the spending down of bond funds related to the 2017 and 2018 bond issuances and completion of those related projects in the Capital Projects Ordinance Fund and the contribution to reserve in the Debt Service Fund due to the tax increase as we prepare for a large borrowing in FY 2021.

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 \$15.1 million, with total fund balance of \$27.3 million. The fund balance available for appropriation according to the statutory calculation is 28.7% of expenditures for FY20, 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 23.7%, and total fund balance, which includes reserves and designated amounts, represents 43% of total 2019-20 General Fund expenditures and other uses, respectively. The total fund balance increased by about \$1.1 million.

The Debt Service Fund, funded by a portion of the property tax rate and committed by the Council to making debt payments, had a planned increase in fund balance of \$2.1 million.

The Capital Projects Ordinance Fund reflects a \$1.9 million decrease in fund balance, representing the spending down of bond funds related to the 2017 and 2018 bond issuances and completion of those related projects.

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

Conservative budgeting principles resulted in actual revenues coming in relatively close to budget estimates, even during the COVID-19 pandemic, with a difference of \$0.7 million less than budgeted. The majority of the difference is due to shortfalls in sales tax collections, occupancy taxes and department fees.

Expenditures were about \$6.7 million less than budgeted. About \$3.4 million represents lapsed salary and benefit savings from vacant positions. All areas benefitted from favorable fuel prices and another fairly mild winter during 2019-20, reducing the requirements for road clearing, debris cleanup and heating of buildings. About \$1 million represents purchase orders and commitments at year end that, with the approval of Council, are carried forward to the subsequent fiscal year. The Town also plans for actual revenues to exceed expenditures by \$1 million each year to become a part of appropriated fund balance in the following year.

Proprietary Funds. Chapel Hill's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Enterprise Funds at the end of the fiscal year were \$9.8 million for the Transit Fund, \$3.0 million for the Housing Operating Fund and \$3.2 million for the Stormwater Management Fund. The Parking Facilities Fund shows a deficit in unrestricted net position of \$3.3 million with \$3.6 million invested in capital assets, net of related debt. Other factors concerning the finances of these funds are addressed in the discussion of the Town of Chapel Hill's business-type activities.

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital assets. Figure 4 represents the Town of Chapel Hill's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities. As of June 30, 2020, capital assets totaled \$167.1 million compared with \$171.2 million in the prior fiscal year. These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, vehicles and other equipment.

Major capital asset transactions during the year include the following: downtown alleyway improvements, Friday Center Drive reconstruction, Ephesus Park ADA improvements, Hargraves & Northside Gym roof replacements, and bus purchases.

Town of Chapel Hill Capital Assets (net of depreciation) Figure 4						
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 37,109,580	\$ 37,109,580	\$ 7,341,298	\$ 6,962,311	\$ 44,450,878	\$ 44,071,891
Easements	345,246	288,566	3,000	-	348,246	288,566
Land improvements	19,029,100	19,084,292	3,146,789	3,414,613	22,175,889	22,498,905
Infrastructure	4,699,680	6,176,509	-	-	4,699,680	6,176,509
Buildings and building improvements	37,749,062	40,975,072	13,029,676	14,462,933	50,778,738	55,438,005
Equipment	1,221,259	1,646,827	501,737	640,055	1,722,996	2,286,882
Vehicles	5,360,257	5,771,954	20,484,418	18,388,441	25,844,675	24,160,395
Construction in progress	16,282,740	16,342,187	776,369	492,802	17,059,109	16,834,989
Total	\$ 121,796,924	\$ 127,394,987	\$ 45,283,287	\$ 44,361,155	\$ 167,080,211	\$ 171,756,142

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

Long-term Debt. As shown in Figure 5, as of June 30, 2020 the Town of Chapel Hill had total outstanding bonded debt, backed by the full faith and credit of the Town, of \$33,281,000. The Town also had \$12,305,000 of debt in limited obligation bonds to refund certificates of participation for funding construction of the Town Operations Center and construction of the Wallace Parking Deck, to refund installment notes for parks construction projects and to fund Parking projects and renovations to the Town Operations Center. In order to sustain the Town's bus fleet, the Town borrowed \$6.408 million in FY 2017 in an installment financing for the purchase of 14 buses. The remaining principal balance \$4,641,000. The Town's total debt of about \$144.4 million also includes the net other postemployment liability of \$59.0 million as required by GASB 75 and total pension liability of \$5.3 million for the law enforcement special separation allowance as required by GASB 73. For more information on these

Management's Discussion and Analysis

GASB statements and their effect on the Town's financial statements, please refer to pages 79 & 71 of the Notes to the Financial Statements.

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

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 30,851,000	\$ 35,528,000	\$ 2,430,000	\$ 2,565,000	\$ 33,281,000	\$ 38,093,000
Limited obligation bonds	12,305,000	14,235,000	-	-	12,305,000	14,235,000
Installment notes payable	7,718,365	8,672,083	4,641,000	5,251,000	12,359,365	13,923,083
Orange County loan payable	123,146	123,146	-	-	123,146	123,146
Bond premium	2,289,552	446,522	116,598	123,076	2,406,150	569,598
Total pension liability for LEO	5,341,805	5,042,365	-	-	5,341,805	5,042,365
Net pension liability for LGERS	11,295,587	10,268,093	4,681,945	4,262,265	15,977,532	14,530,358
Compensated absences	2,872,687	2,719,987	782,924	643,824	3,655,611	3,363,811
Net other postemployment liability	41,972,490	40,509,280	16,994,249	16,401,811	58,966,739	56,911,091
Total	\$114,769,632	\$117,544,476	\$ 29,646,716	\$ 29,246,976	\$144,416,348	\$146,791,452

The Town's total debt from governmental activities decreased by \$2.7 million or 2.4%, to \$114.8 million during the past fiscal year. The decrease represents the net effect of the addition of increases to the net other postemployment liability, pension liability for LEO, and net pension liability for LGERS, offset by the refunding and payments made during the year toward general obligation bonds and limited obligation bonds, installment notes payable and other debt.

Business-type debt increased by about \$0.4 million to \$29.6 million, resulting from increases to the net other postemployment liability and net pension liability for LGERS, offset by the 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, 2020 the Town of Chapel Hill maintained its Aaa bond rating from Moody's Investor Service and Standard and Poor's Corporation. The Town of Chapel Hill is among a small number of municipalities its size in the country that maintains such a high financial rating. This achievement assists the Town to keep low interest cost on outstanding debt.

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

In November 2018, the Town held a general obligation bond referendum in the amount of \$10,000,000 that was approved by its citizens for affordable housing. No funds have been issued.

Management's Discussion and Analysis

In November 2019, the Town issued \$9,505,000 of general obligation 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. On June 30, 2020, \$11,230,000 of general obligation bonds is considered defeased.

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 \$601 million, which is well above the town's outstanding debt for general obligation bonds of approximately \$33.3 million plus the \$28.8 million authorized but unissued, which combined is about 9.4% of the Town's legal debt limit.

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

Economic Factors and Next Year's Budgets and Rates

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

- As a result of COVID-19, economic uncertainties have arisen which are likely to negatively impact Town revenues and operations in the coming year.
- The Town of Chapel Hill had an unemployment rate of about 5.5% at June 30, 2020 which is lower than the state average of 8.2%. These numbers are higher than normal as a result of COVID-19.
- Stable property tax base with a continuing property tax collection rate in excess of 99%.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities:

General Fund revenues budgeted for FY21 total \$66.3 million, including the use of \$2.4 million in fund balance. There was no change to the Town's tax rate adopted, therefore the tax rate remains at 54.4 cents in FY 2021. The breakdown for 2020-2021 in cents per \$100 valuation is broken down as follows: General Fund 38.6 cents, Debt Service Fund 9.4 cents and Transit Fund 6.0 cents.

Sales taxes are budgeted at \$13.3 million, a 9.5% decrease from 2019-20's budget as we continue to feel the impacts of COVID-19. Licenses and permits are budgeted at \$2.7 million, a 3.9% decrease from prior year budget, charges for services are budgeted at \$4.9 million, a 2.1% decrease from prior year budget and occupancy tax is budgeted at \$1.2 million a 7.7% decrease from prior year budget. Appropriated fund balance is budgeted at \$2.4 million, a 28.8% decrease from prior year, to provide flexibility in the budget as at the time of budget adoption we were unaware of the total FY 2021 revenue impacts from COVID-19.

General Fund expenditures of \$66.3 million represent a 3.2% increase from the budget for 2019-20. The goal of the budget is to align allocations with Council and community priorities. The goals of the budget for 2020-21 are to retain our strong core services, to retain our excellent employees and to reduce the use of fund balance to achieve a more sustainable budget during COVID-19. The budget maintains service levels but did not provide for any facilities maintenance funds, vehicle replacements, capital improvement pay-go projects or the Ephesus Fordham tax increment financing transfer.

Management's Discussion and Analysis

Debt service costs in 2020-21 are budgeted at \$9.3 million. The Debt Service tax rate of 9.8 cents per \$100 in valuation is expected to generate about \$8.2 million.

Other governmental activities budgeted for 2020-21 reflect a continuation of existing service levels in keeping with the budget goals for FY21.

Business-type Activities:

The Transit Fund's 2020-21 budget of \$25.2 million continues the fare-free system with an increase in contributions from the system partners, the University of North Carolina and Town of Carrboro. The Transit Fund's tax rate of 6.0 cents per \$100 in valuation is expected to generate about \$5.5 million. Overall the Transit budget increased 1.6% over the 2019-20 budget.

The Parking Facilities Fund budget increased 10.1% overall from 2019-20 to help manage the parking facilities and lots.

Housing Operations budget decreased by 0.3% from 2019-20 as the FY21 budget does not include a fund balance appropriation.

Stormwater Management's budget increased by 1.5% from 2019-20 in stormwater fee revenues.

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, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 35,744,024	\$ 30,366,008	\$ 66,110,032	\$ 10,251,654
Taxes receivable, net	154,191	20,903	175,094	-
Accounts receivable, net	457,603	2,278,584	2,736,187	4,693,262
Due from other governments	7,995,342	2,686,743	10,682,085	-
Internal balances	2,828,846	(2,828,846)	-	-
Inventories	51,787	1,343,372	1,395,159	1,334,873
Prepaid items	8,519	151,596	160,115	223,725
Restricted cash and cash equivalents	-	109,032	109,032	12,972,368
Total current assets	47,240,312	34,127,392	81,367,704	29,475,882
Non-current assets:				
Restricted cash and cash equivalents	10,790,153	2,397,231	13,187,384	276,217
Capital assets (Note E):				
Land and construction in progress	53,737,566	8,120,667	61,858,233	76,207,750
Other capital assets, net of accumulated depreciation	68,059,358	37,162,620	105,221,978	273,476,388
Total capital assets	121,796,924	45,283,287	167,080,211	349,684,138
Total non-current assets	132,587,077	47,680,518	180,267,595	349,960,355
Total assets	179,827,389	81,807,910	261,635,299	379,436,237
DEFERRED OUTFLOWS OF RESOURCES				
Pension and OPEB deferrals	8,434,972	3,072,088	11,507,060	2,306,077
Deferred charge on refunding	192,298	-	192,298	386,106
Total deferred outflows of resources	8,627,270	3,072,088	11,699,358	2,692,183
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	3,375,051	1,081,400	4,456,451	4,719,941
Other liabilities	-	20,903	20,903	-
Liabilities payable from restricted assets	1,359,999	109,032	1,469,031	2,570,473
Current portion of long-term liabilities	7,686,559	1,351,357	9,037,916	8,535,777
Total current liabilities	12,421,609	2,562,692	14,984,301	15,826,191
Non-current liabilities:				
Net other postemployment liability	41,972,490	16,994,249	58,966,739	12,876,052
Net pension liability (LGERS)	11,295,587	4,681,945	15,977,532	3,324,897
Total pension liability (LEOSSA)	5,341,805	-	5,341,805	-
Due in more than one year	48,473,191	6,619,165	55,092,356	72,191,087
Total non-current liabilities	107,083,073	28,295,359	135,378,432	88,392,036
Total liabilities	119,504,682	30,858,051	150,362,733	104,218,227
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	7,499	-	7,499	-
Pension and OPEB deferrals	1,808,899	827,426	2,636,325	1,750,151
Total deferred inflows of resources	1,816,398	827,426	2,643,824	1,750,151
NET POSITION				
Net investment in capital assets	76,894,871	40,492,920	117,387,791	270,044,238
Restricted for:				
Stabilization by State Statute	20,638,822	-	20,638,822	-
Capital projects	3,133,135	-	3,133,135	-
Inspections	216,250	-	216,250	-
Public housing	122,862	-	122,862	-
Other functions	189,054	-	189,054	-
Water and sewer	-	-	-	276,217
Unrestricted	(34,061,415)	12,701,601	(21,359,814)	5,839,587
Total net position	\$ 67,133,579	\$ 53,194,521	\$ 120,328,100	\$ 276,160,042

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

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-type Activities	
Primary Government:							
Governmental activities:							
General government	\$ 13,540,168	\$ 1,834,873	\$ -	\$ -	\$ (11,705,295)	\$ -	\$ (11,705,295)
Environment and development	28,656,379	3,777,149	2,401,934	3,659,420	(18,817,876)	-	(18,817,876)
Public safety	24,550,231	505,806	1,239,331	-	(22,805,094)	-	(22,805,094)
Leisure activities	13,074,746	981,286	754,274	122,138	(11,217,048)	-	(11,217,048)
Interest expense	2,186,743	-	-	-	(2,186,743)	-	(2,186,743)
Total governmental activities	82,008,267	7,099,114	4,395,539	3,781,558	(66,732,056)	-	(66,732,056)
Business-type activities:							
Transportation	26,422,046	1,245,737	20,617,969	2,736,954	-	(1,821,386)	(1,821,386)
Parking Facilities	1,736,615	2,132,355	-	-	-	395,740	395,740
Housing Operations	2,584,785	998,645	1,224,531	164,858	-	(196,751)	(196,751)
Stormwater Management	2,185,848	3,158,285	7,500	-	-	979,937	979,937
Total business-type activities	32,929,294	7,535,022	21,850,000	2,901,812	-	(642,460)	(642,460)
Total primary government	\$ 114,937,561	\$ 14,634,136	\$ 26,245,539	\$ 6,683,370	(66,732,056)	(642,460)	(67,374,516)
Component unit - Orange Water and Sewer Authority	\$ 36,157,921	\$ 36,306,194	\$ -	\$ 1,992,762	-	-	-
General revenues:							
Property taxes					40,424,574	4,954,584	45,379,158
Sales tax					14,562,458	-	14,562,458
Occupancy tax					986,298	-	986,298
Other taxes					79,557	-	79,557
Grants and contributions not restricted to specific programs:							
Intergovernmental					5,181,112	-	5,181,112
Investment earnings					283,172	115,810	398,982
Miscellaneous					1,911,226	88,775	2,000,001
Total general revenues not including transfers and proceeds					63,428,397	5,159,169	68,587,566
Transfers					1,337,390	(1,337,390)	-
Total general revenues and transfers					64,765,787	3,821,779	68,587,566
Change in net position					(1,966,269)	3,179,319	1,213,050
Net position, beginning					69,099,848	50,015,202	119,115,050
Net position - ending					\$ 67,133,579	\$ 53,194,521	\$ 120,328,100
							\$ 276,160,042

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.

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, 2020

	Major Funds				
	General	Debt Service	Capital Projects Ordinance	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 21,821,926	\$ 7,979,034	\$ 1,860,973	\$ 3,109,550	\$ 34,771,483
Receivables:					
Due from other funds	2,062,996	1,400,000	-	-	3,462,996
Property taxes, net	118,648	34,131	-	1,412	154,191
Governmental units and agencies	5,721,429	31,034	883,006	1,359,873	7,995,342
Other	423,307	-	-	26,991	450,298
Inventories	1,283	-	-	16,538	17,821
Prepaid items	8,519	-	-	-	8,519
Restricted cash and equivalents	872,883	155,614	8,577,308	1,184,348	10,790,153
TOTAL ASSETS	\$ 31,030,991	\$ 9,599,813	\$ 11,321,287	\$ 5,698,712	\$ 57,650,803
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ 634,150	\$ 634,150
Accounts payable	1,353,997	-	455,725	167,190	1,976,912
Accrued liabilities	1,191,728	-	-	9,374	1,201,102
Accounts payable from restricted assets	168,014	-	324,458	133,397	625,869
Other payables from restricted assets	704,869	-	-	29,261	734,130
Total liabilities	3,418,608	-	780,183	973,372	5,172,163
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	118,648	34,131	-	1,412	154,191
Fees and charges receivable	152,364	-	-	1,181,105	1,333,469
Prepaid taxes	7,499	-	-	-	7,499
Total deferred inflows of resources	278,511	34,131	-	1,182,517	1,495,159

Continued

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2020

	Major Funds				
	General	Debt Service	Capital Projects Ordinance	Other Governmental Funds	Total Governmental Funds
FUND BALANCES					
Nonspendable					
Inventories	\$ 1,283	\$ -	\$ -	\$ 16,538	\$ 17,821
Prepaid items	8,519	-	-	-	8,519
Restricted					
Stabilization by State Statute	8,780,909	1,431,034	4,763,049	5,663,830	20,638,822
Inspections	216,250	-	-	-	216,250
Parks capital projects	27,411	-	3,806,154	-	3,833,565
Streets capital projects	423,439	-	4,956,112	-	5,379,551
Municipal buildings projects	-	-	1,707,136	-	1,707,136
Public housing	-	-	-	122,862	122,862
Public safety	138,951	-	24,656	25,447	189,054
Transit capital purchases	-	-	-	1,782	1,782
Infrastructure capital projects	-	-	-	217,969	217,969
Library	-	-	21,841	164,003	185,844
Committed					
Debt service payments	-	9,565,682	-	-	9,565,682
Municipal buildings projects	-	-	-	48,750	48,750
Technology capital projects	-	-	25,202	-	25,202
Public housing	-	-	-	1,993,060	1,993,060
Economic development	-	-	3	132,894	132,897
Assigned					
Subsequent year's expenditures	2,388,512	-	-	-	2,388,512
Parks capital projects	-	-	-	63,212	63,212
Workforce Development	133,013	-	-	-	133,013
Municipal buildings projects	-	-	-	499,890	499,890
Technology capital projects	-	-	-	117,166	117,166
Economic development	139,642	-	-	-	139,642
Unassigned	15,075,943	(1,431,034)	(4,763,049)	(5,524,580)	3,357,280
Total fund balances	27,333,872	9,565,682	10,541,104	3,542,823	50,983,481
TOTAL LIABILITIES, DEFERRED					
INFLOWS AND FUND BALANCES	\$ 31,030,991	\$ 9,599,813	\$ 11,321,287	\$ 5,698,712	\$ 57,650,803

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, 2020

Fund balances - total governmental funds	\$ 50,983,481
--	---------------

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	224,182,061	
Less accumulated depreciation	<u>105,578,122</u>	118,603,939

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	(50,811,000)	
Net other postemployment liability	(41,218,134)	
Orange County loan payable	(123,146)	
Bond premium	(2,289,552)	
Accrued vacation payable	(2,834,094)	
Net pension liability (LGERS)	(11,143,027)	
Total pension liability (LEO)	<u>(5,341,805)</u>	(113,760,758)

Deferred outflows of resources - pension	6,647,279	
Deferred outflows of resources - OPEB	824,941	
Deferred outflows of resources - LEOSSA	821,007	
Deferred outflows of resources - Deferred charge	<u>192,298</u>	8,485,525

Deferred inflows of resources - pension	(35,718)	
Deferred inflows of resources - OPEB	(1,586,746)	
Deferred inflows of resources - LEOSSA	<u>(149,875)</u>	(1,772,339)

Liabilities for earned revenues considered deferred inflows of resources in the governmental funds.	1,487,660
---	-----------

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

The assets and liabilities of the internal service funds that are reported within governmental activities	<u>3,106,071</u>
---	------------------

Net position of governmental activities	<u>\$ 67,133,579</u>
---	----------------------

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

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020

	Major Funds				
			Capital Projects Ordinance	Other Governmental Funds	Total Governmental Funds
	General	Debt Service			
REVENUES					
Taxes	\$ 47,589,243	\$ 8,090,695	\$ -	\$ 372,949	\$ 56,052,887
Licenses and permits	2,925,728	-	-	-	2,925,728
Fines and forfeitures	27,598	-	-	-	27,598
Intergovernmental revenues					
Federal government	252,614	122,138	582,725	3,395,006	4,352,483
State government	7,795,928	-	20,215	256,368	8,072,511
Other	728,958	-	-	204,257	933,215
Charges for services	4,003,574	-	-	-	4,003,574
Interest on investments	81,887	184,591	7,924	8,770	283,172
Franchise rental fees	-	-	-	66,033	66,033
Program income	-	-	-	76,181	76,181
Donations	71,500	-	65	243,046	314,611
Revenue in lieu	11,012	-	240,780	50,000	301,792
Mutual aid reimbursements	564,503	-	-	-	564,503
Other	427,205	-	-	2,027	429,232
Total revenues	64,479,750	8,397,424	851,709	4,674,637	78,403,520
EXPENDITURES					
General government	13,760,788	-	-	-	13,760,788
Environment and development	16,410,835	-	-	2,173,542	18,584,377
Public safety	21,856,910	-	-	136,778	21,993,688
Leisure activities	9,759,028	-	-	240,621	9,999,649
Capital projects	-	-	3,001,366	3,832,107	6,833,473
Debt service:					
Principal	-	5,572,000	-	-	5,572,000
Interest and fiscal charges	-	2,261,011	-	-	2,261,011
Total expenditures	61,787,561	7,833,011	3,001,366	6,383,048	79,004,986
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,692,189	564,413	(2,149,657)	(1,708,411)	(601,466)

Continued

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects Ordinance		
OTHER FINANCING SOURCES (USES)					
Proceeds from refunding bond issuance	-	9,505,000	-	-	9,505,000
Premium from refunding bond issuance	-	2,073,936	-	-	2,073,936
Payment to refunding bond escrow agent	-	(11,422,928)	-	-	(11,422,928)
Insurance recovery	145,080	-	-	-	145,080
Transfer from other funds	45,000	1,350,432	246,000	1,547,478	3,188,910
Transfer to other funds	(1,806,520)	-	-	(45,000)	(1,851,520)
Total other financing sources (uses)	(1,616,440)	1,506,440	246,000	1,502,478	1,638,478
NET CHANGE IN TOTAL FUND BALANCES	1,075,749	2,070,853	(1,903,657)	(205,933)	1,037,012
FUND BALANCES, BEGINNING	26,258,123	7,494,829	12,444,761	3,748,756	49,946,469
FUND BALANCES, ENDING	\$ 27,333,872	\$ 9,565,682	\$ 10,541,104	\$ 3,542,823	\$ 50,983,481

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

TOWN OF CHAPEL HILL, NORTH CAROLINA**Exhibit 6****GOVERNMENTAL FUNDS****RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES****Year Ended June 30, 2020**

Net change in fund balances - total governmental funds	\$ 1,037,012
--	--------------

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	2,153,319	
Current year's depreciation	<u>7,532,444</u>	(5,379,125)

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.	16,802,000
---	------------

The issuance of long-term debt provides current financial resources to governmental funds and does not have any effect on net position.	(9,505,000)
---	-------------

Bond premium in the current year is reported on the fund financial statements when debt is issued but amortized in the statement of activities.	(2,073,936)
---	-------------

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	230,906
Change in long-term compensated absences	(145,668)
Change in long-term separation allowance	(299,440)
Other postemployment benefits	(1,436,912)
Pension expense	(4,195,919)
Deferred charge on refunding	192,298

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	2,630,348
--	-----------

Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	(203,966)
---	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	1,093,639
--	-----------

Internal service funds are used by management to charge the costs of certain activities to individual funds	<u>(712,506)</u>
---	------------------

Change in net position of governmental activities	<u>\$ (1,966,269)</u>
---	-----------------------

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, 2020**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Ad valorem taxes	\$ 32,117,500	\$ 32,117,500	\$ 31,960,930	\$ (156,570)
Local option sales taxes	14,741,869	14,741,869	14,562,458	(179,411)
Other taxes	1,386,000	1,386,000	1,065,855	(320,145)
Licenses and permits	2,980,365	2,980,365	2,925,728	(54,637)
Fines and forfeitures	41,500	41,500	27,598	(13,902)
Intergovernmental revenues	8,473,655	8,575,714	8,777,500	201,786
Charges for services	4,422,102	4,422,102	4,003,574	(418,528)
Interest on investments	80,000	80,000	81,887	1,887
Other	819,243	877,382	1,074,220	196,838
TOTAL REVENUES	65,062,234	65,222,432	64,479,750	(742,682)
EXPENDITURES				
General government	14,542,241	15,050,089	13,760,788	1,289,301
Environment and development	17,809,804	18,746,200	16,410,835	2,335,365
Public safety	23,518,849	23,537,710	21,856,910	1,680,800
Leisure activities	11,059,211	11,161,520	9,759,028	1,402,492
Total expenditures	66,930,105	68,495,519	61,787,561	6,707,958
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,867,871)	(3,273,087)	2,692,189	5,965,276
OTHER FINANCING SOURCES (USES)				
Insurance recovery	20,000	20,000	145,080	125,080
Transfer from other funds	45,000	45,000	45,000	-
Transfer to other funds	(1,552,895)	(1,800,364)	(1,806,520)	(6,156)
Appropriated fund balance	3,355,766	5,008,451	-	(5,008,451)
Total other financing sources (uses)	1,867,871	3,273,087	(1,616,440)	(4,889,527)
NET CHANGE IN TOTAL FUND BALANCE	\$ -	\$ -	1,075,749	\$ 1,075,749
FUND BALANCE, BEGINNING			26,258,123	
FUND BALANCE, ENDING			\$ 27,333,872	

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, 2020 (With Comparative Totals as of June 30, 2019)

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 21,932,068	\$ 450	\$ 4,523,738	\$ 3,909,752
Restricted cash and cash equivalents	-	-	78,857	2,427,406
Receivables:				
Accounts receivable, net	1,757,121	46,205	27,357	447,901
Governmental units and agencies	2,674,806	6,054	-	5,883
Property taxes, net	20,903	-	-	-
Prepaid items	348	151,248	-	-
Inventories	1,307,897	-	35,475	-
Total current assets	27,693,143	203,957	4,665,427	6,790,942
NONCURRENT ASSETS				
Capital assets:				
Land and other non-depreciable assets	2,099,537	3,211,777	2,000,673	808,680
Other capital assets, net of accumulated depreciation	28,416,069	367,562	6,260,493	2,118,496
Total capital assets, net	30,515,606	3,579,339	8,261,166	2,927,176
Total noncurrent assets	30,515,606	3,579,339	8,261,166	2,927,176
TOTAL ASSETS	58,208,749	3,783,296	12,926,593	9,718,118
DEFERRED OUTFLOWS OF RESOURCES				
Pension & OPEB deferrals	2,582,326	127,981	199,656	162,125
Total deferred outflows of resources	2,582,326	127,981	199,656	162,125
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	526,139	21,865	54,257	133,811
Accrued liabilities	286,205	12,003	21,715	25,405
Deposits payable from restricted assets	-	-	78,857	30,175
Due to other funds	-	2,680,819	148,027	-
Compensated absences	468,031	20,422	57,994	47,910
Unearned revenue	20,903	-	-	-
Bonds payable	-	-	-	135,000
Installment purchase agreements	622,000	-	-	-
Total current liabilities	1,923,278	2,735,109	360,850	372,301
NONCURRENT LIABILITIES				
Compensated absences	161,653	18,678	-	8,236
Net other postemployment liability	14,253,324	689,834	1,115,232	935,859
Net pension liability	4,042,780	144,864	320,615	173,686
Bonds payable	-	-	-	2,295,000
Bond premium	-	-	-	116,598
Installment purchase agreements	4,019,000	-	-	-
Total noncurrent liabilities	22,476,757	853,376	1,435,847	3,529,379
Total liabilities	24,400,035	3,588,485	1,796,697	3,901,680
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	693,698	33,472	54,320	45,936
NET POSITION				
Net investment in capital assets	25,874,606	3,579,339	8,261,166	2,777,809
Unrestricted	9,822,736	(3,290,019)	3,014,066	3,154,818
Total net position	\$ 35,697,342	\$ 289,320	\$ 11,275,232	\$ 5,932,627

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

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2020 (With Comparative Totals as of June 30, 2019)

	Enterprise Funds		Internal Service Funds	
	Comparative Totals		Comparative Totals	
	2020	2019	2020	2019
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 30,366,008	\$ 27,475,100	\$ 972,541	\$ 1,604,655
Restricted cash and cash equivalents	2,506,263	2,750,062	-	-
Receivables:			-	-
Accounts receivable, net	2,278,584	1,937,810	7,305	11,598
Governmental units and agencies	2,686,743	2,567,394	-	-
Property taxes, net	20,903	24,083	-	-
Prepaid items	151,596	152,034	-	-
Inventories	1,343,372	1,170,985	33,966	50,869
Total current assets	39,353,469	36,077,468	1,013,812	1,667,122
NONCURRENT ASSETS				
Capital assets:				
Land and other non-depreciable assets	8,120,667	7,455,113	-	-
Other capital assets, net of accumulated depreciation	37,162,620	36,906,042	3,192,985	3,411,923
Total capital assets, net	45,283,287	44,361,155	3,192,985	3,411,923
Total noncurrent assets	45,283,287	44,361,155	3,192,985	3,411,923
TOTAL ASSETS	84,636,756	80,438,623	4,206,797	5,079,045
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	3,072,088	3,644,982	141,745	161,886
Total deferred outflows of resources	3,072,088	3,644,982	141,745	161,886
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	736,072	902,860	183,031	140,082
Accrued liabilities	345,328	320,651	14,006	13,690
Deposits payable from restricted assets	109,032	104,296	-	-
Due to other funds	2,828,846	2,483,529	-	-
Compensated absences	594,357	635,381	20,266	27,889
Unearned revenue	20,903	24,083	-	-
Bonds payable	135,000	135,000	-	-
Installment purchase agreements	622,000	610,000	63,365	261,112
Total current liabilities	5,391,538	5,215,800	280,668	442,773
NONCURRENT LIABILITIES				
Compensated absences	188,567	8,443	18,327	3,672
Net other postemployment liability	16,994,249	16,401,811	754,356	728,058
Net pension liability	4,681,945	4,262,265	152,560	138,088
Bonds payable	2,295,000	2,430,000	-	-
Bond premium	116,598	123,076	-	-
Installment purchase agreements	4,019,000	4,641,000	-	65,971
Total noncurrent liabilities	28,295,359	27,866,595	925,243	935,789
Total liabilities	33,686,897	33,082,395	1,205,911	1,378,562
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	827,426	986,008	36,560	43,792
NET POSITION				
Net investment in capital assets	40,492,920	39,067,845	3,129,620	3,084,840
Unrestricted	12,701,601	10,947,357	(23,549)	733,737
Total net position	\$ 53,194,521	\$ 50,015,202	\$ 3,106,071	\$ 3,818,577

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, 2020 (With Comparative Totals as of June 30, 2019)**

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
OPERATING REVENUES				
Charges for services	\$ 820,903	\$ 2,132,355	\$ 998,645	\$ 3,158,285
OPERATING EXPENSES				
Personnel	15,156,335	701,116	1,052,662	1,328,699
Drainage maintenance	-	-	-	122,667
Depreciation and amortization	4,557,688	79,298	660,837	174,159
Fuel and tires	1,044,488	-	-	-
Indirect costs	1,236,775	56,275	-	111,400
Maintenance and repairs	-	14,938	115,451	-
Building maintenance	712,942	-	-	-
Vehicle maintenance	1,031,410	-	-	-
Utilities	-	-	215,975	-
Insurance	341,816	-	-	-
Advertising and marketing	13,400	-	-	-
Professional services	44,036	-	-	275,486
Contracted services	1,084,760	88,862	357,792	49,391
Tarheel Express	308,371	-	-	-
Uniforms and supplies	144,614	-	-	-
Credit card fees	-	112,505	-	-
Rent	-	504,848	-	61,368
Other	745,411	178,773	182,068	62,678
Total operating expenses	26,422,046	1,736,615	2,584,785	2,185,848
OPERATING INCOME (LOSS)	(25,601,143)	395,740	(1,586,140)	972,437
NONOPERATING REVENUES (EXPENSES)				
Federal Operating Assistance Grant	2,132,881	-	1,224,531	-
State Operating Assistance Grant	3,628,189	-	-	-
Operating assistance-UNC Chapel Hill	8,880,048	-	-	-
Operating assistance-Town of Carrboro	1,835,148	-	-	7,500
Operating assistance - TTA Vehicle Fees	4,141,703	-	-	-
Vehicle licenses	424,834	-	-	-
Ad valorem taxes	4,954,584	-	-	-
Interest on investments	72,407	981	1,841	40,581
Insurance recovery	93,078	6,000	173,205	-
Interest expense	(106,489)	-	-	(88,866)
Gain (Loss) on sale of capital assets	11,580	-	267	-
Revenue in lieu	-	-	-	-
Total nonoperating revenues (expenses), net	26,067,963	6,981	1,399,844	(40,785)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	466,820	402,721	(186,296)	931,652
CAPITAL CONTRIBUTIONS	2,736,954	-	164,858	-
TRANSFERS				
Transfers in	-	-	-	11,719
Transfers out	(443,777)	(905,332)	-	-
Total transfers	(443,777)	(905,332)	-	11,719
CHANGE IN NET POSITION	2,759,997	(502,611)	(21,438)	943,371
NET POSITION, BEGINNING	32,937,345	791,931	11,296,670	4,989,256
NET POSITION, ENDING	\$ 35,697,342	\$ 289,320	\$ 11,275,232	\$ 5,932,627

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, 2020 (With Comparative Totals as of June 30, 2019)

	Enterprise Funds		Internal Service Funds	
	Comparative Totals		Comparative Totals	
	2020	2019	2020	2019
OPERATING REVENUES				
Charges for services	\$ 7,110,188	\$ 7,454,314	\$ 1,727,140	\$ 1,802,041
OPERATING EXPENSES				
Personnel	18,238,812	18,015,872	645,899	669,303
Drainage maintenance	122,667	149,934	-	-
Depreciation and amortization	5,471,982	5,364,138	964,645	1,036,413
Fuel and tires	1,044,488	1,464,531	-	-
Indirect costs	1,404,450	1,397,211	-	-
Maintenance and repairs	130,389	111,365	-	-
Building maintenance	712,942	586,293	-	-
Vehicle maintenance	1,031,410	1,418,296	-	-
Utilities	215,975	182,180	-	-
Insurance	341,816	279,085	-	-
Advertising and marketing	13,400	40,748	-	-
Professional services	319,522	288,956	-	-
Contracted services	1,580,805	1,682,218	-	-
Tarheel Express	308,371	260,267	-	-
Uniforms and supplies	144,614	130,928	-	-
Credit card fees	112,505	143,399	-	-
Rent	566,216	562,971	-	-
Other	1,168,930	855,193	905,551	987,743
Total operating expenses	32,929,294	32,933,585	2,516,095	2,693,459
OPERATING INCOME (LOSS)	(25,819,106)	(25,479,271)	(788,955)	(891,418)
NONOPERATING REVENUES (EXPENSES)				
Federal Operating Assistance Grant	3,357,412	5,232,069	-	-
State Operating Assistance Grant	3,628,189	2,439,178	-	-
Operating assistance-UNC Chapel Hill	8,880,048	8,650,740	-	-
Operating assistance-Town of Carrboro	1,842,648	1,816,440	-	-
Operating assistance - TTA Vehicle Fees	4,141,703	2,829,635	-	-
Vehicle licenses	424,834	441,753	-	-
Ad valorem taxes	4,954,584	4,918,809	-	-
Interest on investments	115,810	151,448	4,468	9,413
Insurance recovery	272,283	5,659	31,506	56,200
Interest expense	(195,355)	(218,047)	(4,468)	(10,456)
Gain (Loss) on sale of capital assets	11,847	(24,703)	44,943	121,523
Revenue in lieu	-	423,876	-	-
Total nonoperating revenues (expenses), net	27,434,003	26,666,857	76,449	176,680
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,614,897	1,187,586	(712,506)	(714,738)
CAPITAL CONTRIBUTIONS	2,901,812	3,044,511	-	-
TRANSFERS				
Transfers in	11,719	10,245	-	-
Transfers out	(1,349,109)	(1,370,903)	-	-
Total transfers	(1,337,390)	(1,360,658)	-	-
CHANGE IN NET POSITION	3,179,319	2,871,439	(712,506)	(714,738)
NET POSITION, BEGINNING	50,015,202	47,143,763	3,818,577	4,533,315
NET POSITION, ENDING	\$ 53,194,521	\$ 50,015,202	\$ 3,106,071	\$ 3,818,577

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, 2020 (With Comparative Totals as of June 30, 2019)

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 506,398	\$ 2,139,884	\$ 988,563	\$ 3,023,136
Payments to employees	(13,849,078)	(637,052)	(950,245)	(1,215,409)
Payments to suppliers	(6,828,656)	(563,819)	(992,037)	(827,409)
Net cash provided by (used in) operating activities	(20,171,336)	939,013	(953,719)	980,318
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Grant funds received	5,761,070	-	1,224,531	-
Transit partner assistance received	14,856,899	-	-	-
Operating assistance received	-	-	-	7,500
Taxes and licenses received	5,379,418	-	-	-
Transfers to other funds	(443,777)	(905,332)	-	-
Transfers from other funds	-	-	-	11,719
Revenue in lieu received	-	-	-	-
Net cash provided by (used in) noncapital financing activities	25,553,610	(905,332)	1,224,531	19,219
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from installment purchase agreements	-	-	-	-
Proceeds from bonds payable	-	-	-	-
Premium on debt	-	-	-	-
Principal paid on general obligation bonds and installment purchase agreements	(610,000)	-	-	(135,000)
Interest paid on general obligation bonds and installment purchase agreements	(106,489)	-	-	(88,866)
Amortization of bond premium	-	-	-	(6,478)
Proceeds from sale of capital assets	11,580	-	267	-
Proceeds from insurance recovery	93,078	6,000	173,205	-
Acquisition and construction of capital assets	(2,824,690)	(40,662)	-	(626,950)
Net cash provided by (used in) capital and related financing activities	(3,436,521)	(34,662)	173,472	(857,294)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	72,407	981	1,841	40,581
Net cash provided by investing activities	72,407	981	1,841	40,581

Continued

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020 (With Comparative Totals as of June 30, 2019)

	Enterprise Funds Comparative Totals		Internal Service Funds Comparative Totals	
	2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 6,657,981	\$ 7,498,438	\$ 1,731,433	\$ 1,804,508
Payments to employees	(16,651,784)	(16,176,982)	(584,872)	(633,314)
Payments to suppliers	(9,211,921)	(12,078,148)	(845,699)	(1,071,833)
Net cash provided by (used in) operating activities	(19,205,724)	(20,756,692)	300,862	99,361
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Grant funds received	6,985,601	7,671,247	-	-
Transit partner assistance received	14,856,899	13,289,315	-	-
Operating assistance received	7,500	7,500	-	-
Taxes and licenses received	5,379,418	5,360,562	-	-
Transfers to other funds	(1,349,109)	(1,370,903)	-	-
Transfers from other funds	11,719	10,245	-	-
Revenue in lieu received	-	423,876	-	-
Net cash provided by (used in) noncapital financing activities	25,892,028	25,391,842	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from installment purchase agreements	-	-	-	-
Proceeds from bonds payable	-	-	-	-
Premium on debt	-	-	-	-
Principal paid on general obligation bonds and installment purchase agreements	(745,000)	(732,000)	(263,718)	(390,174)
Interest paid on general obligation bonds and installment purchase agreements	(195,355)	(218,047)	(4,468)	(10,456)
Amortization of bond premium	(6,478)	(6,478)	-	-
Proceeds from sale of capital assets	11,847	35,037	44,943	121,523
Proceeds from insurance recovery	272,283	5,659	31,506	56,200
Acquisition and construction of capital assets	(3,492,302)	(534,077)	(745,707)	(926,206)
Net cash provided by (used in) capital and related financing activities	(4,155,005)	(1,449,906)	(937,444)	(1,149,113)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	115,810	151,448	4,468	9,413
Net cash provided by investing activities	115,810	151,448	4,468	9,413

TOWN OF CHAPEL HILL, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020 (With Comparative Totals as of June 30, 2019)

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	2,018,160	-	446,125	182,824
CASH AND INVESTMENTS, BEGINNING	19,913,908	450	4,156,470	6,154,334
CASH AND INVESTMENTS, ENDING	<u>\$ 21,932,068</u>	<u>\$ 450</u>	<u>\$ 4,602,595</u>	<u>\$ 6,337,158</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (25,601,143)	\$ 395,740	\$ (1,586,140)	\$ 972,437
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	4,557,688	79,298	660,837	174,159
Pension expense	688,652	27,909	57,981	59,450
Changes in assets and liabilities:				
Receivables	(314,505)	7,529	(14,818)	(135,149)
Prepaid items	(25)	-	-	-
Inventories	(170,776)	463	(1,611)	-
Due from other funds	-	477,770	(132,453)	-
Accounts payable	50,168	(85,850)	13,313	(144,419)
Accrued liabilities	9,702	2,963	4,290	4,542
Customer deposits	-	-	4,736	-
Accrued compensated absences	112,016	9,143	1,268	16,673
Accrued OPEB liability	496,887	24,048	38,878	32,625
(Increase) decrease in deferred outflows of resources for pensions	-	-	-	-
Net cash provided by (used in) operating activities	<u>\$ (20,171,336)</u>	<u>\$ 939,013</u>	<u>\$ (953,719)</u>	<u>\$ 980,318</u>
SUMMARY OF NON-CASH ACTIVITIES:				
Capital asset contributions	<u>\$ 2,736,954</u>	<u>\$ -</u>	<u>\$ 164,858</u>	<u>\$ -</u>

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

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020 (With Comparative Totals as of June 30, 2019)

	Enterprise Funds Comparative Totals		Internal Service Funds Comparative Totals	
	2020	2019	2020	2019
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	2,647,109	3,336,692	(632,114)	(1,040,339)
CASH AND INVESTMENTS, BEGINNING	30,225,162	26,888,470	1,604,655	2,644,994
CASH AND INVESTMENTS, ENDING	<u>\$ 32,872,271</u>	<u>\$ 30,225,162</u>	<u>\$ 972,541</u>	<u>\$ 1,604,655</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (25,819,106)	\$ (25,479,271)	\$ (788,955)	\$ (891,418)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	5,471,982	5,364,138	964,645	1,036,413
Pension expense	833,992	881,136	-	-
Changes in assets and liabilities:				
Receivables	(456,943)	(2,265,751)	4,293	2,467
Prepaid items	(25)	3,131	-	-
Inventories	(171,924)	31,351	16,903	12,851
Due from other funds	345,317	(30,222)	-	-
Accounts payable	(166,788)	(218,901)	42,949	(96,941)
Accrued liabilities	21,497	(21,960)	316	2,167
Customer deposits	4,736	(57)	-	-
Accrued compensated absences	139,100	5,917	7,032	(4,528)
Accrued OPEB liability	592,438	973,797	26,298	47,252
(Increase) decrease in deferred outflows of resources for pensions	<u>-</u>	<u>-</u>	<u>27,381</u>	<u>(8,902)</u>
Net cash provided by (used in) operating activities	<u>\$ (19,205,724)</u>	<u>\$ (20,756,692)</u>	<u>\$ 300,862</u>	<u>\$ 99,361</u>
SUMMARY OF NON-CASH ACTIVITIES:				
Capital asset contributions	<u>\$ 2,901,812</u>	<u>\$ 164,858</u>	<u>\$ -</u>	<u>\$ -</u>

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

STATEMENT OF FIDUCIARY NET POSITION

OTHER POSTEMPLOYMENT (OPEB) TRUST FUND
JUNE 30, 2020

	OPEB Trust Fund
ASSETS	
Restricted assets:	
Investments:	
Cash and cash equivalents	\$ -
Equity Index	6,108,279
Bond Index	-
Short Term Investment	-
TOTAL ASSETS	\$ 6,108,279
NET POSITION	
Net position restricted for postemployment benefits other than pensions	\$ 6,108,279

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, 2020

	OPEB Trust Fund
Additions:	
Employer contributions	\$ 2,765,226
Investment income	73,508
Total additions	<u>2,838,734</u>
Deductions:	
Benefit payments	2,098,826
Administrative expense	<u>-</u>
Total deductions	<u>2,098,826</u>
Change in net position	<u>739,908</u>
Net position restricted for postemployment benefits other than pensions:	
Beginning of year	5,368,371
End of year	<u><u>\$ 6,108,279</u></u>

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

This page intentionally left blank.

**TOWN OF CHAPEL HILL, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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.

The Town reports the following non-major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

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

The Town reports four proprietary funds:

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

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

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

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

The Town reports internal service funds as follows:

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

The Town reports trust funds as follows:

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

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

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

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

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

4. Budgetary Data

As required by North Carolina General Statutes, balanced budgets are adopted for every fund on either an annual or project life basis. The annual budget, which is prepared on the modified accrual basis of accounting as required by North Carolina law, is amended from time to time by the Town Council and all annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Transit Grants Fund, Public Housing Capital Projects Fund, Community Development Entitlement Fund, Affordable Housing Fund, Transitional Housing Fund, Land Trust Fund 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, 2020.

The Council's schedule for developing the 2019-20 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 12, 2019.

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
Grants Fund	X	
Downtown Service District Fund	X	
Affordable Housing Development Reserve Fund	X	
Library Gift Fund	X	
Debt Service Fund	X	
Capital Projects Funds		
Capital Projects Ordinance Fund		X
Transit Grant Projects Ordinance Fund		X
Public Housing Grants Project Ordinance Fund		X
Capital Projects Fund	X	
Capital Reserve Fund	X	
<u>Proprietary Fund Types</u>		
Enterprise Funds	X	
Internal Service Funds	X	

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

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

5. Deposits and Investments

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

State law [§159-30(c)] authorizes the Town and OWASA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value.

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

6. Cash and Cash Equivalents

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

7. Restricted Assets

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

A portion of the cash in the Housing Operations Fund, Capital Projects Fund and Transitional Housing Fund is classified as restricted, because the cash represents tenant security deposits. Restricted cash in the Stormwater Fund represents unspent bond proceeds restricted for stormwater capital projects. Proceeds from the issuance of bonds and installment purchase agreements in the Capital Projects Ordinance Fund are restricted for capital projects. Restrictions are in place for grants in the Transit Capital Grants 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	\$ 872,883
Debt Service Fund	
Unspent bond proceeds	155,614
Capital Projects Ordinance Fund	
Unspent bond proceeds	8,577,308
Capital Projects Fund	
Tenant deposits	1,347
Capital Reserve Fund	
Capital project restrictions	217,969
Transit Capital Grants Fund	
Grant restrictions	1,782
Public Housing Capital Grants Fund	
Grant restrictions	9,026
Community Development Entitlement Fund	
Grant restrictions	117,312
Transitional Housing Fund	
Tenant deposits	27,914
Grants Fund	
Grant restrictions	581,217
Library Gift Fund	
Donation restrictions	227,781
Total government activities	<u>\$ 10,790,153</u>
Business-type Activities:	
Housing Fund	
Customer deposits	\$ 78,857
Stormwater Fund	
Unspent bond proceeds	2,397,231
Surety deposits	30,175
Total business-type activities	<u>\$ 2,506,263</u>
Total Restricted Cash	<u>\$ 13,296,416</u>

8. Property Tax Receivable

In accordance with State statutes [§105-347 and §159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. The taxes levied are based on the assessed values as of January 1, 2019.

9. Allowances for Doubtful Accounts

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

10. Inventories

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

11. Prepaid Items

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

12. Capital Assets

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

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

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

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

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

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

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has four items that meet this criterion: contributions made to the OPEB or pension plan, pension deferrals for the 2020 fiscal year, OPEB deferrals for the 2020 fiscal year, and deferred charge on refunding. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has five items that meet the criterion for this category: prepaid taxes, fees and charges receivable, property taxes receivable, deferrals of pension expense, and deferrals of OPEB.

14. Long-term Obligations

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

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

15. Compensated Absences

The vacation policy of the Town and OWASA provide for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. Compensated absences are reported in the governmental funds only if they have matured.

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

16. Net Position and Fund Balances

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute. At year-end, restricted net position consisted of restricted cash and investments held for payment of future construction contracts.

A difference of \$8,577,308 in Restricted Net Position between Exhibit 3, Governmental Funds Balance Sheet and Exhibit I, Statement of Net Position is equal to unspent bond proceeds.

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

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

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

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

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

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

included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

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

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

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

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

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

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

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

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

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

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

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

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

Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed fund balance.

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

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

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

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

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

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

18. Pensions and OPEB Plan

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

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

B. Deposits

All deposits of the Town and OWASA are made in official depositories and are collateralized as required by North Carolina General Statute 159-31. The Town and OWASA may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the Town and OWASA may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts and certificates of deposit. All of the Town's and OWASA's deposits are either insured or collateralized by using one of two methods.

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

At June 30, 2020, the Town's deposits had a carrying amount of \$67,096,431 and a bank balance of \$79,573,837. Of the bank balance, \$1,250,000 was covered by federal depository insurance, \$19,632,285 was covered by collateral held under the Dedicated Method, and \$58,691,552 was covered by collateral held under the Pooling Method. The Town had petty cash on hand of \$5,057 at year end.

At June 30, 2020, OWASA's deposits had a carrying amount of \$11,641,882 and a bank balance of \$11,533,492. Of the bank balance, \$250,000 was covered by federal depository insurance and \$11,283,492 in deposits was covered by collateral held under the Pooling Method. OWASA had cash on hand of \$2,700 at year end.

C. Investments

At June 30, 2020, the Town's investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 06/30/2020	Maturity
NC Capital Management Trust - Government Portfolio	Fair Value Level I	\$ 12,304,960	N/A
NC Capital Management Trust - Government Portfolio (OPEB Trust)	Fair Value Level I	6,108,279	N/A
Total:		\$ 18,413,239	

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

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

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

North Carolina General Statute 159-30(c) authorizes the Town and OWASA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptance; and The North Carolina Capital Management Trust, a SEC registered government money market mutual fund.

At June 30, 2020, the Town of Chapel Hill had \$12,149,346 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's.

At June 30, 2020, the Town's Healthcare Benefits (HCB) Plan fund had \$6,108,279 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.

At June 30, 2020, OWASA had \$11,855,657 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 as of June 30, 2020.

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, 2020 consists of the following:

	Governmental Funds	Business-Type Funds
Sales tax refunds receivable	\$ 456,573	\$ -
Due from Federal Government	1,437,498	2,092,207
Due from State	5,857,280	356,797
Due from local governments	243,991	237,739
	<u>\$ 7,995,342</u>	<u>\$ 2,686,743</u>

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

Property taxes receivable	\$ 352,782	\$ -
Accounts receivable	7,002	25,005
	<u>\$ 359,784</u>	<u>\$ 25,005</u>

E. Capital Assets

A summary of changes in the value of the Town's capital assets for the year ended June 30, 2020 follows:

	July 1, 2019	Increases	Decreases	June 30, 2020
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 37,109,580	\$ -	\$ -	\$ 37,109,580
Easements	288,566	56,680	-	345,246
Construction in progress	16,342,187	1,847,436	1,906,883	16,282,740
Total capital assets, not being depreciated	53,740,333	1,904,116	1,906,883	53,737,566
Capital assets, being depreciated:				
Land improvements	31,131,065	1,435,669	-	32,566,734
Infrastructure	36,920,716	-	-	36,920,716
Buildings and building improvements	86,969,071	558,818	-	87,527,889
Equipment	9,225,148	161,599	-	9,386,747
Vehicles	19,491,424	745,707	241,189	19,995,942
Total capital assets, being depreciated	183,737,424	2,901,793	241,189	186,398,028
Accumulated depreciation:				
Land improvements	12,046,773	1,490,861	-	13,537,634
Infrastructure	30,744,207	1,476,829	-	32,221,036
Buildings and building improvements	45,993,999	3,784,828	-	49,778,827
Equipment	7,578,321	587,167	-	8,165,488
Vehicles	13,719,470	1,157,404	241,189	14,635,685
Total accumulated depreciation	110,082,770	8,497,089	241,189	118,338,670
Total capital assets, being depreciated, net	73,654,654	(5,595,296)	-	68,059,358
Governmental activities capital assets, net	\$ 127,394,987	\$ (3,691,180)	\$ 1,906,883	\$ 121,796,924

	July 1, 2019	Increases	Decreases	June 30, 2020
Business-type activities:				
Transit Fund:				
Capital assets, not being depreciated:				
Land	\$ 2,099,537	\$ -	\$ -	\$ 2,099,537
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	2,099,537	-	-	2,099,537
Capital assets, being depreciated:				
Land improvements	5,974,008	-	-	5,974,008
Buildings and building improvements	17,708,052	-	-	17,708,052
Equipment	2,253,225	-	-	2,253,225
Vehicles	46,739,692	5,561,644	2,762,100	49,539,236
Total capital assets, being depreciated	72,674,977	5,561,644	2,762,100	75,474,521
Accumulated depreciation:				
Land improvements	4,652,555	186,775	-	4,839,330
Buildings and building improvements	9,905,870	818,367	-	10,724,237
Equipment	2,095,330	34,061	-	2,129,391
Vehicles	28,609,109	3,518,485	2,762,100	29,365,494
Total accumulated depreciation	45,262,864	4,557,688	2,762,100	47,058,452
Total capital assets, being depreciated, net	27,412,113	1,003,956	-	28,416,069
Transit fund capital assets, net	\$ 29,511,650	\$ 1,003,956	\$ -	\$ 30,515,606
Parking Facilities Fund:				
Capital assets, not being depreciated:				
Land	\$ 3,161,115	\$ -	\$ -	\$ 3,161,115
Construction in progress	10,000	40,662	-	50,662
Total capital assets, not being depreciated	3,171,115	40,662	-	3,211,777
Capital assets, being depreciated:				
Land improvements	493,631	-	-	493,631
Buildings and building improvements	7,296,236	-	-	7,296,236
Equipment	841,207	-	-	841,207
Total capital assets, being depreciated	8,631,074	-	-	8,631,074
Accumulated depreciation:				
Land improvements	420,059	5,571	-	425,630
Buildings and building improvements	7,287,094	590	-	7,287,684
Equipment	477,061	73,137	-	550,198
Total accumulated depreciation	8,184,214	79,298	-	8,263,512
Total capital assets, being depreciated, net	446,860	(79,298)	-	367,562
Parking facilities fund capital assets, net	\$ 3,617,975	\$ (38,636)	\$ -	\$ 3,579,339

	July 1, 2019	Increases	Decreases	June 30, 2020
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	336,519	57,600	-	394,119
Buildings and building improvements	23,513,130	-	-	23,513,130
Equipment	438,283	-	-	438,283
Vehicles	222,418	107,258	-	329,676
Total capital assets, being depreciated	24,510,350	164,858	-	24,675,208
Accumulated depreciation:				
Land improvements	298,755	12,385	-	311,140
Buildings and building improvements	16,861,521	614,300	-	17,475,821
Equipment	408,549	11,893	-	420,442
Vehicles	185,053	22,259	-	207,312
Total accumulated depreciation	17,753,878	660,837	-	18,414,715
Total capital assets, being depreciated, net	6,756,472	(495,979)	-	6,260,493
Housing operating fund capital assets, net	\$ 8,757,145	\$ (495,979)	\$ -	\$ 8,261,166
Stormwater Management Fund:				
Capital assets, not being depreciated:				
Land	\$ -	\$ 378,987	\$ -	\$ 378,987
Easements	-	3,000	-	3,000
Construction in progress	183,788	242,905	-	426,693
Total capital assets, not being depreciated	183,788	624,892	-	808,680
Capital assets, being depreciated:				
Land improvements	2,451,256	-	-	2,451,256
Equipment	153,912	-	-	153,912
Vehicles	237,454	2,058	-	239,512
Total capital assets, being depreciated	2,842,622	2,058	-	2,844,680
Accumulated depreciation:				
Land improvements	469,432	120,693	-	590,125
Equipment	65,632	19,227	-	84,859
Vehicles	16,961	34,239	-	51,200
Total accumulated depreciation	552,025	174,159	-	726,184
Total capital assets, being depreciated, net	2,290,597	(172,101)	-	2,118,496
Stormwater management fund capital assets, net	\$ 2,474,385	\$ 452,791	\$ -	\$ 2,927,176
Business-type activities capital assets, net	\$ 44,361,155	\$ 922,132	\$ -	\$ 45,283,287

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

Governmental activities:

General government	\$ 376,563
Environment and development	4,220,501
Public safety	459,509
Leisure activities	2,475,871
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	964,645
Total depreciation expense - governmental activities	<u>\$ 8,497,089</u>

Business-type activities:

Transit	\$ 4,557,688
Parking facilities	79,298
Housing Operating	660,837
Stormwater Management	174,159
Total depreciation expense - business-type activities	<u>\$ 5,471,982</u>

A summary of changes in the value of OWASA's capital assets for the year ended June 30, 2020, follows:

	July 1, 2019	Increases	Decreases	Transfers	June 30, 2020
Capital assets, not being depreciated:					
Land	\$ 17,605,354	\$ -	\$ -		\$ 17,605,354
Construction in progress	50,113,475	25,676,779	(563)	(17,187,295)	58,602,396
Total capital assets, not being depreciated	67,718,829	25,676,779	(563)	(17,187,295)	76,207,750
Capital assets, being depreciated:					
Water treatment and distribution	175,747,356	1,348,663	-	4,299,961	181,395,980
Sewer collection and treatment	222,398,717	699,342	-	9,594,574	232,692,633
Fixtures and equipment	48,961,413	551,799	(118,844)	3,292,760	52,687,128
Total capital assets, being depreciated	447,107,486	2,599,804	(118,844)	17,187,295	466,775,741
Less accumulated depreciation for:					
Water treatment and distribution	71,714,344	3,738,890	-	-	75,453,234
Sewer collection and treatment	76,576,633	4,564,201	-	-	81,140,834
Fixtures and equipment	35,302,006	1,477,662	(74,383)	-	36,705,285
Total accumulated depreciation	183,592,983	9,780,753	(74,383)	-	193,299,353
Total capital assets, being depreciated, net	263,514,503	(7,180,949)	(44,461)	17,187,295	273,476,388
Total capital assets, net	<u>\$ 331,233,332</u>	<u>\$ 18,495,830</u>	<u>\$ (45,024)</u>	<u>\$ -</u>	<u>\$ 349,684,138</u>

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

Capital Assets	\$ 224,182,061
Depreciation	(105,578,122)
	<u>118,603,939</u>
Internal service fund capital assets, net of depreciation	3,192,985
Total Capital Assets, net	<u>\$ 121,796,924</u>
Debt:	
Short-term portion of debt	\$ 7,686,559
Long-term portion of debt	107,083,073
Total Debt	<u>114,769,632</u>
Add Deferred charge related to debt refunding	192,298
Less Total pension liability (LEOSAA) (unrelated to capital)	(5,341,805)
Less Net Pension Liability (LGERS) (unrelated to capital)	(11,295,587)
Less Compensated absences (unrelated to capital)	(2,872,687)
Less Other Postemployment Benefits (unrelated to capital)	(41,972,490)
Unspent proceeds, governmental funds	<u>(8,577,308)</u>
Capital Related Debt	<u>44,902,053</u>
Net investment in capital assets	<u>\$ 76,894,871</u>

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

Total Capital Assets, net	<u>\$ 45,283,287</u>
Debt:	
Short-term portion of debt	1,339,357
Long-term portion of debt	28,307,359
Total Debt	<u>29,646,716</u>
Less Net Pension Liability (LGERS) (unrelated to capital)	(4,681,945)
Less Compensated Absences (unrelated to capital)	(782,924)
Less Other Postemployment Benefits (unrelated to capital)	(16,994,249)
Unspent proceeds, business-type funds	<u>(2,397,231)</u>
Capital Related Debt	<u>4,790,367</u>
Net investment in capital assets	<u>\$ 40,492,920</u>

F. Payables

Payables at the government-wide level at June 30, 2020, were as follows:

	Vendors	Other	Total
Governmental Activities:			
General	\$ 1,522,011	\$ 1,896,597	\$ 3,418,608
Other Governmental	1,263,801	52,641	1,316,442
	<u>\$ 2,785,812</u>	<u>\$ 1,949,238</u>	<u>\$ 4,735,050</u>
Business-Type Activities:			
Transit	526,139	307,108	833,247
Parking Facilities	21,865	12,003	33,868
Housing Operations	54,257	100,572	154,829
Stormwater Management	133,811	55,580	189,391
	<u>\$ 736,072</u>	<u>\$ 475,263</u>	<u>\$ 1,211,335</u>

G. Long-Term Debt**a. 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, 2020 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%	\$ 1,070,000
\$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%	1,020,000

\$3,050,000 - Refunding 2006 bond issue for sidewalk construction and improvement, pedestrian amenities and streetscaping, library facilities, open space acquisition and trail improvements - 2013 refunding serial bonds payable in annual installments of \$34,000 to \$296,000 through 2027; interest at 1.77%	1,771,000
\$9,000,000 Construction and renovation to Town facilities, including Parks greenways & trails (\$5,000,000), Streets and sidewalks (\$3,000,000) and Parks and recreation facilities (\$1,000,000) - serial bonds payable in annual installments of \$450,000 through 2037; interest at 2% to 5%	7,650,000
\$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%	1,015,000
\$9,800,000 Construction and renovation to Town facilities, including Streets and sidewalks (\$5,500,000) and Parks and recreation facilities (\$4,300,000) - serial bonds payable in annual installments of \$490,000 through 2038; interest at 2.5% to 5%	8,820,000
\$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%	9,505,000
	<u>\$ 30,851,000</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>\$ 2,430,000</u>
--	---------------------

At June 30, 2020, the Town of Chapel Hill had bonds authorized but unissued of \$28.8 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
2021	\$ 2,547,000	\$ 1,207,932	\$ 135,000	\$ 88,594
2022	2,447,000	1,107,179	135,000	81,844
2023	2,456,000	1,004,564	135,000	75,094
2024	2,455,000	905,806	135,000	68,344
2025	2,460,000	797,804	135,000	61,594
2026-2030	10,311,000	2,558,670	675,000	226,295
2031-2035	5,805,000	868,492	675,000	127,069
2036-2038	2,370,000	138,810	405,000	26,154
	<u>\$ 30,851,000</u>	<u>\$ 8,589,257</u>	<u>\$ 2,430,000</u>	<u>\$ 754,988</u>

b. Limited Obligation Bonds

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

\$ 12,305,000

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

Year Ending June 30,	Principal	Interest
2021	\$ 1,980,000	\$ 583,331
2022	2,010,000	484,331
2023	2,040,000	383,831
2024	1,840,000	281,831
2025	1,650,000	189,831
2026-2030	1,910,000	403,681
2031	875,000	52,802
	\$ 12,305,000	\$ 2,379,638

c. Installment Purchase

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

Serviced by the Debt Service Fund:

Construction and renovation of facilities:

\$2,395,000 - to renovate various municipal facilities; Bank of North Carolina direct placement installment purchase contract entered into June 2015; due in varying annual installments through 2030; interest at 2.24%; Town Hall pledged as collateral	\$ 1,755,000
\$7,984,000 - to renovate various facilities and Ephesus Fordham road reconstruction; Raymond James direct placement installment purchase contract entered into March 2016; due in varying annual installments through 2031; interest at 2.32%; Hargraves Center pledged as collateral	5,900,000
	\$ 7,655,000

Serviced by the Vehicle Replacement Fund:

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

\$ 63,365

Serviced by the Transit Fund:

Purchase of fleet replacement buses:

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

\$ 4,641,000

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
2021	\$ 760,365	\$ 174,987	\$ 622,000	\$ 93,747
2022	704,000	158,342	636,000	80,674
2023	711,000	142,139	649,000	67,308
2024	718,000	125,774	662,000	53,682
2025	726,000	109,246	676,000	39,773
2026-2030	3,409,000	303,800	1,396,000	36,617
2031	690,000	14,100	-	-
	<u>\$ 7,718,365</u>	<u>\$ 1,028,388</u>	<u>\$ 4,641,000</u>	<u>\$ 371,801</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, 2020, the legal debt margin for the Town was approximately \$601 million.

Long-term debt activity for the year ended June 30, 2020 was as follows:

	June 30, 2019	Additions	Reductions	June 30, 2020	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 35,528,000	\$ 9,505,000	\$ 14,182,000	\$ 30,851,000	\$ 2,547,000
Limited obligation bonds	14,235,000	-	1,930,000	12,305,000	1,980,000
Direct placement installment notes payable	8,345,000	-	690,000	7,655,000	697,000
Direct placement installment notes payable - int svc funds	327,083	-	263,718	63,365	63,365
Orange County loan payable	123,146	-	-	123,146	-
Bond premium	446,522	2,073,936	230,906	2,289,552	-
Total pension liability for LEO	5,042,365	299,440	-	5,341,805	-
Net pension liability for LGERS	10,130,005	1,013,022	-	11,143,027	-
Net pension liability for LGERS - internal service funds	138,088	14,472	-	152,560	-
Compensated absences - governmental activities	2,688,426	2,524,595	2,378,927	2,834,094	2,378,927
Compensated absences - internal service funds	31,561	27,299	20,267	38,593	20,267
Net other postemployment liability	39,781,222	1,436,912	-	41,218,134	-
Net other postemployment liability - internal service funds	728,058	26,298	-	754,356	-
Long-term debt	<u>\$ 117,544,476</u>	<u>\$ 16,920,974</u>	<u>\$ 19,695,818</u>	<u>\$ 114,769,632</u>	<u>\$ 7,686,559</u>
Business-type activities:					
General obligation bonds	\$ 2,565,000	\$ -	\$ 135,000	\$ 2,430,000	\$ 135,000
Direct placement installment notes payable	5,251,000	-	610,000	4,641,000	622,000
Bond premium	123,076	-	6,478	116,598	-
Net pension liability for LGERS	4,262,265	419,680	-	4,681,945	-
Compensated absences	643,824	734,138	595,038	782,924	594,357
Net other postemployment liability	16,401,811	592,438	-	16,994,249	-
Long-term debt	<u>\$ 29,246,976</u>	<u>\$ 1,746,256</u>	<u>\$ 1,346,516</u>	<u>\$ 29,646,716</u>	<u>\$ 1,351,357</u>

In November 2019, the Town issued \$9,505,000 of general obligation refunding bonds and defeased the 2010 Build America Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt on the old bonds. Accordingly, the trust assets and the liability for the defeased debt are not included in the Town's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$192,928. This amount is being netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. The refunding was undertaken to reduce total debt payments over the next 10 years and resulted in a savings of approximately \$850,000. On June 30, 2020, \$11,230,000 of general obligation bonds is considered defeased.

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 closed on the first issuance of these General Obligation bonds for \$9,000,000 to fund trails and greenways, parks and recreation facility improvements and street and sidewalk projects. In April 2018, the Town closed on the second issuance of these General Obligation bonds for \$12,500,000 to fund parks facilities, streets and sidewalks projects and Stormwater Facilities projects.

In June 2012, the Town issued \$22 million in advanced refunding limited obligation bonds and defeased 2005 and 2003 certificates of participation and a 2007 installment purchase contract by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt on the old bonds and installment purchase contract. Accordingly, the trust assets and the liability for the defeased debt are not included in the Town's financial statements. The refinancing was undertaken to reduce total debt payments over the next 20 years and resulted in a savings of approximately \$800,000. On June 30, 2020, \$12,240,000 of certificates of participation is considered defeased.

OWASA's long-term debt as of June 30, 2020 consists of the following:

Revenue Bonds:

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 \$1,142,676 at June 30, 2020	\$ 9,500,000
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 \$2,058,334 at June 30, 2020	16,640,000
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 \$2,147,151 at June 30, 2019	18,075,000
Revenue bonds payable, Series 2015 Refunding Revenue Serial Bonds, in the amount of \$8,995,000, issued July 1, 2015, with a coupon rate of 4.5%; final maturity July 2031, net of deferred refunding loss of \$27,519 at June 30, 2018	1,420,000
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 \$911,828 at June 30, 2018	13,375,000
Revenue bonds payable, Series 2010 Refunding Revenue Serial Bonds, in the amount of \$21,645,000, issued September 30, 2010, with coupon rates of 3.0% and 5.0%, final maturity July 2026, net of unamortized premium of \$257,227 at June 30, 2018	1,835,000
	<u>\$ 60,845,000</u>

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

Notes Payable - Direct Borrowings:

Note payable to NCDEQ in the amount of \$6,560,000 issued October 4, 2014, interest at 0%, Federal Revolving Loan, beginning May 2015, payable in annual installments of \$328,000 with a final payment due in May 2034	\$ 4,592,000
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	889,703
Note payable to NCDEQ in the amount of \$3,390,000 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	2,078,001
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 \$256,583 with a final payment due in May 2039	5,062,157
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	778,641
	<u>\$ 13,400,502</u>

A State Reserve loan note payable to NCDEQ in the amount of \$1,525,000 was approved August 3, 2017 at an interest rate of 1.53% payable in annual installments beginning upon completion of the Dobbins Drive Water Main Replacement project. As of June 30, 2020, no drawdowns have been made on this loan.

A State Reserve loan note payable to NCDEQ in the amount of \$1,658,000 was issued February 1, 2017 at an interest rate of 1.53% payable in annual installments beginning upon completion of the Dobbins Drive Sewer Interceptor Rehabilitation project. As of June 30, 2020, no drawdowns have been made on this loan.

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		
		Losses	Total	Interest
2021	6,275,000	924,377	7,199,377	2,791,007
2022	3,775,000	856,504	4,631,504	2,295,675
2023	4,515,000	751,169	5,266,169	2,106,675
2024	4,805,000	636,046	5,441,046	1,876,175
2025	5,105,000	510,279	5,615,279	1,631,050
2026-2030	21,920,000	1,196,152	23,116,152	4,940,826
2031-2035	6,225,000	358,395	6,583,395	1,888,050
2036-2040	4,295,000	124,138	4,419,138	991,900
2041-4045	3,930,000	37,336	3,967,336	298,950
Total	\$ 60,845,000	\$ 5,394,396	\$ 66,239,396	\$ 18,820,308

OWASA notes payable maturities are as follows:

Fiscal Year	Maturities	Interest	Total
2021	775,655	-	775,655
2022	770,622	-	770,622
2023	772,569	-	772,569
2024	774,545	-	774,545
2025	776,553	-	776,553
2026-2030	3,913,965	-	3,913,965
2031-2035	3,640,975	-	3,640,975
2036-2040	1,975,618	-	1,975,618
Total	\$ 13,400,502	\$ -	\$ 13,400,502

Advance Refundings:

On December 18, 2014, OWASA issued \$15,695,000 of Series 2014 revenue bonds to provide resources that were placed in an irrevocable trust to be used for future debt service payments of \$16,430,000 of Series 2006 revenue bonds. As a result, the refunded bonds are considered defeased and the liability has been removed from the Statement of Net Position. The reacquisition price exceeded the net carrying amount of the old debt by \$561,010. This amount is being amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. This advanced refunding was undertaken to reduce total debt service payments over the next 17 years by \$1,984,121 and resulted in an economic gain of \$1,596,310. On June 30, 2020, \$13,970,000 of bond outstanding are considered defeased.

On July 1, 2015, OWASA issued \$8,995,000 of Series 2015 revenue bonds to provide resources that were placed in an irrevocable trust to be used for all future debt service payments of \$8,930,000 of Series 2005 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. The reacquisition price exceeded the net carrying amount of the old debt by \$65,000. This amount is being amortized over the life of the new debt issued, which is shorter than the life of the refunded debt. This direct purchase forward refunding was undertaken to reduce total debt service payments over the next 5 years by \$613,660 and resulted in an economic gain of \$584,285. On June 30, 2020, \$1,510,000 of bonds outstanding is considered defeased.

OWASA's long-term liability activity for the year ended June 30, 2020 is as follows:

	July 1, 2019	Additions	Reductions	June 30, 2020	Due Within One Year
Direct Borrowings	\$ 12,244,218	\$ 1,853,691	\$ 697,407	\$ 13,400,502	\$ 775,655
Bonds payable:					
Revenue bonds	50,185,000	26,140,000	15,480,000	60,845,000	6,275,000
For issuance premiums	4,070,989	3,262,544	1,553,029	5,780,504	959,478
Compensated absences	598,837	544,642	442,621	700,858	525,644
Net pension liability (LGERS)	2,982,507	342,390	-	3,324,897	-
OPEB	12,710,564	165,488	-	12,876,052	-
Total bonds payable	\$ 82,792,115	\$ 32,308,755	\$ 18,173,057	\$ 96,927,813	\$ 8,535,777

OWASA has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$60,845,000 in revenue bonds issued in 2010, 2014, 2015, 2018, 2019 and 2020. Proceeds from the bonds were used for rehabilitation or expansion of the Authority's water and sewer systems. Annual principal and interest payments are expected to require less than 23% of net revenues. Principal and interest on the bonds are payable through 2033, solely from the water and sewer customer net revenues. The total principal and interest remaining to be paid on the bonds is \$79,665,308. Principal and interest paid in the year ended June 30, 2020 was \$7,566,596 and total customer net revenues for the year ended June 30, 2020 was \$36,306,194. There is no unused line of credit.

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

The debt service coverage ratio calculation for the year ended June 30, 2020, is as follows:

Operating revenues	\$ 36,306,194
Operating expenses *	<u>23,208,744</u>
Income available for debt service	<u>\$ 13,097,450</u>
Debt service, principal and interest paid	<u>\$ 7,566,596</u>
Debt service coverage ratio for parity debt	<u>173.10%</u>

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

The above debt service amount for principal and interest paid excludes partial refunding in the current year. At June 30, 2020, OWASA was in compliance with the bond covenants described above.

H. Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current year	\$ 3,961,606
Pension deferral	6,365,292
OPEB deferral	1,180,162
Deferred charge on refunding	<u>192,298</u>
	<u>\$ 11,699,358</u>

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

Source	Amount
Prepaid taxes (General Fund)	\$ 7,499
Pension deferral	366,323
OPEB deferral	<u>2,270,002</u>
	<u>\$ 2,643,824</u>

I. Fund Balance

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

Total fund balance - General Fund	\$ 27,333,872
Less:	
Inventories	1,283
Prepaid items	8,519
Stabilization by State Statute	8,780,909
Inspections	216,250
Parks projects	27,411
Streets projects	423,439
Public safety	138,951
Workforce development	133,013
Economic development	139,642
Appropriated in FY21 budget	2,388,512
Working capital fund balance reserve	7,631,290
Remaining fund balance	7,444,653

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	\$ 725,541
Capital Projects Ordinance Fund	3,880,043
Non-major funds	4,274,876

J. Interfund Receivables, Payables and Transfers

Interfund receivables and payables. At June 30, 2020, the statements of the Town include a net of balances due to/from other funds in the amount of \$2,828,846 as detailed below. The payable in the Housing fund represents the borrowing of cash to cover expenditures not yet reimbursed by grants at year-end. The Parking facility fund payable represents the COPS debt refunded by issuance of limited obligation bonds that are now carried in the Debt service fund. The payable from the Grants Fund, Housing Capital Grants Fund and the 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	148,027
General fund	Parking facility fund	1,280,819
Debt service fund	Parking facility fund	1,400,000
		<u>\$ 2,828,846</u>

Between governmental funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Fund - Housing Grants Fund	20,097
General Fund	Nonmajor Fund - Transit Grants Fund	614,053
		<u>\$ 634,150</u>

Interfund transfers. A schedule of interfund transfers for the year ended June 30, 2020 is as follows:

Interfund transfers to/(from) governmental funds

From General Fund to Stormwater Fund	\$ (11,719)
From Parking Fund to Debt Service Fund	905,332
From Transit Fund to Nonmajor Fund	443,777
Total transfers to governmental funds from proprietary funds	<u>\$ 1,337,390</u>

Transfers between governmental funds:

From Nonmajor Fund to General Fund	45,000
From General Fund to Nonmajor Fund	1,103,701
From General Fund to Debt Service Fund	445,100
From General Fund to Capital Projects Ordinance Fund	246,000

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 \$11,719 from the General Fund to the Stormwater Fund is to pay the of stormwater fee exemption. The transfer from the Parking Fund to the Debt Service Fund represents debt repayment for the 140 West and Rosemary Garage. Transit made a transfer of matching funds to the Transit Grants Fund for transit capital grants. The Library Gift Fund transfers \$45,000 annually to the General Fund to help offset the cost of book purchases. The General Fund transferred funds to the Affordable Housing Development Reserve Fund for its annual contribution to the fund, to the Grants Fund for grant matches, to the Capital Projects Fund to fund pay-go capital, to the Debt Service Fund for the incremental tax value increase in the Blue Hill District for the debt payment for Ephesus Fordham, and to the Capital Projects Ordinance Fund for funds that were set aside for coal ash remediation.

K. Employees' Retirement System

I. North Carolina Local Governmental Employees' Retirement System

Plan Description. The Town of Chapel Hill and OWASA are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina, 27699-1410 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, 2020, was 9.7% of compensation for law enforcement officers and 8.95% 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 9.0%. The Town's contributions to the pension for the year ended June 30, 2020, were \$3,757,640 and OWASA's contributions were \$790,230.

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, 2020, the Town reported a liability of \$15,977,532 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The 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, 2019 (measurement date), the Town's proportion was 0.58506%, which was a decrease of 0.02743% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$7,113,285. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,735,758	\$ -
Changes of assumptions	2,604,073	-
Net difference between projected and actual earnings on pension plan investments	389,714	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	18,706	216,448
Town contributions subsequent to measurement date	3,757,640	-
Total	<u>\$ 9,505,891</u>	<u>\$ 216,448</u>

\$3,757,640 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 ended June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2021	\$	2,799,855
2022		837,141
2023		1,493,888
2024		400,919
2025		-
Thereafter		-
	\$	<u>5,531,803</u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: (a) inflation rate of 3.0 percent, (b) salary increases of 3.50% to 8.10%, including inflation and a productivity factor, (c) investment rate of return of 7.00%, net of pension plan investment expense, including inflation.

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 36,543,538	\$ 15,977,532	\$ (1,116,985)

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

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

Retirees receiving benefits	22
Terminated plan members entitled to but not yet receiving benefits	0
Active Plan members	100
	<hr/>
	122
	<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, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumption, applied to all periods included in the measurement: (a) inflation rate of 2.5 percent, (b) salary increases of 3.50% to 7.35%, including inflation and a productivity factor, (c) discount rate of 3.26%. The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018. Mortality rates are based on the RP-2014 Mortality tables projected to the valuation date using MP-2015, projected forward generationally from the valuation date using MP-2015.

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 \$407,241 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, 2020, the Town reported a total pension liability of \$5,341,805. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$459,491.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 400,256	\$ 14,090
Changes of assumptions	216,785	135,785
Town benefit payments and plan administrative expense made subsequent to the measurement date	203,966	-
Total	<u>\$ 821,007</u>	<u>\$ 149,875</u>

\$203,966 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as:

Year ended June 30:

2021	\$ 125,527
2022	131,591
2023	112,129
2024	79,497
2025	18,422
Thereafter	-
	<u>\$ 467,166</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 3.26%, 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 (2.26%) or one percentage point higher (4.26%) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 5,715,590	\$ 5,341,805	\$ 4,996,255

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

	2020
Total Pension Liability as of December 31, 2018	\$ 5,042,365
Changes for the year:	
Service Cost at End of Year	157,834
Interest on the total pension liability	176,130
Changes in benefit terms	-
Differences between expected and actuarial experience in the measurement of the total pension liability	238,153
Changes of assumptions and other inputs	134,564
Benefit payments	(407,241)
Other changes	-
Net Changes	299,440
Total Pension Liability as of December 31, 2019	\$ 5,341,805

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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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:

	LGERS	LEOSSA	Total
Pension Expense	\$ 7,113,285	\$ 459,491	\$ 7,572,776
Pension Liability	15,977,532	5,341,805	21,319,337
Proportionate Share of the Net Pension Liability	0.58506%	n/a	

	LGERS	LEOSSA	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$ 2,735,758	\$ 400,256	\$ 3,136,014
Changes of assumptions	2,604,073	216,785	2,820,858
Net difference between projected and actual earnings on plan investments	389,714	-	389,714
Changes in proportion and differences between Town contributions and proportionate share of contributions	18,706	-	18,706
Benefit payments and administrative costs paid subsequent to the measurement date	3,757,640	203,966	3,961,606
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ -	\$ 14,090	\$ 14,090
Changes of assumptions	-	135,785	135,785
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	216,448	-	216,448

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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal 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, 2020 were \$514,446 which consisted of \$309,513 from the Town and \$204,933 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, 2020 were \$2,567,254, which consisted of \$1,738,443 from the Town and \$828,811 from employees. No amounts were forfeited.

L. Other Post-Employment Benefits

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

Plan membership. Membership of the HCB Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Inactive plan members or beneficiaries currently receiving benefits	264
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	369
	<u>633</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, 2020, 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, 2020, the Town made payments for post-retirement health benefit premiums of \$1,732,595 and the retirees made payments of \$187,730 for dependent care and for the employee's share of coverage according to the schedule above. For the fiscal year ended June 30, 2020, the Town also contributed \$666,400 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, 2020:

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, 2020, 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, 2020 were as follows:

Total OPEB Liability	\$	65,075,018
Plan fiduciary net position		<u>6,108,279</u>
Town's net OPEB liability	\$	<u><u>58,966,739</u></u>
Plan fiduciary net position as a		
percentage of the total OPEB liability		9.39%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 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 3.50% to 7.75%, 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 7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028 for pre-medicare, 5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022 for medicare and 2.50% for vision.

The total OPEB liability was rolled forward to June 30, 2020, utilizing update procedures incorporating the actuarial assumptions.

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

The actuarial assumptions used in the June 30, 2018 valuation was based on the results of an actuarial experience study for the period 2010 – 2014.

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%. However, because the OPEB plan's fiduciary net position was not projected to be sufficient to make all future benefit payments, the discount rate incorporates a municipal bond rate which was 3.50% at June 30, 2020 per the S&P Municipal Bond 20 Year High Grade Rate Index. The projection of cash flows used to determine the discount rate assumed that the Town will contribute \$666,400 to the trust in the fiscal year ending June 30, 2020 and will increase the contribution amount to the trust until the trust is fully funded.

Sensitivity of the net OPEB liability to changes in the discount rate. At June 30 2020, 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:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	\$ 68,311,631	\$ 58,966,739	\$ 51,351,029

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:

	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 49,807,414	\$ 58,966,739	\$ 70,370,054

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2020, the Town reported a net OPEB liability of \$58,966,739. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2020, the components of the net OPEB liability of the Town were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)
Balances at June 30, 2019	\$ 62,279,462	\$ 5,368,371	\$ 56,911,091
Changes for the Year:			
Service Cost	1,034,141	-	1,034,141
Interest	4,134,185	-	4,134,185
Difference between Expected and Actual experience	(273,944)	-	(273,944)
Changes of assumptions	-	-	-
Contributions	-	2,765,226	(2,765,226)
Net Investment Income	-	73,508	(73,508)
Benefit Payments	(2,098,826)	(2,098,826)	-
Net Changes	2,795,556	739,908	2,055,648
Balances at June 30, 2020	\$ 65,075,018	\$ 6,108,279	\$ 58,966,739

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, 2020, the Town recognized OPEB expense of \$4,338,066. At June 30, 2020, 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	\$ 514,134	\$ 215,534
Changes of assumptions	312,218	2,054,468
Net difference between projected and actual earnings on plan investments	353,810	-
Total	<u>\$ 1,180,162</u>	<u>\$ 2,270,002</u>

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

Year Ended June 30:

2021	\$ (445,771)
2022	(445,772)
2023	(220,190)
2024	21,893
2025	-
Thereafter	-

L. Other Employment Benefits

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for benefits.

Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest consecutive months' salary during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

M. Commitments and Contingencies

The Town has commitments related to capital improvements, capital purchases and town-wide development projects at June 30, 2020 for the following:

Vehicle/Bus/Truck Purchases	\$ 3,281,441
Elliott Road Project	2,812,663
Streets, Paving, Drainage and Sidewalks	2,252,775
Old Durham - CH Road Project	1,769,025
Transit Projects	1,222,757
Affordable Housing Projects	657,983
Miscellaneous Projects	413,808
Bolin Creek Trail	399,331
Library Projects	250,168
Ephesus - Fordham Project	133,474
Parking Projects	96,538
Parks & Recreation Projects	33,090
Technology Projects	20,398
	<u>\$ 13,343,450</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 \$13,526,867 at June 30, 2020.

N. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town protects itself from potential loss through the purchase of commercial liability insurance for general liability, automobile liability, public officials' liability, law enforcement liability, crime, cyber liability, and property losses. Through these commercial insurance policies, the Town maintains coverage of \$1,000,000 for general liability per occurrence with a \$2,000,000 aggregate.

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

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

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

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

The Town currently reports its risk management activities and insurance costs by operating fund. Claims expenditures falling within the retention coverage are generally reported when amounts are paid or, in the event of significant losses, when such amounts are probable and the amounts can be determined. The amounts due at June 30, 2020 for outstanding claims and incurred but not reported claims are not considered material and, therefore, no provision is recorded within the financial statements. The amount of settlements has not exceeded insurance coverage in any of the past three years.

O. Subsequent Events

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact Town revenues and operations. At the current time, we are unable to quantify the potential effects of this pandemic.

This page intentionally left blank.

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

Exhibit 14

	2020	2019	2018	2017	2016	2015	2014
Chapel Hill's proportion of the net pension liability (asset) (%)	0.58506%	0.61249%	0.60097%	0.59862%	0.60393%	0.60203%	0.60950%
Chapel Hill's proportion of the net pension liability (asset) (\$)	\$ 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	\$ 41,035,819	\$ 40,092,466	\$ 38,271,235	\$ 36,637,712	\$ 34,697,974	\$ 33,509,249	\$ 32,468,101
Chapel Hill's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.94%	36.24%	23.99%	34.68%	7.81%	-10.60%	22.63%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

Exhibit 15

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 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>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	\$ 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	9.07%	7.86%	7.62%	7.39%	6.78%	7.07%	7.04%

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

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

Exhibit 16

	2020	2019	2018	2017
Beginning balance	\$ 5,042,365	\$ 4,945,342	\$ 4,798,949	\$ 4,897,799
Service Cost	157,834	172,847	143,418	171,252
Interest on the total pension liability	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	238,153	333,831	(32,879)	-
Changes of assumptions or other inputs	134,564	(170,913)	251,543	(100,964)
Benefit payments	(407,241)	(388,871)	(393,337)	(337,957)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 5,341,805</u>	<u>\$ 5,042,365</u>	<u>\$ 4,945,342</u>	<u>\$ 4,798,949</u>

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

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

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

Exhibit 17

	2020	2019	2018	2017
Total pension liability	\$ 5,341,805	\$ 5,042,365	\$ 4,945,342	\$ 4,798,949
Covered payroll	6,290,273	6,319,119	5,958,879	6,658,279
Total pension liability as a percentage of covered payroll	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 Four Fiscal Years **

Exhibit 18

	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ 1,034,141	\$ 1,163,364	\$ 1,324,222	\$ 1,246,561
Interest	4,134,185	3,846,813	3,636,345	3,457,733
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(273,944)	814,769	100,626	-
Changes of assumptions	-	544,350	(4,415,924)	-
Benefit payments	(2,098,826)	(2,124,615)	(1,928,442)	(1,775,352)
Net change in total OPEB liability	\$ 2,795,556	\$ 4,244,681	\$ (1,283,173)	\$ 2,928,942
Total OPEB liability - beginning	62,279,462	58,034,781	59,317,954	56,389,012
Total OPEB liability - ending	\$ 65,075,018	\$ 62,279,462	\$ 58,034,781	\$ 59,317,954
Plan fiduciary net position				
Contributions - employer	\$ 2,765,226	\$ 2,964,615	\$ 2,768,442	\$ 4,733,352
Net investment income	73,508	100,313	325,262	306,647
Benefit payments	(2,098,826)	(2,124,615)	(1,928,442)	(1,775,352)
Administrative expense	-	-	-	(1,851)
Net change in plan fiduciary net position	\$ 739,908	\$ 940,313	\$ 1,165,262	\$ 3,262,796
Plan fiduciary net position - beginning	5,368,371	4,428,058	3,262,796	-
Plan fiduciary net position - ending	\$ 6,108,279	\$ 5,368,371	\$ 4,428,058	\$ 3,262,796
Town's net OPEB liability - ending	\$ 58,966,739	\$ 56,911,091	\$ 53,606,723	\$ 56,055,158
Plan fiduciary net position as a percentage of the total OPEB liability	9.39%	8.62%	7.63%	5.50%
Covered payroll	\$ 22,647,789	\$ 22,647,789	\$ 25,569,357	\$ 25,569,357
Town's net OPEB liability as a percentage of covered payroll	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 Four Fiscal Years **

Exhibit 19

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 5,414,195	\$ 5,418,919	\$ 5,418,919	\$ 6,484,071
Contributions in relation to the actuarially determined contribution	2,765,226	2,964,615	2,768,442	4,733,352
Contribution deficiency (excess)	<u>\$ 2,648,969</u>	<u>\$ 2,454,304</u>	<u>\$ 2,650,477</u>	<u>\$ 1,750,719</u>
Covered payroll	\$ 22,647,789	\$ 22,647,789	\$ 25,569,537	\$ 25,569,357
Contributions as a percentage of covered payroll	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 - 7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028 Medicare - 5.38% for 2018 decreasing to an ultimate rate of 4.75% by 2022 Vision - 2.50%
Salary increases	3.5% - 7.75%
Investment rate of return	6.75%, net of OPEB plan investment expense, including price inflation
Retirement age	In the 2020 valuation, assumed life expectancies were adjusted as a result of adopting the RP-2014 Healthy Annuitant Mortality Table.
Mortality	In the 2020 valuation, assumed life expectancies were adjusted as a result of adopting the RP-2014 Healthy Annuitant Mortality Table.

** 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 Four Fiscal Years **

Exhibit 20

	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	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.

This page intentionally left blank.

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

OTHER GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2020 (With Comparative Totals as of June 30, 2019)

	Total Capital Projects Funds	Total Special Revenue Funds	Comparative Totals	
			2020	2019
ASSETS				
Cash and cash equivalents	\$ 929,328	\$ 2,180,222	\$ 3,109,550	\$ 3,443,066
Receivables:				
Governmental units and agencies	1,038,756	321,117	1,359,873	400,935
Property taxes, net	-	1,412	1,412	1,507
Other	-	26,991	26,991	16,991
Inventories	-	16,538	16,538	16,538
Restricted cash and cash equivalents	230,124	954,224	1,184,348	575,769
TOTAL ASSETS	\$ 2,198,208	\$ 3,500,504	\$ 5,698,712	\$ 4,454,806
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to other funds	\$ 634,150	\$ -	\$ 634,150	\$ 252,409
Accounts payable	60,190	107,000	167,190	258,951
Accrued liabilities	-	9,374	9,374	7,776
Unearned revenue	391,782	789,323	1,181,105	63,821
Accounts payable from restricted assets	13,694	119,703	133,397	93,407
Other payables from restricted assets	1,347	27,914	29,261	28,179
Total liabilities	1,101,163	1,053,314	2,154,477	704,543
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	-	1,412	1,412	1,507
FUND BALANCES				
Nonspendable				
Inventories	-	16,538	16,538	16,538
Restricted				
Stabilization by State Statute	4,360,615	1,303,215	5,663,830	3,164,383
Public housing	9,026	113,836	122,862	146,765
Public safety	-	25,447	25,447	31,109
Library	-	164,003	164,003	143,838
Transit capital purchases	1,782	-	1,782	5,682
Infrastructure capital projects	217,969	-	217,969	217,195
Committed				
Municipal buildings capital projects	48,750	-	48,750	47,375
Parks capital projects	-	-	-	53,791
Fire capital projects	-	-	-	4,825
Public housing	-	1,993,060	1,993,060	2,310,074
Economic development	-	132,894	132,894	133,707
Assigned				
Municipal buildings capital projects	499,890	-	499,890	394,122
Parks capital projects	63,212	-	63,212	102,448
Technology capital projects	117,166	-	117,166	41,916
Fire capital projects	-	-	-	17,762
Unassigned	(4,221,365)	(1,303,215)	(5,524,580)	(3,082,774)
Total fund balances	1,097,045	2,445,778	3,542,823	3,748,756
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,198,208	\$ 3,500,504	\$ 5,698,712	\$ 4,454,806

TOWN OF CHAPEL HILL, NORTH CAROLINA

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2020 (With Comparative Totals as of June 30, 2019)

	Community Development Entitlement	Affordable Housing	Transitional Housing	Land Trust Fund	Grants Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ 965,996	\$ 58,371	\$ 30,878	\$ -
Receivables:					
Governmental units and agencies	16,073	-	-	-	248,509
Property taxes, net	-	-	-	-	-
Other	-	-	-	-	-
Inventories	-	-	-	16,538	-
Restricted cash and cash equivalents	117,312	-	27,914	-	581,217
TOTAL ASSETS	<u>\$ 133,385</u>	<u>\$ 965,996</u>	<u>\$ 86,285</u>	<u>\$ 47,416</u>	<u>\$ 829,726</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	5,678	-	-
Accrued liabilities	1,140	-	-	-	7,020
Unearned revenue	-	-	-	-	789,323
Accounts payable from restricted assets	18,409	-	-	-	7,936
Other payables from restricted assets	-	-	27,914	-	-
Total liabilities	<u>19,549</u>	<u>-</u>	<u>33,592</u>	<u>-</u>	<u>804,279</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	-	-	-	-	-
FUND BALANCES					
Nonspendable					
Inventories	-	-	-	16,538	-
Restricted					
Stabilization by State Statute	185,901	248,270	-	-	309,912
Public housing	113,836	-	-	-	-
Public safety	-	-	-	-	25,447
Library	-	-	-	-	-
Committed					
Public housing	-	965,996	52,693	30,878	-
Economic development	-	-	-	-	-
Unassigned	<u>(185,901)</u>	<u>(248,270)</u>	<u>-</u>	<u>-</u>	<u>(309,912)</u>
Total fund balances	<u>113,836</u>	<u>965,996</u>	<u>52,693</u>	<u>47,416</u>	<u>25,447</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 133,385</u>	<u>\$ 965,996</u>	<u>\$ 86,285</u>	<u>\$ 47,416</u>	<u>\$ 829,726</u>

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2020 (With Comparative Totals as of June 30, 2019)

	Downtown Service District	Affordable Housing Development Reserve Fund	Library Gift Fund	Comparative Totals	
				2020	2019
ASSETS					
Cash and cash equivalents	\$ 83,720	\$ 1,041,257	\$ -	\$ 2,180,222	\$ 2,601,789
Receivables:					
Governmental units and agencies	36,955	-	19,580	321,117	200,343
Property taxes, net	1,412	-	-	1,412	1,507
Other	16,991	-	10,000	26,991	16,991
Inventories	-	-	-	16,538	16,538
Restricted cash and cash equivalents	-	-	227,781	954,224	318,617
TOTAL ASSETS	<u>\$ 139,078</u>	<u>\$ 1,041,257</u>	<u>\$ 257,361</u>	<u>\$ 3,500,504</u>	<u>\$ 3,155,785</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 44,160
Accounts payable	3,558	97,764	-	107,000	192,222
Accrued liabilities	1,214	-	-	9,374	7,776
Unearned revenue	-	-	-	789,323	58,166
Accounts payable from restricted assets	-	-	93,358	119,703	76,020
Other payables from restricted assets	-	-	-	27,914	26,832
Total liabilities	<u>4,772</u>	<u>97,764</u>	<u>93,358</u>	<u>1,053,314</u>	<u>405,176</u>
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	<u>1,412</u>	<u>-</u>	<u>-</u>	<u>1,412</u>	<u>1,507</u>
FUND BALANCES					
Nonspendable					
Inventories	-	-	-	16,538	16,538
Restricted					
Stabilization by State Statute	53,946	176,088	329,098	1,303,215	1,006,351
Public housing	-	-	-	113,836	113,836
Public safety	-	-	-	25,447	31,109
Library	-	-	164,003	164,003	143,838
Committed					
Public housing	-	943,493	-	1,993,060	2,310,074
Economic development	132,894	-	-	132,894	133,707
Unassigned	<u>(53,946)</u>	<u>(176,088)</u>	<u>(329,098)</u>	<u>(1,303,215)</u>	<u>(1,006,351)</u>
Total fund balances	<u>132,894</u>	<u>943,493</u>	<u>164,003</u>	<u>2,445,778</u>	<u>2,749,102</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 139,078</u>	<u>\$ 1,041,257</u>	<u>\$ 257,361</u>	<u>\$ 3,500,504</u>	<u>\$ 3,155,785</u>

OTHER GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2020 (With Comparative Totals as of June 30, 2019)

	Capital Projects	Capital Reserve	Transit Grants	Public Housing Projects	Comparative Totals	
					2020	2019
ASSETS						
Cash and cash equivalents	\$ 929,328	\$ -	\$ -	\$ -	\$ 929,328	\$ 841,277
Due from governmental units and agencies	881	-	1,016,886	20,989	1,038,756	200,592
Restricted cash and cash equivalents	1,347	217,969	1,782	9,026	230,124	257,152
TOTAL ASSETS	\$ 931,556	\$ 217,969	\$ 1,018,668	\$ 30,015	\$ 2,198,208	\$ 1,299,021
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Due to other funds	\$ -	\$ -	\$ 614,053	\$ 20,097	\$ 634,150	\$ 208,249
Accounts payable	60,190	-	-	-	60,190	66,729
Unearned revenue	-	-	391,782	-	391,782	5,655
Accounts payable from restricted assets	-	-	12,833	861	13,694	17,387
Other payables from restricted assets	1,347	-	-	-	1,347	1,347
Total liabilities	61,537	-	1,018,668	20,958	1,101,163	299,367
FUND BALANCES						
Restricted						
Stabilization by State Statute	141,001	-	4,190,697	28,917	4,360,615	2,158,032
Public housing	-	-	-	9,026	9,026	32,929
Transit capital purchases	-	-	1,782	-	1,782	5,682
Infrastructure capital projects	-	217,969	-	-	217,969	217,195
Committed						
Municipal buildings capital projects	48,750	-	-	-	48,750	47,375
Parks capital projects	-	-	-	-	-	53,791
Fire capital projects	-	-	-	-	-	4,825
Assigned						
Municipal buildings capital projects	499,890	-	-	-	499,890	394,122
Parks capital projects	63,212	-	-	-	63,212	102,448
Technology capital projects	117,166	-	-	-	117,166	41,916
Fire capital projects	-	-	-	-	-	17,762
Unassigned	-	-	(4,192,479)	(28,886)	(4,221,365)	(2,076,423)
Total fund balances	870,019	217,969	-	9,057	1,097,045	999,654
TOTAL LIABILITIES AND FUND BALANCES	\$ 931,556	\$ 217,969	\$ 1,018,668	\$ 30,015	\$ 2,198,208	\$ 1,299,021

OTHER GOVERNMENTAL FUNDS

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 YEAR ENDED JUNE 30, 2020 (With Comparative Totals as of June 30, 2019)**

	Total Capital Projects Funds	Total Special Revenue Funds	Comparative Totals	
			2020	2019
REVENUES				
Taxes	\$ -	\$ 372,949	\$ 372,949	\$ 375,816
Intergovernmental revenues				
Federal government	2,824,732	570,274	3,395,006	3,535,956
State government	227,875	28,493	256,368	205,835
Other	3,873	200,384	204,257	152,995
Interest on investments	3,331	5,439	8,770	12,308
Franchise rental fees	66,033	-	66,033	64,118
Program income	36,250	39,931	76,181	76,568
Donations	-	243,046	243,046	153,185
Revenue in lieu	-	50,000	50,000	271,016
Other	2,027	-	2,027	210,248
Total revenues	3,164,121	1,510,516	4,674,637	5,058,045
EXPENDITURES				
Environment and development	-	2,173,542	2,173,542	1,911,085
Public safety	-	136,778	136,778	64,072
Leisure activities	-	240,621	240,621	329,560
Capital projects	3,832,107	-	3,832,107	4,704,008
Total expenditures	3,832,107	2,550,941	6,383,048	7,008,725
DEFICIENCY OF REVENUES OVER EXPENDITURES	(667,986)	(1,040,425)	(1,708,411)	(1,950,680)
OTHER FINANCING SOURCES (USES)				
Transfer from other funds	765,377	782,101	1,547,478	1,774,626
Transfer to other funds	-	(45,000)	(45,000)	(45,000)
Total other financing sources (uses)	765,377	737,101	1,502,478	1,729,626
NET CHANGE IN TOTAL FUND BALANCES	97,391	(303,324)	(205,933)	(221,054)
FUND BALANCES, BEGINNING	999,654	2,749,102	3,748,756	3,969,810
FUND BALANCES, ENDING	\$ 1,097,045	\$ 2,445,778	\$ 3,542,823	\$ 3,748,756

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, 2020 (With Comparative Totals as of June 30, 2019)

	Community Development Entitlement	Affordable Housing	Transitional Housing	Land Trust Fund	Grants Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal government	238,753	-	-	-	264,859
State government	-	-	-	-	28,493
Other	-	-	-	-	124,884
Interest on investments	-	3,911	257	111	-
Program income	7,338	-	32,593	-	-
Donations	-	6,687	-	-	-
Revenue in lieu	-	50,000	-	-	-
Other	-	-	-	-	-
Total revenues	246,091	60,598	32,850	111	418,236
EXPENDITURES					
Environment and development	246,091	275,948	19,398	-	380,826
Public safety	-	-	-	-	136,778
Leisure activities	-	-	-	-	-
Total expenditures	246,091	275,948	19,398	-	517,604
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(215,350)	13,452	111	(99,368)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	-	93,706
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	93,706
NET CHANGE IN TOTAL FUND BALANCES	-	(215,350)	13,452	111	(5,662)
FUND BALANCES, BEGINNING	113,836	1,181,346	39,241	47,305	31,109
FUND BALANCES, ENDING	\$ 113,836	\$ 965,996	\$ 52,693	\$ 47,416	\$ 25,447

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020 (With Comparative Totals as of June 30, 2019)

	Downtown Service District	Affordable Housing Development Reserve Fund	Library Gift Fund	Comparative Totals	
				2020	2019
REVENUES					
Taxes	\$ 372,949	\$ -	\$ -	\$ 372,949	\$ 375,816
Intergovernmental revenues					
Federal government	-	-	66,662	570,274	702,883
State government	-	-	-	28,493	28,406
Other	73,500	-	2,000	200,384	147,027
Interest on investments	395	-	765	5,439	7,704
Program income	-	-	-	39,931	42,861
Donations	-	-	236,359	243,046	153,185
Revenue in lieu	-	-	-	50,000	271,016
Other	-	-	-	-	63
Total revenues	446,844	-	305,786	1,510,516	1,728,961
EXPENDITURES					
Environment and development	447,657	803,622	-	2,173,542	1,911,085
Public safety	-	-	-	136,778	64,072
Leisure activities	-	-	240,621	240,621	329,560
Total expenditures	447,657	803,622	240,621	2,550,941	2,304,717
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(813)	(803,622)	65,165	(1,040,425)	(575,756)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	688,395	-	782,101	751,363
Transfers to other funds	-	-	(45,000)	(45,000)	(45,000)
Total other financing sources (uses)	-	688,395	(45,000)	737,101	706,363
NET CHANGE IN TOTAL FUND BALANCES	(813)	(115,227)	20,165	(303,324)	130,607
FUND BALANCES, BEGINNING	133,707	1,058,720	143,838	2,749,102	2,618,495
FUND BALANCES, ENDING	\$ 132,894	\$ 943,493	\$ 164,003	\$ 2,445,778	\$ 2,749,102

OTHER GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2020 (With Comparative Totals as of June 30, 2019)

	Capital Projects	Capital Reserve	Transit Grants	Public Housing Projects	Comparative Totals	
					2020	2019
REVENUES						
Intergovernmental revenues						
Federal government	\$ -	\$ -	\$ 2,253,347	\$ 571,385	\$ 2,824,732	\$ 2,833,073
State government	-	-	227,875	-	227,875	177,429
Other	-	-	3,873	-	3,873	5,968
Interest on investments	2,557	774	-	-	3,331	4,604
Franchise rental fees	66,033	-	-	-	66,033	64,118
Program income	36,250	-	-	-	36,250	33,707
Revenue in lieu	-	-	-	-	-	-
Other	-	-	-	2,027	2,027	210,185
Total revenues	104,840	774	2,485,095	573,412	3,164,121	3,329,084
EXPENDITURES						
Capital projects:						
Municipal facilities	234,548	-	-	571,385	805,933	1,192,308
Street improvements and sidewalks	-	-	-	-	-	53,250
Parks, recreation and open space	79,997	-	-	-	79,997	138,150
Technology and communications	-	-	-	-	-	38,084
Public safety	17,305	-	-	-	17,305	497,019
Transit equipment and improvements	-	-	2,928,872	-	2,928,872	2,785,197
Total expenditures	331,850	-	2,928,872	571,385	3,832,107	4,704,008
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(227,010)	774	(443,777)	2,027	(667,986)	(1,374,924)
OTHER FINANCING SOURCES						
Transfer from other funds	321,600	-	443,777	-	765,377	1,023,263
NET CHANGE IN TOTAL FUND BALANCES	94,590	774	-	2,027	97,391	(351,661)
FUND BALANCES, BEGINNING	775,429	217,195	-	7,030	999,654	1,351,315
FUND BALANCES, ENDING	\$ 870,019	\$ 217,969	\$ -	\$ 9,057	\$ 1,097,045	\$ 999,654

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, 2020 (With Comparative Totals as of June 30, 2019)

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Computer Equipment Replacement Fund	Comparative Totals	
				2020	2019
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 244,675	\$ 515,967	\$ 211,899	\$ 972,541	\$ 1,604,655
Accounts receivable	-	7,305	-	7,305	11,598
Inventories	-	33,966	-	33,966	50,869
Total current assets	244,675	557,238	211,899	1,013,812	1,667,122
NONCURRENT ASSETS					
Capital assets, net of depreciation	3,176,073	16,912	-	3,192,985	3,411,923
Total noncurrent assets	3,176,073	16,912	-	3,192,985	3,411,923
TOTAL ASSETS	3,420,748	574,150	211,899	4,206,797	5,079,045
DEFERRED OUTFLOWS OF RESOURCES					
Pension and OPEB deferrals	-	141,745	-	141,745	161,886
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable	-	150,765	32,266	183,031	140,082
Accrued liabilities	-	14,006	-	14,006	13,690
Compensated absences	-	20,266	-	20,266	27,889
Installment purchase agreements	63,365	-	-	63,365	261,112
Total current liabilities	63,365	185,037	32,266	280,668	442,773
NONCURRENT LIABILITIES					
Compensated absences	-	18,327	-	18,327	3,672
Net other postemployment liability	-	754,356	-	754,356	728,058
Net pension liability	-	152,560	-	152,560	138,088
Installment purchase agreements	-	-	-	-	65,971
Total noncurrent liabilities	-	925,243	-	925,243	935,789
TOTAL LIABILITIES	63,365	1,110,280	32,266	1,205,911	1,378,562
DEFERRED INFLOWS OF RESOURCES					
Pension and OPEB deferrals	-	36,560	-	36,560	43,792
NET POSITION					
Net investment in capital assets	3,112,708	16,912	-	3,129,620	3,084,840
Unrestricted	244,675	(447,857)	179,633	(23,549)	733,737
TOTAL NET POSITION	\$ 3,357,383	\$ (430,945)	\$ 179,633	\$ 3,106,071	\$ 3,818,577

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2020 (With Comparative Totals as of June 30, 2019)

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Computer Equipment Replacement Fund	Comparative Totals	
				2020	2019
OPERATING REVENUES					
Charges for services	\$ 453,089	\$ 1,274,051	\$ -	\$ 1,727,140	\$ 1,802,041
OPERATING EXPENSES					
Depreciation and amortization	959,813	4,832	-	964,645	1,036,413
Personnel	-	645,899	-	645,899	669,303
Operations	22	839,527	66,002	905,551	987,743
Total operating expenses	959,835	1,490,258	66,002	2,516,095	2,693,459
OPERATING LOSS	(506,746)	(216,207)	(66,002)	(788,955)	(891,418)
NONOPERATING REVENUES (EXPENSES)					
Insurance recovery	7,959	23,547	-	31,506	56,200
Interest on investments	1,578	2,034	856	4,468	9,413
Interest expense	(4,468)	-	-	(4,468)	(10,456)
Gain on sale of capital assets	44,943	-	-	44,943	121,523
Total nonoperating revenues (expenses), net	50,012	25,581	856	76,449	176,680
CHANGE IN NET POSITION	(456,734)	(190,626)	(65,146)	(712,506)	(714,738)
NET POSITION, BEGINNING	3,814,117	(240,319)	244,779	3,818,577	4,533,315
NET POSITION, ENDING	\$ 3,357,383	\$ (430,945)	\$ 179,633	\$ 3,106,071	\$ 3,818,577

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020 (With Comparative Totals as of June 30, 2019)

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Computer Equipment Replacement Fund	Comparative Totals	
				2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers	\$ 453,089	\$ 1,278,344	\$ -	\$ 1,731,433	\$ 1,804,508
Payments to employees	-	(584,872)	-	(584,872)	(633,314)
Payments to suppliers	(2,110)	(809,538)	(34,051)	(845,699)	(1,071,833)
Net cash provided by (used in) operating activities	450,979	(116,066)	(34,051)	300,862	99,361
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on installment purchase agreements	(263,718)	-	-	(263,718)	(390,174)
Interest paid on installment purchase agreements	(4,468)	-	-	(4,468)	(10,456)
Proceeds from sale of capital assets	44,943	-	-	44,943	121,523
Proceeds from insurance recovery	7,959	23,547	-	31,506	56,200
Acquisition and construction of capital assets	(745,707)	-	-	(745,707)	(926,206)
Net cash provided by (used in) capital and related financing activities	(960,991)	23,547	-	(937,444)	(1,149,113)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on investments	1,578	2,034	856	4,468	9,413
Net cash provided by investing activities	1,578	2,034	856	4,468	9,413

Continued

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020 (With Comparative Totals as of June 30, 2019)

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Computer Equipment Replacement Fund	Comparative Totals	
				2020	2019
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	(508,434)	(90,485)	(33,195)	(632,114)	(1,040,339)
CASH AND INVESTMENTS, BEGINNING	753,109	606,452	245,094	1,604,655	2,644,994
CASH AND INVESTMENTS, ENDING	<u>\$ 244,675</u>	<u>\$ 515,967</u>	<u>\$ 211,899</u>	<u>\$ 972,541</u>	<u>\$ 1,604,655</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income (loss)	\$ (506,746)	\$ (216,207)	\$ (66,002)	\$ (788,955)	\$ (891,418)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	959,813	4,832	-	964,645	1,036,413
Changes in assets and liabilities:					
Receivables	-	4,293	-	4,293	2,467
Inventories	-	16,903	-	16,903	12,851
Accounts payable	(2,088)	13,086	31,951	42,949	(96,941)
Accrued liabilities	-	316	-	316	2,167
Compensated absences	-	7,032	-	7,032	(4,528)
Accrued OPEB liability	-	26,298	-	26,298	47,252
Deferred outflows of resources for pensions	-	27,381	-	27,381	(8,902)
Net cash provided (used) by operating activities	<u>\$ 450,979</u>	<u>\$ (116,066)</u>	<u>\$ (34,051)</u>	<u>\$ 300,862</u>	<u>\$ 99,361</u>

This page intentionally left blank.

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Taxes				
Ad valorem taxes - current year	\$ 31,950,000	\$ 31,950,000	\$ 31,839,127	\$ (110,873)
Ad valorem taxes - prior years	102,500	102,500	52,923	(49,577)
Interest on delinquent taxes	65,000	65,000	65,356	356
Interest on state held taxes	-	-	3,524	3,524
Local option sales taxes	14,741,869	14,741,869	14,562,458	(179,411)
Occupancy tax	1,300,000	1,300,000	986,298	(313,702)
Other taxes	86,000	86,000	79,557	(6,443)
Total taxes	48,245,369	48,245,369	47,589,243	(656,126)
Licenses and permits				
Motor vehicles	450,000	450,000	425,413	(24,587)
Privilege licenses	5,000	5,000	5,010	10
Building permits	1,843,975	1,843,975	2,004,199	160,224
Special use permits	246,140	246,140	169,275	(76,865)
Work zone traffic permits	35,000	35,000	62,100	27,100
Engineering permits	52,000	52,000	11,446	(40,554)
Fire inspection fees	154,250	154,250	129,983	(24,267)
Traffic impact study and fees	102,000	102,000	68,937	(33,063)
Police permits	60,000	60,000	17,990	(42,010)
Fire permits	32,000	32,000	31,375	(625)
Total licenses and permits	2,980,365	2,980,365	2,925,728	(54,637)
Fines and forfeitures				
Garbage citations and leash law fees	1,500	1,500	2,725	1,225
Parking tickets and towing fees	25,000	25,000	9,925	(15,075)
False alarm fees	15,000	15,000	14,948	(52)
Total fines and forfeitures	41,500	41,500	27,598	(13,902)

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Intergovernmental revenues				
Federal Government				
Transit Emergency Relief Program	\$ -	\$ -	\$ 252,614	\$ 252,614
Total federal government	-	-	252,614	252,614
State of North Carolina				
Beer and wine tax	260,000	260,000	271,732	11,732
Fuel tax (Powell Bill) funds	1,431,500	1,431,500	1,486,889	55,389
State fire protection	1,106,256	1,106,256	1,081,968	(24,288)
Utility franchise tax	4,225,000	4,225,000	4,163,006	(61,994)
Video programming tax	650,000	650,000	616,506	(33,494)
Supplemental PEG support	80,500	80,500	82,058	1,558
Solid waste disposal tax	38,000	38,000	47,810	9,810
State library aid	27,500	27,500	28,713	1,213
State Equitable Sharing - Drug	3,000	3,000	17,246	14,246
Total State of North Carolina	7,821,756	7,821,756	7,795,928	(25,828)
Other				
Orange County recreational support	83,760	83,760	83,760	-
Orange County library contribution	568,139	568,139	568,139	-
Orange County outreach	-	69,059	39,059	(30,000)
Carrboro contribution	-	9,000	9,000	-
Miscellaneous local grants	-	24,000	29,000	5,000
Total other	651,899	753,958	728,958	(25,000)
Total intergovernmental revenues	8,473,655	8,575,714	8,777,500	201,786

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Charges for services				
Library fines and fees	\$ 110,000	\$ 110,000	\$ 65,637	\$ (44,363)
Library delinquent collection fees	-	-	109	109
Street cuts and right of way	88,500	88,500	212,885	124,385
Traffic signals	354,700	354,700	356,394	1,694
Rent revenue	465,011	465,011	333,531	(131,480)
Cemetery staking	3,000	3,000	(760)	(3,760)
Fire districts	272,664	272,664	301,585	28,921
Solid waste collection	425,939	425,939	382,884	(43,055)
Planning review	130,975	130,975	312,005	181,030
Engineering review	34,000	34,000	52,845	18,845
Recreation	934,620	934,620	582,009	(352,611)
Charges to other funds	1,602,693	1,602,693	1,404,450	(198,243)
Total charges for services	4,422,102	4,422,102	4,003,574	(418,528)
Interest on investments	80,000	80,000	81,887	1,887
Other				
Sales - planning and documents	24,543	24,543	24,921	378
Sales - capital assets	10,000	10,000	4,762	(5,238)
Sales - fuel	6,000	6,000	4,537	(1,463)
Sales - miscellaneous	15,000	15,000	20,578	5,578
Cemetery lot sales	2,000	2,000	16,025	14,025
Court fees	25,000	25,000	14,267	(10,733)
Mutual aid reimbursements	545,000	545,000	564,503	19,503
Gifts and donations	95,000	125,000	71,500	(53,500)
Revenue in lieu	-	-	11,012	11,012
Miscellaneous	96,700	124,839	342,115	217,276
Total other revenues	819,243	877,382	1,074,220	196,838
TOTAL REVENUES	65,062,234	65,222,432	64,479,750	(742,682)

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
General government				
Mayor/Council	\$ 475,446	\$ 475,646	\$ 444,024	\$ 31,622
Manager/CaPA	2,834,061	2,888,884	2,625,289	263,595
Human Resources	1,859,535	1,964,992	1,650,037	314,955
Business Management	2,310,602	2,311,665	2,099,834	211,831
Technology Solutions	2,366,219	2,504,643	2,431,142	73,501
Attorney	386,581	386,581	383,430	3,151
Total general government	10,232,444	10,532,411	9,633,756	898,655
Environment and development				
Planning	1,743,331	2,095,143	1,641,073	454,070
Building and Development Services	2,162,844	2,379,364	1,918,887	460,477
Housing and Community	837,649	855,475	802,551	52,924
Public Works	13,065,980	13,416,218	12,048,324	1,367,894
Total environment and development	17,809,804	18,746,200	16,410,835	2,335,365
Public safety				
Police	13,864,910	13,745,651	12,401,399	1,344,252
Fire	9,653,939	9,792,059	9,455,511	336,548
Total public safety	23,518,849	23,537,710	21,856,910	1,680,800
Leisure activities				
Parks and recreation	7,236,607	7,273,099	6,272,636	1,000,463
Library	3,822,604	3,888,421	3,486,392	402,029
Total leisure activities	11,059,211	11,161,520	9,759,028	1,402,492
Nondepartmental				
Liability insurance	375,000	368,945	363,584	5,361
Supplemental PEG expense	176,000	176,000	173,578	2,422
Economic development incentives	-	60,867	60,867	-
Contributions to agencies	1,218,485	1,592,987	1,384,901	208,086
Contribution to OPEB liability	500,000	500,000	500,000	-
Retiree medical insurance	1,620,000	1,620,000	1,531,691	88,309
General government	420,312	198,879	112,411	86,468
Total nondepartmental	4,309,797	4,517,678	4,127,032	390,646
Total expenditures	66,930,105	68,495,519	61,787,561	6,707,958

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,867,871)	(3,273,087)	2,692,189	5,965,276
OTHER FINANCING SOURCES (USES)				
Insurance recovery	20,000	20,000	145,080	125,080
Transfer from Library Gift Fund	45,000	45,000	45,000	-
Transfer to Afford Hsg Develop Reserve Fund	(688,395)	(688,395)	(688,395)	-
Transfer to Debt Service Fund	(445,100)	(445,100)	(445,100)	-
Transfer to Stormwater Fund	(10,250)	(11,719)	(11,719)	-
Transfer to Capital Projects Ordinance Fund	-	(246,000)	(246,000)	-
Transfer to Capital Projects Fund	(321,600)	(321,600)	(321,600)	-
Transfer to Grants Fund	(87,550)	(87,550)	(93,706)	(6,156)
Appropriated fund balance	3,355,766	5,008,451	-	(5,008,451)
Total other financing sources (uses)	1,867,871	3,273,087	(1,616,440)	(4,889,527)
NET CHANGE IN TOTAL FUND BALANCE	\$ -	\$ -	1,075,749	\$ 1,075,749
FUND BALANCE, BEGINNING			26,258,123	
FUND BALANCE, ENDING			\$ 27,333,872	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Ad valorem taxes - current year	\$ 8,110,000	\$ 8,110,000	\$ 8,083,330	\$ (26,670)
Ad valorem taxes - prior years	40,000	40,000	7,365	(32,635)
Intergovernmental revenues:				
Federal government	170,000	170,000	122,138	(47,862)
Interest on investments	175,000	175,000	184,591	9,591
Total revenues	8,495,000	8,495,000	8,397,424	(97,576)
EXPENDITURES				
Debt service:				
Principal	5,572,000	5,572,000	5,572,000	-
Interest and fiscal charges	2,189,064	2,238,860	2,261,011	(22,151)
Total expenditures	7,761,064	7,810,860	7,833,011	(22,151)
EXCESS OF REVENUES OVER EXPENDITURES				
	733,936	684,140	564,413	(119,727)
OTHER FINANCING SOURCES (USES)				
Proceeds from refunding bond issuance	-	-	9,505,000	9,505,000
Premium from refunding bond issuance	-	-	2,073,936	2,073,936
Payment to refunding bond escrow agent	-	-	(11,422,928)	(11,422,928)
Transfer from other funds	1,350,432	1,350,432	1,350,432	-
Contribution to reserve	(2,084,368)	(2,034,572)	-	2,034,572
Total other financing sources (uses)	(733,936)	(684,140)	1,506,440	2,190,580
NET CHANGE IN TOTAL FUND BALANCE				
	\$ -	\$ -	2,070,853	\$ 2,070,853
FUND BALANCES, BEGINNING				
			7,494,829	
FUND BALANCES, ENDING				
			\$ 9,565,682	

**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, 2020**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Interest on investments	\$ 3,087,404	\$ 3,274,593	\$ 7,924	\$ 3,282,517
Federal Bridge Replacement Grant	212,865	268,730	-	268,730
ARRA Grants	1,510,498	1,510,498	-	1,510,498
Federal Transit Administration Grants	4,994,253	2,290,380	530,158	2,820,538
Federal Highway Administration Grants	2,886,618	95,647	52,567	148,214
U.S. DOE SEEA Grant	777,672	777,672	-	777,672
Other Federal Grants	1,739,973	1,588,574	-	1,588,574
North Carolina Clean Water Grant	200,000	200,000	-	200,000
North Carolina Department of Transportation Grants	4,058,431	3,305,640	20,215	3,325,855
Parks and Recreation Trust Fund	500,000	500,000	-	500,000
Other State Grants	923,121	673,814	-	673,814
Orange County parks bonds	8,482,520	8,482,520	-	8,482,520
Other Grants	1,219,721	1,202,721	-	1,202,721
Charges for services	268,005	268,005	-	268,005
Donations	1,613,993	1,613,928	65	1,613,993
Revenue in lieu	332,695	492,221	240,780	733,001
Other	2,313,889	2,317,086	-	2,317,086
Total revenues	35,121,658	28,862,029	851,709	29,713,738
EXPENDITURES				
Parks, recreation, library and open space capital improvements	64,007,018	64,940,107	737,008	65,677,115
Public safety capital improvements	5,569,834	5,359,404	-	5,359,404
Public works facility	31,083,380	31,008,646	23,428	31,032,074
Public safety facility	1,947,075	984,760	459,112	1,443,872
Municipal facilities	11,732,363	11,310,957	-	11,310,957
Sewer capital improvements	1,856,853	818,146	207,091	1,025,237
Software development	300,000	274,798	-	274,798
Street and sidewalk improvements	35,999,469	23,127,881	1,574,727	24,702,608
Debt service:				
Principal	4,300,000	4,300,000	-	4,300,000
Interest and fiscal charges	64,500	64,500	-	64,500
Total expenditures	156,860,492	142,189,199	3,001,366	145,190,565
DEFICIENCY OF REVENUES OVER EXPENDITURES	(121,738,834)	(113,327,170)	(2,149,657)	(115,476,827)
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, 2020**

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance	72,326,501	76,631,876	-	76,631,876
Proceeds from financing	36,601,426	36,598,230	-	36,598,230
Premium on debt	1,240,028	1,240,028	-	1,240,028
Transfer from General Fund	9,310,396	9,064,396	246,000	9,310,396
Transfer from Capital Projects Fund	1,590,655	1,590,654	-	1,590,654
Transfer from Capital Reserve Fund	154,385	154,385	-	154,385
Transfer from Library Gift Fund	454,475	454,475	-	454,475
Transfer from Stormwater Fund	122,815	122,815	-	122,815
Transfer to Capital Projects Fund	(84,928)	(84,928)	-	(84,928)
Appropriated fund balance	23,081	-	-	-
Total other financing sources (uses)	121,738,834	125,771,931	246,000	126,017,931
NET CHANGE IN TOTAL FUND BALANCE	\$ -	\$ 12,444,761	(1,903,657)	\$ 10,541,104
FUND BALANCE, BEGINNING			12,444,761	
FUND BALANCE, ENDING			\$ 10,541,104	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 2,500	\$ 2,500	\$ 2,557	\$ 57
Franchise rental fees	60,000	60,000	66,033	6,033
Program income	36,241	36,241	36,250	9
Total revenues	98,741	98,741	104,840	6,099
EXPENDITURES				
Capital projects:				
Municipal facilities	270,341	406,756	234,548	172,208
Street improvements and sidewalks	50,000	50,000	-	50,000
Parks, recreation and open space	100,000	143,209	79,997	63,212
Technology and communications	-	41,916	-	41,916
Public safety	-	17,306	17,305	1
Total expenditures	420,341	659,187	331,850	327,337
DEFICIENCY OF REVENUES OVER EXPENDITURES				
	(321,600)	(560,446)	(227,010)	333,436
OTHER FINANCING SOURCES				
Transfer from General Fund	321,600	321,600	321,600	-
Appropriated fund balance	-	238,846	-	(238,846)
Total other financing sources	321,600	560,446	321,600	(238,846)
NET CHANGE IN TOTAL FUND BALANCE				
	\$ -	\$ -	94,590	\$ 94,590
FUND BALANCE, BEGINNING				
			775,429	
FUND BALANCE, ENDING				
			\$ 870,019	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ -	\$ -	\$ 774	\$ 774
Total revenues	-	-	774	774
EXPENDITURES				
Environment and development	-	-	-	-
NET CHANGE IN TOTAL FUND BALANCE	\$ -	\$ -	774	\$ 774
FUND BALANCE, BEGINNING			217,195	
FUND BALANCE, ENDING			\$ 217,969	

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
TRANSIT GRANT PROJECTS ORDINANCE FUND
FROM GRANT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Intergovernmental revenue				
Federal government	\$ 7,355,977	\$ 3,269,373	\$ 2,253,347	\$ 5,522,720
State government	689,750	146,993	227,875	374,868
Other	2,940,606	2,540,242	3,873	2,544,115
Total revenues	10,986,333	5,956,608	2,485,095	8,441,703
EXPENDITURES				
Bus & vehicle purchases	11,466,123	5,497,326	2,736,954	8,234,280
Equipment and improvements	413,003	43,166	-	43,166
Administration	2,025,254	1,700,245	191,918	1,892,163
Total expenditures	13,904,380	7,240,737	2,928,872	10,169,609
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,918,047)	(1,284,129)	(443,777)	(1,727,906)
OTHER FINANCING SOURCES				
Transfer from other funds	2,918,047	1,284,129	443,777	1,727,906
NET CHANGE IN TOTAL FUND BALANCE	\$ -	\$ -	\$ -	\$ -

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
PUBLIC HOUSING PROJECTS - CAPITAL FUND GRANTS
FROM GRANT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020**

	Project Authorization	Prior Year	Actual Current Year	Total to Date
REVENUES				
Intergovernmental revenues				
Capital Grant 2016	521,212	200,231	320,698	520,929
Capital Grant 2017	549,598	82,472	101,818	184,290
Capital Grant 2018	782,242	7,162	136,736	143,898
Capital Grant 2019	825,913	-	12,133	12,133
Capital Grant 2020	886,583	-	-	-
Total federal government	3,565,548	289,865	571,385	861,250
Other revenues	45,779	45,964	2,027	47,991
 Total revenues	 3,611,327	 335,829	 573,412	 909,241
EXPENDITURES				
Environment and development	3,611,327	328,799	571,385	900,184
 NET CHANGE IN TOTAL FUND BALANCE	 \$ -	 \$ 7,030	 2,027	 \$ 9,057
 FUND BALANCE, BEGINNING			 7,030	
 FUND BALANCE, ENDING			 \$ 9,057	

**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, 2020**

	Project		Actual	
	Authorization	Prior	Current	Total to
		Years	Year	Date
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	288,476	129,868	418,344
Block Grant 19	386,584	-	108,885	108,885
Block Grant 20	245,693	-	-	-
Block Grant 21	417,655	-	-	-
Program income	<u>74,500</u>	<u>67,163</u>	<u>7,338</u>	<u>74,501</u>
Total revenues	<u>2,311,303</u>	<u>1,124,166</u>	<u>246,091</u>	<u>1,370,257</u>
EXPENDITURES				
Public improvement	89,911	89,096	-	89,096
Neighborhood revitalization	1,124,293	551,254	124,461	675,715
Administration	399,555	237,915	64,668	302,583
Community services	282,123	132,065	56,962	189,027
Public Services	<u>415,421</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,311,303</u>	<u>1,010,330</u>	<u>246,091</u>	<u>1,256,421</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, 2020**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Interest on investments	\$ 54,612	\$ 56,135	\$ 3,911	\$ 60,046
Program income	650,799	650,800	-	650,800
Donations	-	-	6,687	6,687
Revenue in lieu	<u>3,202,576</u>	<u>3,202,576</u>	<u>50,000</u>	<u>3,252,576</u>
Total revenues	<u>3,907,987</u>	<u>3,909,511</u>	<u>60,598</u>	<u>3,970,109</u>
EXPENDITURES				
Environment and development	<u>4,063,765</u>	<u>2,883,944</u>	<u>275,948</u>	<u>3,159,892</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(155,778)</u>	<u>1,025,567</u>	<u>(215,350)</u>	<u>810,217</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>\$ 1,181,346</u>	<u>(215,350)</u>	<u>\$ 965,996</u>
FUND BALANCE, BEGINNING			<u>1,181,346</u>	
FUND BALANCE, ENDING			<u>\$ 965,996</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, 2020**

	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	1,125	257	1,382
Program income	164,354	155,074	32,593	187,667
Other	393	393	-	393
	<u>406,376</u>	<u>397,368</u>	<u>32,850</u>	<u>430,218</u>
Total revenues				
	<u>406,376</u>	<u>397,368</u>	<u>32,850</u>	<u>430,218</u>
EXPENDITURES				
Environment and development	423,876	375,627	19,398	395,025
	<u>423,876</u>	<u>375,627</u>	<u>19,398</u>	<u>395,025</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(17,500)</u>	<u>21,741</u>	<u>13,452</u>	<u>35,193</u>
OTHER FINANCING SOURCES				
Transfer from other funds	17,500	17,500	-	17,500
	<u>17,500</u>	<u>17,500</u>	<u>-</u>	<u>17,500</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ 39,241</u>	<u>13,452</u>	<u>\$ 52,693</u>
FUND BALANCE, BEGINNING			<u>39,241</u>	
FUND BALANCE, ENDING			<u>\$ 52,693</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, 2020**

	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	2,130	111	2,241
Program income	<u>249,389</u>	<u>249,390</u>	<u>-</u>	<u>249,390</u>
 Total revenues	 <u>482,178</u>	 <u>482,178</u>	 <u>111</u>	 <u>482,289</u>
EXPENDITURES				
Environment and development	<u>482,178</u>	<u>434,873</u>	<u>-</u>	<u>434,873</u>
 NET CHANGE IN TOTAL FUND BALANCE	 <u>\$ -</u>	 <u>\$ 47,305</u>	 <u>111</u>	 <u>\$ 47,416</u>
 FUND BALANCE, BEGINNING			<u>47,305</u>	
 FUND BALANCE, ENDING			<u>\$ 47,416</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Intergovernmental revenues				
Federal government	\$ 288,796	\$ 1,054,298	\$ 264,859	\$ (789,439)
State government	17,150	17,150	28,493	11,343
Other	9,250	178,161	124,884	(53,277)
Total revenues	315,196	1,249,609	418,236	(831,373)
EXPENDITURES				
Environment and development	402,746	1,149,156	380,826	768,330
Public safety	-	209,884	136,778	73,106
Total expenditures	402,746	1,359,040	517,604	841,436
DEFICIENCY OF REVENUES OVER EXPENDITURES				
	(87,550)	(109,431)	(99,368)	10,063
OTHER FINANCING SOURCES				
Transfer from other funds	87,550	87,550	93,706	6,156
Appropriated fund balance	-	21,881	-	(21,881)
Total other financing sources	87,550	109,431	93,706	(15,725)
NET CHANGE IN TOTAL FUND BALANCE				
	\$ -	\$ -	(5,662)	\$ (5,662)
FUND BALANCE, BEGINNING				
			31,109	
FUND BALANCE, ENDING				
			\$ 25,447	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DOWNTOWN SERVICE DISTRICT FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Ad valorem taxes	\$ 372,000	\$ 372,000	\$ 372,377	\$ 377
Interest on delinquent taxes	1,000	1,000	572	(428)
Intergovernmental revenues - other	73,500	73,500	73,500	-
Interest on investments	-	-	395	395
Total revenues	<u>446,500</u>	<u>446,500</u>	<u>446,844</u>	<u>344</u>
EXPENDITURES				
Environment and development	<u>456,107</u>	<u>456,107</u>	<u>447,657</u>	<u>8,450</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(9,607)</u>	<u>(9,607)</u>	<u>(813)</u>	<u>8,794</u>
OTHER FINANCING SOURCES				
Appropriated fund balance	<u>9,607</u>	<u>9,607</u>	<u>-</u>	<u>(9,607)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(813)</u>	<u>\$ (813)</u>
FUND BALANCE, BEGINNING			<u>133,707</u>	
FUND BALANCE, ENDING			<u>\$ 132,894</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - AFFORDABLE HOUSING DEVELOPMENT RESERVE FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXPENDITURES				
Environment and development	\$ 688,395	\$ 1,747,115	\$ 803,622	\$ 943,493
DEFICIENCY OF REVENUES OVER EXPENDITURES	(688,395)	(1,747,115)	(803,622)	943,493
OTHER FINANCING SOURCES				
Transfer from other funds	688,395	688,395	688,395	-
Appropriated fund balance	-	1,058,720	-	(1,058,720)
Total other financing sources	688,395	1,747,115	688,395	(1,058,720)
NET CHANGE IN TOTAL FUND BALANCE	\$ -	\$ -	(115,227)	\$ (115,227)
FUND BALANCE, BEGINNING			1,058,720	
FUND BALANCE, ENDING			\$ 943,493	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LIBRARY GIFT FUND
YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues				
Federal government	\$ 52,233	\$ 160,533	\$ 66,662	\$ (93,871)
Other	-	2,000	2,000	-
Interest on investments	535	535	765	230
Library donations	184,700	379,700	236,359	(143,341)
Total revenues	237,468	542,768	305,786	(236,982)
EXPENDITURES				
Leisure activities	190,621	545,855	240,621	305,234
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	46,847	(3,087)	65,165	68,252
OTHER FINANCING SOURCES (USES)				
Transfer to other funds	(45,000)	(45,000)	(45,000)	-
Contribution to reserve	(1,847)	-	-	-
Appropriated fund balance	-	48,087	-	(48,087)
Total other financing sources (uses)	(46,847)	3,087	(45,000)	(48,087)
NET CHANGE IN TOTAL FUND BALANCE	\$ -	\$ -	20,165	\$ 20,165
FUND BALANCE, BEGINNING			143,838	
FUND BALANCE, ENDING			\$ 164,003	

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(MODIFIED ACCRUAL BASIS) - TRANSIT FUND
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts			Variance - Positive (Negative)
	Original	Final	Actual	
OPERATING REVENUES				
Charges for services:				
Tarheel Express	\$ 340,445	\$ 340,445	\$ 271,399	\$ (69,046)
Bus advertising	198,132	198,132	139,810	(58,322)
Other	561,420	561,420	409,694	(151,726)
Total charges for services	1,099,997	1,099,997	820,903	(279,094)
OPERATING EXPENSES				
Personnel	15,215,518	14,653,338	13,858,780	794,558
Fuel and tires	1,616,056	1,364,399	1,044,488	319,911
Indirect costs	1,388,884	1,388,884	1,236,775	152,109
Building maintenance	914,805	1,146,452	712,942	433,510
Vehicle maintenance	2,021,707	2,276,698	1,031,410	1,245,288
Insurance	433,369	442,069	341,816	100,253
Advertising and marketing	64,500	40,300	13,400	26,900
Tarheel Express	315,390	370,765	308,371	62,394
Uniforms and supplies	160,745	193,245	144,614	48,631
Professional services	36,091	163,766	44,036	119,730
Contracted services	1,410,849	1,900,752	1,084,760	815,992
Other	478,467	1,035,584	745,411	290,173
Total operating expenses	24,056,381	24,976,252	20,566,803	4,409,449
OPERATING LOSS	(22,956,384)	(23,876,255)	(19,745,900)	4,130,355
NONOPERATING REVENUES (EXPENSES)				
Federal Operating Assistance Grant	2,023,754	2,143,635	2,132,881	(10,754)
State Operating Assistance Grant	2,253,325	3,296,103	3,628,189	332,086
Operating assistance-UNC Chapel Hill	8,719,868	8,719,868	8,880,048	160,180
Operating assistance-Town of Carrboro	1,835,146	1,835,146	1,835,148	2
Operating assistance - TTA Vehicle Fees	3,321,849	4,821,954	4,141,703	(680,251)
Vehicle licenses	454,350	454,350	424,834	(29,516)
Ad valorem taxes	4,983,702	4,983,702	4,954,584	(29,118)
Interest on investments	22,000	22,000	72,407	50,407
Insurance recovery	48,000	48,000	93,078	45,078
Capital outlay	(20,000)	(3,311,782)	(2,824,690)	487,092
Gain (Loss) from sale of capital assets	14,000	14,000	11,580	(2,420)
Debt service	(716,110)	(716,110)	(716,489)	(379)
Contribution to reserve	(10,000)	(10,000)	-	10,000
Revenue in lieu	26,500	26,500	-	(26,500)
Appropriated fund balance	-	2,738,162	-	(2,738,162)
Total nonoperating revenues (expenses), net	22,956,384	25,065,528	22,633,273	(2,432,255)
INCOME BEFORE TRANSFERS	-	1,189,273	2,887,373	1,698,100

Continued

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(MODIFIED ACCRUAL BASIS) - TRANSIT FUND
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
TRANSFERS				
Transfers out	-	(1,189,273)	(443,777)	745,496
Total transfers	-	(1,189,273)	(443,777)	745,496
EXCESS OF REVENUES OVER EXPENSES AND TRANSFERS	\$ -	\$ -	2,443,596	\$ 2,443,596
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			(112,016)	
Accrued OPEB liability			(380,184)	
Pension Expense			(805,355)	
Debt service principal			610,000	
Capital outlay			2,824,690	
Depreciation and amortization			(4,557,688)	
Capital contributions			2,736,954	
Change in net position			\$ 2,759,997	

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BASIS) - PARKING FACILITIES FUND
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 2,673,000	\$ 2,673,000	\$ 2,132,355	\$ (540,645)
OPERATING EXPENSES				
Personnel	896,008	712,640	640,016	72,624
Maintenance and repairs	61,500	49,582	14,938	34,644
Credit card fees	140,075	151,521	112,505	39,016
Lot rent	457,180	608,080	504,848	103,232
Indirect costs	83,472	83,472	56,275	27,197
Contracted services	103,228	160,600	88,862	71,738
Other	225,766	495,580	178,773	316,807
Total operating expenses	1,967,229	2,261,475	1,596,217	665,258
OPERATING INCOME	705,771	411,525	536,138	124,613
NONOPERATING REVENUES (EXPENSES)				
Interest on investments	2,000	2,000	981	(1,019)
Insurance recovery	2,000	2,000	6,000	4,000
Capital outlay	(38,300)	(38,300)	40,662	78,962
Appropriated fund balance	233,861	528,107	-	(528,107)
Total nonoperating revenues (expenses), net	199,561	493,807	47,643	(446,164)
INCOME BEFORE TRANSFERS	905,332	905,332	583,781	(321,551)
TRANSFERS				
Transfers out	(905,332)	(905,332)	(905,332)	-
Total transfers	(905,332)	(905,332)	(905,332)	-
DEFICIENCY OF REVENUES OVER EXPENSES AND TRANSFERS	\$ -	\$ -	(321,551)	\$ (321,551)
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			(9,143)	
Accrued OPEB liability			(18,400)	
Pension expense			(33,557)	
Capital outlay			(40,662)	
Depreciation and amortization			(79,298)	
Change in net position			\$ (502,611)	

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(MODIFIED ACCRUAL BASIS) - HOUSING OPERATING FUND
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 1,018,081	\$ 1,018,081	\$ 998,645	\$ (19,436)
OPERATING EXPENSES				
Personnel	1,243,895	1,218,895	954,535	264,360
Maintenance and repairs	111,500	126,800	115,451	11,349
Contracted services	390,700	412,293	357,792	54,501
Utilities	192,000	192,000	215,975	(23,975)
Other	244,365	244,449	182,068	62,381
Total operating expenses	2,182,460	2,194,437	1,825,821	368,616
OPERATING LOSS	(1,164,379)	(1,176,356)	(827,176)	349,180
NONOPERATING REVENUES				
Federal Operating Assistance Grant	1,126,092	1,126,092	1,224,531	98,439
Interest on investments	1,680	1,680	1,841	161
Insurance recovery	-	-	173,205	173,205
Proceeds from sale of capital assets	-	-	267	267
Appropriated fund balance	36,607	48,584	-	(48,584)
Total nonoperating revenues	1,164,379	1,176,356	1,399,844	223,488
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ -	572,668	\$ 572,668
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			(1,268)	
Accrued OPEB liability			(29,746)	
Pension Expense			(67,113)	
Depreciation and amortization			(660,837)	
Capital contribution			164,858	
Change in net position			\$ (21,438)	

PUBLIC HOUSING FINANCIAL DATA SCHEDULE

Schedule 28

Line Item #	Account Description	Low Rent 14.850	CGP 14.859	TOTAL
ASSETS:				
CURRENT ASSETS:				
111	Cash - unrestricted	\$ 4,523,738	\$ -	4,523,738
113	Cash - other restricted	-	9,026	9,026
114	Cash - tenant security deposits	78,857	-	78,857
100	Total cash	4,602,595	9,026	4,611,621
124	Accounts receivable - Other Governmental	-	20,989	20,989
126	Accounts receivable - Tenants dwelling rents	34,769	-	34,769
126.1	Allowance for doubtful accounts - Tenants dwelling rents	(7,412)	-	(7,412)
120	Total receivables, net allowances for uncollectibles	27,357	20,989	48,346
143	Inventories	36,936	-	36,936
143.1	Allowance for Obsolete Inventories	(1,461)	-	(1,461)
	Total inventories	35,475	-	35,475
150	TOTAL CURRENT ASSETS	4,665,427	30,015	4,695,442
NONCURRENT ASSETS:				
	Capital assets:			
161	Land	2,095,778	-	2,095,778
162	Building	23,513,130	-	23,513,130
164	Furniture, Equipment, & Machinery -Administration	767,959	-	767,959
166	Accumulated depreciation	(18,414,715)	-	(18,414,715)
167	Construction in progress	299,014	-	299,014
160	Total capital assets, net of accumulated depreciation	8,261,166	-	8,261,166
180	TOTAL NONCURRENT ASSETS	8,261,166	-	8,261,166
190	TOTAL ASSETS	12,926,593	30,015	12,956,608
DEFERRED OUTFLOWS OF RESOURCES:				
200	Contributions to pension plan	199,656	-	199,656
290	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 13,126,249	\$ 30,015	\$ 13,156,264
LIABILITIES:				
CURRENT LIABILITIES:				
312	Accounts payable ≤ 90 days	\$ 202,284	\$ 20,958	\$ 223,242
321	Accrued wage/payroll taxes payable	21,715	-	21,715
322	Accrued compensated absences - current portion	57,994	-	57,994
341	Tenant security deposits	78,857	-	78,857
310	TOTAL CURRENT LIABILITIES	360,850	20,958	381,808
357	Accrued pension and OPEB liabilities	1,435,847	-	1,435,847
350	TOTAL NON-CURRENT LIABILITIES	1,435,847	-	1,435,847
300	TOTAL LIABILITIES	1,796,697	20,958	1,817,655
DEFERRED INFLOWS OF RESOURCES:				
400	Pension deferrals	54,320	-	54,320
EQUITY:				
508.4	Net investment in capital assets	8,261,166	-	8,261,166
511.4	Restricted net position	-	9,057	9,057
512.4	Unrestricted net position	3,014,066	-	3,014,066
513	TOTAL EQUITY	11,275,232	9,057	11,284,289
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY	\$ 13,126,249	\$ 30,015	\$ 13,156,264

PUBLIC HOUSING FINANCIAL DATA SCHEDULE

Schedule 28

Line Item #	Account Description	Low Rent 14.850	CGP 14.859	TOTAL
REVENUE:				
Tenant revenues:				
703	Net tenant rental revenue	\$ 998,645	\$ -	\$ 998,645
705	Total tenant revenue	998,645	-	998,645
Other revenues:				
706	HUD PHA grants	1,224,531	571,385	1,795,916
711	Investment income - unrestricted	1,841	-	1,841
713	Proceeds from disposition of assets held for sale	267	-	267
715	Other revenue	173,205	2,027	175,232
	Total other revenue	1,399,844	573,412	1,973,256
700	TOTAL REVENUE	2,398,489	573,412	2,971,901
EXPENSES:				
OPERATING EXPENSES:				
Administrative:				
911	Administrative salaries	312,803	67,105	379,908
915	Employee benefit contributions - administrative	243,761	23,479	267,240
919	Other operating - administrative	91,393	-	91,393
Tenant services:				
924	Tenant services-other	3,385		3,385
Utilities:				
931	Water	182,738	-	182,738
932	Electricity	28,790	-	28,790
933	Gas	4,447	-	4,447
Ordinary maintenance & operations:				
941	Ordinary maintenance and operations - labor	322,852	-	322,852
942	Ordinary maintenance and operations - materials	115,451		115,451
943	Ordinary maintenance and operations - contract costs	357,792	-	357,792
945	Employee benefit contributions - ordinary maintenance	171,978	-	171,978
General expenses:				
961	Insurance premiums	67,683	-	67,683
962	Other general expenses	4,189	-	4,189
962.1	Compensated Absences	1,268		1,268
964	Bad debt - tenant rents	15,418	-	15,418
969	TOTAL OPERATING EXPENSES	1,923,948	90,584	2,014,532
970	EXCESS OF OPERATING REVENUE OVER OPERATING EXPENSES	474,541	482,828	957,369
NON-OPERATING EXPENSES:				
971	Extraordinary maintenance	-	480,801	480,801
974	Depreciation Expense	660,837	-	660,837
900	TOTAL NON-OPERATING EXPENSES	660,837	480,801	1,141,638
1000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(186,296)	2,027	(184,269)
1104	Capital Outlays Enterprise Fund	164,858	-	164,858
	CHANGE IN NET POSITION	(21,438)	2,027	(19,411)
1103	BEGINNING EQUITY	11,296,670	7,030	11,303,700
	ENDING EQUITY	\$ 11,275,232	\$ 9,057	\$ 11,284,289

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BASIS) - STORMWATER MANAGEMENT FUND
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 2,943,615	\$ 2,942,396	\$ 3,158,285	\$ 215,889
OPERATING EXPENSES				
Personnel	1,402,696	1,355,996	1,219,951	136,045
Drainage maintenance	177,130	178,130	122,667	55,463
Indirect costs	130,337	130,337	111,400	18,937
Professional services	430,500	998,142	275,486	722,656
Contracted services	143,400	151,170	49,391	101,779
Office rent	61,374	61,374	61,368	6
Other	71,662	81,892	62,678	19,214
Total operating expenses	2,417,099	2,957,041	1,902,941	1,054,100
OPERATING INCOME (LOSS)	526,516	(14,645)	1,255,344	1,269,989
NONOPERATING REVENUES (EXPENSES)				
Operating assistance - Town of Carrboro	8,000	8,000	7,500	(500)
Interest on investments	3,000	3,000	40,581	37,581
Capital outlay	(317,672)	(3,557,385)	626,950	4,184,335
Debt service	(230,344)	(230,344)	(230,344)	-
Appropriated fund balance	-	3,779,655	-	(3,779,655)
Total nonoperating revenues (expenses), net	(537,016)	2,926	444,687	441,761
INCOME (LOSS) BEFORE TRANSFERS	(10,500)	(11,719)	1,700,031	1,711,750
TRANSFERS				
Transfers In	10,500	11,719	11,719	-
EXCESS OF REVENUES OVER EXPENSES AND TRANSFERS	\$ -	\$ -	1,711,750	\$ 1,711,750
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			(16,673)	
Accrued OPEB liability			(24,962)	
Pension Expense			(67,113)	
Debt service principal			135,000	
Amortization of bond premium			6,478	
Capital outlay			(626,950)	
Depreciation and amortization			(174,159)	
Change in net position			\$ 943,371	

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN
(MODIFIED ACCRUAL BASIS) - VEHICLE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2020**

	Financial Plan		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 453,089	\$ 453,089	\$ 453,089	\$ -
OPERATING EXPENSES				
Operations	6,000	6,000	22	5,978
OPERATING INCOME	447,089	447,089	453,067	5,978
NONOPERATING REVENUES (EXPENSES)				
Insurance recovery	-	-	7,959	7,959
Interest on investments	6,000	6,000	1,578	(4,422)
Capital outlay	(587,500)	(878,050)	(745,707)	132,343
Debt service	(265,591)	(270,922)	(268,186)	2,736
Proceeds from sale of capital assets	50,000	50,000	44,943	(5,057)
Appropriated net position	350,002	645,883	-	(645,883)
Total nonoperating revenues (expenses), net	(447,089)	(447,089)	(959,413)	(512,324)
DEFICIENCY OF REVENUES OVER EXPENSES	\$ -	\$ -	(506,346)	\$ (506,346)
Reconciliation of modified accrual basis to full accrual basis:				
Depreciation and amortization			(959,813)	
Capital outlay			745,707	
Debt service principal			263,718	
Change in net position			\$ (456,734)	

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN
(MODIFIED ACCRUAL BASIS) - VEHICLE MAINTENANCE FUND
YEAR ENDED JUNE 30, 2020**

	Financial Plan		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 1,514,000	\$ 1,514,000	\$ 1,274,051	\$ (239,949)
OPERATING EXPENSES				
Personnel	657,101	657,101	585,188	71,913
Operations	874,899	874,899	839,527	35,372
Total operating expenses	1,532,000	1,532,000	1,424,715	107,285
OPERATING LOSS	(18,000)	(18,000)	(150,664)	(132,664)
NONOPERATING REVENUES				
Insurance recovery	18,000	18,000	23,547	5,547
Interest on investments	-	-	2,034	2,034
Total nonoperating revenues	18,000	18,000	25,581	7,581
DEFICIENCY OF REVENUES OVER EXPENSES	\$ -	\$ -	(125,083)	\$ (125,083)
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			(7,032)	
Accrued OPEB liability			(20,122)	
Pension Expense			(33,557)	
Depreciation and amortization			(4,832)	
Change in net position			\$ (190,626)	

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN
(MODIFIED ACCRUAL BASIS) - COMPUTER EQUIPMENT REPLACEMENT FUND
YEAR ENDED JUNE 30, 2020**

	Financial Plan			Variance - Positive (Negative)
	Original	Final	Actual	
OPERATING REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
OPERATING EXPENSES				
Operations	165,250	165,250	66,002	99,248
OPERATING LOSS	(165,250)	(165,250)	(66,002)	99,248
NONOPERATING REVENUES				
Interest on investments	-	-	856	856
Appropriated fund balance	165,250	165,250	-	(165,250)
Total nonoperating revenues	165,250	165,250	856	(164,394)
Change in net position	\$ -	\$ -	\$ (65,146)	\$ (65,146)

TOWN OF CHAPEL HILL, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2020

Fiscal Year	Uncollected Balance 07/01/19	Additions	Collections and Credits	Uncollected Balance 06/30/20
2019-2020	\$ -	\$ 45,060,958	a \$ 44,871,448	b \$ 189,510 c
2018-2019	211,999 **	-	144,139	67,860
2017-2018	48,558	-	12,205	36,353
2017-prior	252,945	-	20,205	232,740
Totals	<u>\$ 513,502</u>		<u>\$ 45,047,997</u>	526,463
Less: allowance for uncollectible accounts				<u>352,782</u>
Ad valorem taxes receivable-net				<u><u>\$ 173,682</u></u>
Reconciliation with revenues:				
Ad Valorem taxes - General Fund	\$ 31,960,930			
Ad Valorem taxes - Debt Fund	8,090,695			
Ad Valorem taxes - Transit Fund	<u>4,954,584</u>			
Ad Valorem taxes	\$ 45,006,209			
Reconciling item				
Taxes written off	110,668			
Interest collected	(65,356)			
Interest on state held taxes	<u>(3,524)</u>			
Total collections and credits	<u>\$ 45,047,997</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, 2020

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Real & Personal property at current rate	\$ 8,283,264,338	0.544	\$ 45,060,958 a	\$ 41,539,846	\$ 3,521,112
Uncollected taxes at June 30, 2020			189,510 c	128,958	60,552
Current year's taxes collected			\$ 44,871,448 b	\$ 41,410,888	\$ 3,460,560
Current levy collection percentage			99.58%	99.69%	98.28%

STATISTICAL SECTION

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

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

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

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

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

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

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

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

Table I

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 77,405,641	\$ 74,391,633	\$ 71,955,972	\$ 73,079,773	\$ 74,223,378	\$ 67,839,566	\$ 75,389,626	\$ 75,357,987	\$ 78,789,668	\$ 76,894,871
Restricted	11,099,361	32,430,204	21,675,839	21,880,495	21,386,268	29,921,596	20,754,657	19,404,651	19,549,718	24,300,123
Unrestricted	<u>12,887,944</u>	<u>(5,770,881)</u>	<u>1,169,561</u>	<u>(253,331)</u>	<u>(267,812)</u>	<u>(2,196,665)</u>	<u>(6,638,186)</u>	<u>(27,258,231)</u>	<u>(29,239,538)</u>	<u>(34,061,415)</u>
Total governmental activities net position	<u>\$ 101,392,946</u>	<u>\$ 101,050,956</u>	<u>\$ 94,801,372</u>	<u>\$ 94,706,937</u>	<u>\$ 95,341,834</u>	<u>\$ 95,564,497</u>	<u>\$ 89,506,097</u>	<u>\$ 67,504,407</u>	<u>\$ 69,099,848</u>	<u>\$ 67,133,579</u>
Business-type activities										
Net investment in capital assets	\$ 48,230,110	\$ 50,829,655	\$ 53,612,945	\$ 50,976,684	\$ 46,845,360	\$ 43,422,690	\$ 47,315,951	\$ 40,360,967	\$ 39,067,845	\$ 40,492,920
Unrestricted	<u>12,762,741</u>	<u>4,652,158</u>	<u>7,003,344</u>	<u>8,802,655</u>	<u>9,100,051</u>	<u>8,298,160</u>	<u>2,469,000</u>	<u>6,782,796</u>	<u>10,947,357</u>	<u>12,701,601</u>
Total business-type activities net position	<u>\$ 60,992,851</u>	<u>\$ 55,481,813</u>	<u>\$ 60,616,289</u>	<u>\$ 59,779,339</u>	<u>\$ 55,945,411</u>	<u>\$ 51,720,850</u>	<u>\$ 49,784,951</u>	<u>\$ 47,143,763</u>	<u>\$ 50,015,202</u>	<u>\$ 53,194,521</u>
Primary government										
Net investment in capital assets	\$ 125,635,751	\$ 125,221,288	\$ 125,568,917	\$ 124,056,457	\$ 121,068,738	\$ 111,262,256	\$ 122,705,577	\$ 115,718,954	\$ 117,857,513	\$ 117,387,791
Restricted	11,099,361	32,430,204	21,675,839	21,880,495	21,386,268	29,921,596	20,754,657	19,404,651	19,549,718	24,300,123
Unrestricted	<u>25,650,685</u>	<u>(1,118,723)</u>	<u>8,172,905</u>	<u>8,549,324</u>	<u>8,832,239</u>	<u>6,101,495</u>	<u>(4,169,186)</u>	<u>(20,475,435)</u>	<u>(18,292,181)</u>	<u>(21,359,814)</u>
Total primary government net position	<u>\$ 162,385,797</u>	<u>\$ 156,532,769</u>	<u>\$ 155,417,661</u>	<u>\$ 154,486,276</u>	<u>\$ 151,287,245</u>	<u>\$ 147,285,347</u>	<u>\$ 139,291,048</u>	<u>\$ 114,648,170</u>	<u>\$ 119,115,050</u>	<u>\$ 120,328,100</u>
Component unit										
Net investment in capital assets	\$ 190,756,445	\$ 190,756,445	\$ 206,109,733	\$ 219,522,714	\$ 218,421,756	\$ 224,969,584	\$ 236,928,712	\$ 255,136,679	\$ 266,060,335	\$ 270,044,238
Restricted	98,616	98,616	151,600	187,910	222,470	260,978	171,013	206,053	241,332	276,217
Unrestricted	<u>26,865,314</u>	<u>26,865,314</u>	<u>25,876,182</u>	<u>18,686,692</u>	<u>26,899,507</u>	<u>29,327,642</u>	<u>26,560,322</u>	<u>9,495,342</u>	<u>6,068,016</u>	<u>5,839,587</u>
Total component unit net position	<u>\$ 217,720,375</u>	<u>\$ 217,720,375</u>	<u>\$ 232,137,515</u>	<u>\$ 238,397,316</u>	<u>\$ 245,543,733</u>	<u>\$ 254,558,204</u>	<u>\$ 263,660,047</u>	<u>\$ 264,838,074</u>	<u>\$ 272,369,683</u>	<u>\$ 276,160,042</u>

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Expenses										
General government	\$ 8,672,259	\$ 9,246,224	\$ 10,074,521	\$ 10,010,914	\$ 10,195,729	\$ 11,336,963	\$ 14,470,841	\$ 13,114,734	\$ 14,062,125	\$ 13,540,168
Environment and development	18,613,025	21,804,182	32,680,272	23,481,833	20,231,149	21,105,842	22,928,377	28,204,380	26,619,126	28,656,379
Public safety	20,363,725	21,140,258	21,357,911	21,303,785	21,007,366	21,565,795	21,302,314	24,843,607	22,286,773	24,550,231
Leisure activities	9,725,448	10,245,527	11,191,585	11,131,488	11,239,822	12,324,889	12,526,906	12,511,883	12,743,540	13,074,746
Interest	2,046,519	2,453,129	2,880,837	2,300,475	2,168,703	2,007,653	2,025,209	2,247,661	2,410,040	2,186,743
Total expenses	59,420,976	64,889,320	78,185,126	68,228,495	64,842,769	68,341,142	73,253,647	80,922,265	78,121,604	82,008,267
Program Revenues										
Charges for services:										
General government	\$ 1,774,913	\$ 1,731,073	\$ 1,707,833	\$ 1,874,861	\$ 1,747,363	\$ 1,703,045	\$ 1,776,434	\$ 1,805,955	\$ 1,844,457	\$ 1,834,873
Environment and development	2,020,263	2,172,242	2,801,220	2,960,803	2,838,720	3,249,840	3,409,760	3,755,047	4,280,212	3,777,149
Public safety	117,747	93,583	100,112	368,938	413,873	477,315	534,893	536,244	502,416	505,806
Leisure activities	952,478	952,023	1,031,436	1,044,868	1,045,413	1,078,897	1,120,649	1,385,957	1,408,235	981,286
Operating grants and contributions:										
General government	63,536	-	-	-	-	-	-	-	-	-
Environment and development	2,357,451	2,204,526	2,474,971	2,888,753	2,343,069	2,029,052	2,148,374	2,494,215	2,155,799	2,401,934
Public safety	1,452,984	1,172,182	1,165,774	1,374,748	1,158,731	1,159,227	1,245,009	1,185,178	1,165,123	1,239,331
Leisure activities	372,786	462,978	531,466	595,494	711,614	782,546	773,574	742,834	798,843	754,274
Capital grants and contributions:										
Environment and development	3,169,734	2,942,009	10,246,880	2,671,685	346,064	790,803	525,538	4,754,718	3,701,042	3,659,420
Public safety	-	-	-	-	-	-	559,365	852,297	-	-
Leisure activities	85,677	182,506	182,507	797,386	476,120	170,149	402,981	180,252	170,449	122,138
Total program revenues	12,367,569	11,913,122	20,242,199	14,577,536	11,080,967	11,440,874	12,496,577	17,692,697	16,026,576	15,276,211
Total governmental activities net program expense	\$ (47,053,407)	\$ (52,976,198)	\$ (57,942,927)	\$ (53,650,959)	\$ (53,761,802)	\$ (56,900,268)	\$ (60,757,070)	\$ (63,229,568)	\$ (62,095,028)	\$ (66,732,056)
General revenues and other changes in net position										
Property taxes	\$ 32,612,118	\$ 33,083,532	\$ 33,306,516	\$ 34,876,543	\$ 35,617,280	\$ 36,022,725	\$ 35,944,762	\$ 37,167,334	\$ 38,880,336	\$ 40,424,574
Sales tax	8,941,463	9,765,972	10,049,247	10,548,129	11,444,089	12,040,383	12,673,856	13,364,922	14,048,261	14,562,458
Occupancy tax	872,115	956,496	981,716	1,044,856	1,100,478	1,202,806	1,187,510	1,281,711	1,349,003	986,298
Other taxes	51,708	56,452	58,492	59,698	65,384	74,988	77,403	85,932	88,524	79,557
Grants and contributions not restricted	3,906,365	3,914,798	3,990,640	4,000,460	5,344,082	5,435,534	5,236,898	5,217,442	5,339,666	5,181,112
Investment earnings	71,324	34,258	91,575	34,491	39,476	56,872	92,371	253,870	472,755	283,172
Miscellaneous	2,133,013	3,342,645	2,486,465	1,792,297	3,307,397	1,381,867	2,685,239	2,808,749	2,151,266	1,911,226
Transfers	226,775	1,480,055	728,692	1,200,050	946,753	907,756	927,575	1,004,202	1,360,658	1,337,390
Total general revenues and other changes in net position	48,814,881	52,634,208	51,693,343	53,556,524	57,864,939	57,122,931	58,825,614	61,184,162	63,690,469	64,765,787
Total governmental activities changes in net position	\$ 1,761,474	\$ (341,990)	\$ (6,249,584)	\$ (94,435)	\$ 4,103,137	\$ 222,663	\$ (1,931,456)	\$ (2,045,406)	\$ 1,595,441	\$ (1,966,269)

Continued

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

Table 2

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business-type activities:										
Expenses										
Transportation	\$ 20,945,401	\$ 21,454,457	\$ 21,819,683	\$ 21,286,421	\$ 21,803,767	\$ 22,264,181	\$ 23,389,971	\$ 22,376,827	\$ 26,560,258	\$ 26,422,046
Parking	1,785,780	2,212,712	1,940,918	2,101,226	1,901,853	1,708,178	1,830,551	1,677,166	1,883,893	1,736,615
Housing	1,982,144	2,204,546	2,380,410	3,016,395	2,514,173	2,616,234	2,460,709	2,591,141	2,534,614	2,584,785
Stormwater	1,739,239	1,825,682	1,765,150	1,799,370	1,649,076	2,113,562	2,185,428	2,266,475	1,954,820	2,185,848
Total expenses	26,452,564	27,697,397	27,906,161	28,203,412	27,868,869	28,702,155	29,866,659	28,911,609	32,933,585	32,929,294
Program Revenues										
Charges for services:										
Transportation	\$ 1,096,432	\$ 1,359,239	\$ 1,354,987	\$ 1,565,824	\$ 1,499,429	\$ 1,413,865	\$ 1,295,107	\$ 1,430,935	\$ 1,404,184	\$ 1,245,737
Parking	1,879,797	2,071,035	2,125,253	2,395,883	2,500,498	2,597,035	2,541,380	2,494,701	2,590,653	2,132,355
Housing	507,305	618,132	800,165	882,363	910,630	940,223	944,681	997,741	1,017,155	998,645
Stormwater	1,841,152	1,814,911	1,932,991	2,152,429	2,139,161	2,181,361	2,297,155	2,841,275	2,884,075	3,158,285
Operating grants and contributions:										
Transportation	12,942,449	10,829,469	15,385,447	13,985,562	14,327,136	13,048,352	16,799,895	16,394,598	19,766,735	20,617,969
Housing	1,559,586	1,319,472	1,150,068	1,231,670	1,183,160	1,169,986	956,462	1,229,562	1,193,827	1,224,531
Stormwater	-	-	-	-	-	-	-	7,500	7,500	7,500
Capital grants and contributions:										
Transportation	180,119	1,804,533	8,952,435	176,358	5,429	-	98,334	3,174,767	2,695,405	2,736,954
Housing	19,877	1,079,687	-	2,077,462	-	59,118	-	-	349,106	164,858
Total program revenues	20,026,717	20,896,478	31,701,346	24,467,551	22,565,443	21,409,940	24,933,014	28,571,079	31,908,640	32,286,834
Total business-type activities net program expense	\$ (6,425,847)	\$ (6,800,919)	\$ 3,795,185	\$ (3,735,861)	\$ (5,303,426)	\$ (7,292,215)	\$ (4,933,645)	\$ (340,530)	\$ (1,024,945)	\$ (642,460)
General revenues and other changes in net position										
Property taxes	\$ 2,929,657	\$ 2,965,320	\$ 2,987,412	\$ 3,794,976	\$ 3,798,723	\$ 3,842,964	\$ 3,835,838	\$ 4,012,875	\$ 4,918,809	\$ 4,954,584
Investment earnings	25,411	8,709	10,765	15,644	18,067	19,812	34,592	66,767	151,448	115,810
Miscellaneous	155,666	(204,093)	(930,194)	288,341	117,907	112,634	54,891	140,116	186,785	88,775
Transfers	(226,775)	(1,480,055)	(728,692)	(1,200,050)	(946,753)	(907,756)	(927,575)	(1,004,202)	(1,360,658)	(1,337,390)
Total general revenues and other changes in net position	2,883,959	1,289,881	1,339,291	2,898,911	2,987,944	3,067,654	2,997,746	3,215,556	3,896,384	3,821,779
Total business-type activities changes in net position	\$ (3,541,888)	\$ (5,511,038)	\$ 5,134,476	\$ (836,950)	\$ (2,315,482)	\$ (4,224,561)	\$ (1,935,899)	\$ 2,875,026	\$ 2,871,439	\$ 3,179,319
Total primary government changes in net position	\$ (1,780,414)	\$ (5,853,028)	\$ (1,115,108)	\$ (931,385)	\$ 1,787,655	\$ (4,001,898)	\$ (3,867,355)	\$ 829,620	\$ 4,466,880	\$ 1,213,050

Continued

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

Table 2

	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Component unit activities:										
Expenses	\$ 31,840,832	\$ 31,801,115	\$ 31,664,425	\$ 31,648,089	\$ 31,716,920	\$ 30,740,470	\$ 32,243,695	\$ 33,340,716	\$ 34,672,592	\$ 36,157,921
Program Revenues										
Charges for services	36,003,830	36,489,149	35,457,613	35,843,032	36,960,842	36,369,370	35,740,394	37,543,243	36,185,840	36,306,194
Capital grants and contributions	<u>1,269,560</u>	<u>2,467,785</u>	<u>420,251</u>	<u>849,325</u>	<u>1,374,711</u>	<u>1,846,475</u>	<u>2,363,076</u>	<u>1,509,516</u>	<u>4,035,076</u>	<u>1,992,762</u>
Total component unit revenues	<u>37,273,390</u>	<u>38,956,934</u>	<u>35,877,864</u>	<u>36,692,357</u>	<u>38,335,553</u>	<u>38,215,845</u>	<u>38,103,470</u>	<u>39,052,759</u>	<u>40,220,916</u>	<u>38,298,956</u>
Total component unit net (expense)/revenue	<u>\$ 5,432,558</u>	<u>\$ 7,155,819</u>	<u>\$ 4,213,439</u>	<u>\$ 5,044,268</u>	<u>\$ 6,618,633</u>	<u>\$ 7,475,375</u>	<u>\$ 5,859,775</u>	<u>\$ 5,712,043</u>	<u>\$ 5,548,324</u>	<u>\$ 2,141,035</u>
General revenues and other changes in net position										
Investment earnings	29,261	17,964	15,664	14,755	15,133	20,663	32,802	56,524	64,842	63,207
Miscellaneous	<u>1,785,093</u>	<u>1,918,195</u>	<u>1,885,640</u>	<u>1,200,778</u>	<u>1,429,244</u>	<u>1,518,433</u>	<u>3,209,266</u>	<u>1,682,884</u>	<u>1,918,443</u>	<u>1,586,117</u>
Total general revenues and other changes in net position	<u>1,814,354</u>	<u>1,936,159</u>	<u>1,901,304</u>	<u>1,215,533</u>	<u>1,444,377</u>	<u>1,539,096</u>	<u>3,242,068</u>	<u>1,739,408</u>	<u>1,983,285</u>	<u>1,649,324</u>
Total component unit activities changes in net position	<u>\$ 7,246,912</u>	<u>\$ 9,091,978</u>	<u>\$ 6,114,743</u>	<u>\$ 6,259,801</u>	<u>\$ 8,063,010</u>	<u>\$ 9,014,471</u>	<u>\$ 9,101,843</u>	<u>\$ 7,451,451</u>	<u>\$ 7,531,609</u>	<u>\$ 3,790,359</u>

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund				
Nonspendable				
Inventories	3,285	3,341	2,698	2,670
Prepaid expenses	4,702	40,844	19,863	350
Restricted				
Stabilization by State Statute	5,074,720	6,271,859	6,697,509	9,994,453
Employee appreciation	99,559	97,890	96,179	94,489
Inspections	-	-	-	-
Parks capital projects	75,332	28,776	28,776	139,757
Streets capital projects	143,520	110,310	122,215	213,788
Public safety	165,278	158,867	181,091	372,598
Library	-	-	-	-
Committed				
Economic development	-	-	121,811	72,513
Assigned				
Subsequent years' expenditures	1,121,605	1,528,622	1,986,150	2,654,093
Other post employment benefits	400,000	400,000	1,200,000	1,200,000
Workforce development	-	-	60,566	89,750
Comprehensive plan	103,291	99,443	-	-
Economic development	-	157,246	126,927	161,223
Unassigned	13,236,669	13,357,103	12,883,997	11,143,807
Total General Fund	\$ <u>20,427,961</u>	\$ <u>22,254,301</u>	\$ <u>23,527,782</u>	\$ <u>26,139,491</u>
All Other Governmental Funds				
Nonspendable				
Inventories	16,538	16,538	16,538	16,538
Prepaid expenses	-	12,155	-	6,110
Restricted				
Stabilization by State Statute	4,889,823	25,666,721	11,300,288	8,941,889
Parks capital projects	4,953,598	4,591,757	5,156,807	3,237,033
Streets capital projects	4,384,746	3,485,868	3,455,873	2,546,208
Municipal buildings projects	-	7,532,019	1,887,561	1,605,667
Public housing	755,136	104,905	113,836	594,147
Public safety	18,628	8,180	8,179	8,180
Transit capital purchases	-	1,067,500	-	60,529
Infrastructure capital projects	-	-	-	214,756
Development	-	2,844	26,874	-
Library	15,791,379	10,536,981	740,208	443,476
Committed				
Debt service payments	3,009,079	6,281,023	5,340,180	4,803,926
Parks capital projects	-	-	-	-
Municipal buildings projects	-	-	-	475,687
Infrastructure capital projects	214,031	799,493	241,783	-
Technology projects	-	-	-	776,339
Fire capital projects	-	-	844,189	20,353
Public housing	787,943	810,388	336,614	353,843
Economic development	19,856	106,583	160,896	85,117
Assigned				
Subsequent year's expenditures	123,660	92,394	12,151	28,841
Parks capital projects	-	44,254	91,388	85,538
Streets capital projects	292,169	88,000	-	7,209
Municipal buildings projects	593,266	485,027	583,292	318,978
Fire capital projects	-	-	-	-
Technology projects	-	-	68,768	4,464
Unassigned	(3,314,885)	(24,960,211)	(10,121,221)	(8,047,445)
Total other governmental funds	\$ <u>32,534,967</u>	\$ <u>36,772,419</u>	\$ <u>20,264,204</u>	\$ <u>16,587,383</u>

Table 3

Fiscal Year					
2015	2016	2017	2018	2019	2020
1,599	840	1,697	1,135	1,528	1,283
49,357	7,551	76,121	99,820	40,568	8,519
8,825,428	10,706,650	7,234,759	6,955,024	7,961,838	8,780,909
93,049	-	-	-	-	-
-	-	-	-	425,387	216,250
89,712	117,123	46,899	27,411	27,411	27,411
233,158	323,008	382,723	389,435	412,427	423,439
217,530	213,023	147,578	156,618	139,618	138,951
-	-	-	-	-	-
-	-	-	-	-	-
2,705,364	2,706,550	2,684,006	3,096,886	3,355,766	2,388,512
1,758,000	2,258,000	-	-	-	-
242,528	253,860	111,281	205,249	105,457	133,013
-	-	-	-	-	-
233,377	166,980	163,246	127,994	157,494	139,642
13,374,946	15,990,195	13,661,662	13,621,925	13,630,629	15,075,943
\$ 27,824,048	\$ 32,743,780	\$ 24,509,972	\$ 24,681,497	\$ 26,258,123	\$ 27,333,872
16,538	16,538	16,538	16,538	16,538	16,538
-	-	-	399	-	-
8,830,715	12,493,165	9,376,741	6,683,531	8,018,324	11,857,913
3,081,580	2,148,256	7,467,623	8,266,327	4,257,229	3,806,154
2,042,742	5,642,501	2,009,609	7,703,224	5,919,897	4,956,112
5,280,387	4,506,614	3,172,394	2,435,373	2,195,933	1,707,136
127,623	129,839	124,771	300,117	146,765	122,862
522,436	65,058	1,612,295	97,785	55,765	50,103
18,317	20,538	16,926	12,377	5,682	1,782
214,996	215,226	215,525	216,186	217,195	217,969
-	-	-	-	-	-
253,462	193,174	337,500	268,456	165,679	185,844
5,452,410	6,615,510	7,048,523	7,189,658	7,494,829	9,565,682
-	-	166,572	18,103	53,791	-
119,300	549,273	129,969	98,729	47,375	48,750
-	-	115,000	-	-	-
805,203	25,202	425,202	48,586	25,202	25,202
637,093	502,675	1,013,367	-	4,825	-
599,938	480,562	1,929,871	2,087,281	2,310,074	1,993,060
128,109	76,836	115,469	114,948	133,710	132,897
135,237	56,414	-	-	-	-
506,877	110,193	296,962	358,174	102,448	63,212
-	-	-	-	-	-
612,849	721,282	259,633	217,982	394,122	499,890
-	-	-	154,700	17,762	-
43,800	43,800	-	56,616	41,916	117,166
(7,709,975)	(11,670,556)	(8,967,961)	(6,674,748)	(7,936,715)	(11,718,663)
\$ 21,719,637	\$ 22,942,100	\$ 26,882,529	\$ 29,670,342	\$ 23,688,346	\$ 23,649,609

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues				
Taxes	\$ 42,477,404	\$ 43,862,452	\$ 44,395,971	\$ 46,529,226
Intergovernmental	11,408,533	10,878,999	18,592,238	12,328,526
Charges for services	3,189,110	2,892,632	3,133,935	3,435,270
Licenses and permits	1,591,840	1,917,775	2,369,155	2,683,188
Interest on investments	71,324	34,258	91,575	34,491
Other	1,685,586	1,342,021	2,623,976	1,923,309
Total Revenues	60,423,797	60,928,137	71,206,850	66,934,010
Expenditures				
General government	8,280,508	8,838,537	9,493,289	9,541,046
Environment and development	13,970,608	13,666,918	14,398,580	14,745,265
Public safety	19,733,207	19,323,824	19,547,468	19,946,007
Leisure activities	8,051,450	8,094,096	8,719,780	8,449,100
Capital projects	5,102,513	11,116,359	29,185,322	9,313,279
Debt Service:				
Principal	3,485,000	4,490,000	4,995,000	4,904,000
Interest	1,996,991	2,271,774	2,294,854	2,300,475
Advance refunding escrow	-	-	344,867	-
Bond issuance costs	49,528	181,355	241,116	-
Total Expenditures	60,669,805	67,982,863	89,220,276	69,199,172
Excess of revenues over (under) expenditures	(246,008)	(7,054,726)	(18,013,426)	(2,265,162)
Other Financing Sources (Uses)				
Transfers in	2,157,492	2,237,579	3,348,562	3,744,153
Transfers out	(1,930,717)	(758,199)	(2,619,870)	(2,544,103)
Proceeds from bonds	20,941,878	33,455,000	1,700,000	-
Advance refunding	-	(26,499,557)	3,050,000	-
Premium on debt	-	4,683,695	(2,700,000)	-
Proceeds from installment notes	-	-	-	-
Total other financing sources (uses)	21,168,653	13,118,518	2,778,692	1,200,050
Net change in fund balances	\$ 20,922,645	\$ 6,063,792	\$ (15,234,734)	\$ (1,065,112)
Debt service as a percentage of non capital expenditures	9.72%	10.94%	10.25%	11.31%

Table 4

Fiscal Year					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 48,227,231	\$ 49,340,902	\$ 49,883,531	\$ 51,899,899	\$ 54,366,124	\$ 56,052,887
10,379,680	10,367,311	10,891,739	15,426,936	13,330,922	13,358,209
3,475,157	3,632,627	4,190,130	3,990,342	4,610,116	4,003,574
2,392,108	2,710,159	2,485,929	3,322,598	3,246,115	2,925,728
39,476	56,872	92,371	253,870	472,755	283,172
3,485,501	1,548,178	2,130,432	2,459,468	2,307,186	1,925,030
67,999,153	67,656,049	69,674,132	77,353,113	78,333,218	78,548,600
9,589,280	10,729,883	14,147,529	12,898,095	13,884,472	13,760,788
15,340,737	15,762,311	18,778,116	19,175,142	18,157,985	18,584,377
20,362,042	20,333,988	20,645,476	21,063,210	21,187,156	21,993,688
8,772,826	9,556,022	10,023,953	10,300,116	10,169,809	9,999,649
3,696,507	7,685,753	19,725,287	12,545,297	10,294,241	6,833,473
4,594,000	4,330,000	5,030,000	7,488,000	7,995,000	5,572,000
2,168,703	2,007,653	2,025,209	2,247,661	2,433,752	2,261,011
-	-	-	-	-	-
-	-	-	-	-	-
64,524,095	70,405,610	90,375,570	85,717,521	84,122,415	79,004,986
3,475,058	(2,749,561)	(20,701,438)	(8,364,408)	(5,789,197)	(456,386)
3,989,863	4,878,505	8,287,269	3,159,729	3,579,357	3,188,910
(3,043,110)	(3,970,749)	(7,359,694)	(2,155,527)	(2,218,699)	(1,851,520)
-	-	9,000,000	9,800,000	-	-
-	-	-	-	-	(1,917,928)
-	-	-	519,544	-	2,073,936
2,395,000	7,984,000	5,760,000	-	-	-
3,341,753	8,891,756	15,687,575	11,323,746	1,360,658	1,493,398
\$ 6,816,811	\$ 6,142,195	\$ (5,013,863)	\$ 2,959,338	\$ (4,428,539)	\$ 1,037,012
10.94%	9.94%	9.94%	12.38%	13.39%	10.19%

This page intentionally left blank.

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

Table 5

Fiscal Year	Property Tax (1)	Sales Tax	Occupancy Tax	Other Tax	Total
2011	32,612,118	8,941,463	872,115	51,708	42,477,404
2012	33,083,532	9,765,972	956,496	56,452	43,862,452
2013	33,306,516	10,049,247	981,716	58,492	44,395,971
2014	34,876,543	10,548,129	1,044,856	59,698	46,529,226
2015	35,617,280	11,444,089	1,100,478	65,384	48,227,231
2016	36,022,725	12,040,383	1,202,806	74,988	49,340,902
2017	35,944,762	12,673,856	1,187,510	77,403	49,883,531
2018	37,167,334	13,364,922	1,281,711	85,932	51,899,899
2019	38,880,336	14,048,261	1,349,003	88,524	54,366,124
2020	40,424,574	14,562,458	986,298	79,557	56,052,887

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
2011	4,956,322,691	1,701,821,709	6,658,144,400	452,486,487
2012	*	*	6,730,528,993	471,001,413
2013	*	*	6,701,285,738	536,958,587
2014	*	*	6,823,181,920	573,309,679
2015	*	*	6,862,576,184	519,383,543
2016	*	*	6,913,283,131	541,047,846
2017	*	*	6,902,832,865	546,117,755
2018 (1)	*	*	7,399,771,971	550,409,864
2019	*	*	7,529,444,369	613,170,831
2020	*	*	7,601,209,365	598,051,765

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

Notes:

- (1) Revaluation year.
- (2) Increase due to revaluation and the addition of \$200 million from a major annexation.
- (3) Public service companies valuations are provided by the North Carolina Department of Revenue.
These amounts include both real and personal property.
- (4) Per \$100 of value. Includes taxes for general fund, debt service fund and transit fund.
- (5) 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.
- (6) 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
(3)		(4)	(5)	(6)
62,491,249	7,173,122,136	0.494	7,237,536,208	99.11%
63,232,013	7,264,762,419	0.494	6,908,951,421	105.15%
66,253,143	7,304,497,468	0.494	7,035,732,487	103.82%
66,762,306	7,463,253,905	0.514	7,421,692,427	100.56%
65,246,662	7,447,206,389	0.524	7,606,952,389	97.90%
85,443,691	7,539,774,668	0.524	7,599,047,236	99.22%
83,768,622	7,532,719,242	0.524	7,562,971,127	99.60%
84,467,574	8,034,649,409	0.508	8,062,060,414	99.66%
80,677,065	8,223,292,265	0.528	8,263,784,811	99.51%
84,003,208	8,283,264,338	0.544	8,318,200,781	99.58%

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

Year Taxes Payable	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Chapel Hill within Orange County:				
<u>Town Direct Rates:</u>				
General Fund	0.360	0.378	0.378	0.388
Transit	0.041	0.041	0.041	0.051
Debt Service	0.093	0.075	0.075	0.075
Total outside Downtown Service District	0.494	0.494	0.494	0.514
Downtown Service District	0.071	0.071	0.071	0.071
Total Direct Rates	0.565	0.565	0.565	0.585
<u>Overlapping Rates:</u>				
Orange County	0.858	0.858	0.858	0.858
Chapel Hill - Carrboro School District	0.188	0.188	0.188	0.208
Total Overlapping Rates	1.046	1.046	1.046	1.066
Total Direct and Overlapping Rates	1.611	1.611	1.611	1.651
Chapel Hill within Durham County:				
<u>Town Direct Rates:</u>				
General Fund	0.360	0.378	0.378	0.388
Transit	0.041	0.041	0.041	0.051
Debt Service	0.093	0.075	0.075	0.075
Total Direct Rates	0.494	0.494	0.494	0.514
<u>Overlapping Rates:</u>				
Durham County	0.746	0.746	0.744	0.744
Total Direct and Overlapping rates	1.240	1.240	1.238	1.258

* Revaluation year

Source: North Carolina State Department of Revenue.

Table 7

Fiscal Year					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
*					
0.388	0.388	0.388	0.376	0.386	0.386
0.051	0.051	0.051	0.050	0.060	0.060
0.085	0.085	0.085	0.082	0.082	0.098
0.524	0.524	0.524	0.508	0.528	0.544
0.071	0.071	0.071	0.070	0.070	0.070
0.595	0.595	0.595	0.578	0.598	0.614
0.878	0.878	0.878	0.838	0.850	0.868
0.208	0.208	0.208	0.202	0.202	0.202
1.086	1.086	1.086	1.040	1.052	1.070
1.681	1.681	1.681	1.618	1.650	1.684
0.388	0.388	0.388	0.376	0.386	0.386
0.051	0.051	0.051	0.050	0.060	0.060
0.085	0.085	0.085	0.082	0.082	0.098
0.524	0.524	0.524	0.508	0.528	0.544
0.744	0.793	0.740	0.768	0.778	0.712
1.268	1.317	1.264	1.276	1.306	1.256

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

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

Taxpayer	Type of Business
Chapel Hill Foundation Real Estate (University Square)	Shopping Center
BIR Chapel Hill LLC (formerly Village Plaza Apartments LLC)	Apartment & Retail
Northwestern Mutual Life (Chapel Watch Apartments)	Apartment Rental
Duke Energy Carolinas LLC	Public Utility
State Employees Credit Union	Bank
East 54 Office Retail LLC	Office/Retail
Health Systems Properties LLC	Medical
Chapel Hill at the Pointe Villager LLC	Apartment Rental
G & I VIII Midtown 501 LLC	Apartment Rental
Granville Towers LLC (formerly NC UNC Holdings LLC)	Apartment Rental
Vac Limited Partnership	Apartment Rental
Corium LLC	Health Insurance
Blue Cross and Blue Shield of North Carolina	Health Insurance
Madison University Mall LLC	Shopping Center
Europa Center LLC (formerly US GT LLC)	Office Building
Southern Village Apartments	Apartment Rental
ACC GF III Chapel Ridge/Chapel View	Apartment Rental

Totals

Total assessed valuation

Sources:

- (1) 2010-2011 Comprehensive Annual Financial Report.
- (2) Orange County Department of Revenue.

Table 8

Fiscal Year 2020			Fiscal Year 2011		
	(2)	Percentage of Total Assessed Valuation		(1)	Percentage of Total Assessed Valuation
Assessed Valuation	Rank		Assessed Valuation	Rank	
102,105,000	1	1.23%	45,447,501	1	0.61%
68,603,700	2	0.83%			
57,423,416	3	0.69%			
45,916,489	4	0.55%	30,309,770	8	0.41%
41,308,256	5	0.50%			
40,135,700	6	0.48%	37,873,736	2	0.51%
37,997,156	7	0.46%			
37,058,842	8	0.45%			
36,468,100	9	0.44%			
36,455,868	10	0.44%			
			36,348,797	4	0.49%
			35,399,117	5	0.48%
			37,283,898	3	0.50%
			34,182,311	7	0.46%
			27,814,759	9	0.38%
			25,076,720	10	0.34%
			35,159,298	6	0.47%
\$ 503,472,527		6.08%	\$ 344,895,907		4.65%
\$ 8,283,264,338			\$ 7,411,059,390		

This page intentionally left blank.

**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	
2011	\$	35,604,158	\$ 35,284,111	99.10%	\$ 258,936	\$ 35,543,047	99.83%	\$ 61,111
2012		35,887,926	35,604,067	99.21%	-	35,604,067	99.21%	283,859
2013		36,084,217	35,809,148	99.24%	-	35,809,148	99.24%	275,069
2014		38,361,125	38,115,148	99.36%	-	38,115,148	99.36%	245,977
2015		39,009,200	38,849,950	99.59%	-	38,849,950	99.59%	159,250
2016		39,789,825	39,638,269	99.62%	-	39,638,269	99.62%	151,556
2017		39,471,449	39,314,757	99.60%	-	39,314,757	99.60%	156,692
2018		40,816,019	40,679,175	99.66%	-	40,679,175	99.66%	136,844
2019		43,418,983	43,206,984	99.51%	-	43,206,984	99.51%	211,999
2020		45,060,958	44,871,448	99.58%	-	44,871,448	99.58%	189,510

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

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Limited Obligation Bonds	Certificates of Participation	Installment Loans	Orange County Loan
2011	34,110,000	-	19,040,000	7,452,516	123,146
2012	31,445,000	28,800,000	-	4,650,441	123,146
2013	30,820,000	26,585,000	-	4,172,666	123,146
2014	28,141,000	24,465,000	-	3,890,775	123,146
2015	25,662,000	22,350,000	-	5,456,766	123,146
2016	23,472,000	20,210,000	-	12,592,753	123,146
2017	31,741,000	18,045,000	-	15,351,269	123,146
2018	38,770,000	16,155,000	-	11,895,257	123,146
2019	35,528,000	14,235,000	-	8,672,083	123,146
2020	30,851,000	12,305,000	-	7,718,365	123,146

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

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

Table 10

Business-type Activities			Total Primary Government	Per Capita Personal Income	Debt Per Capita (1)	Percentage of Personal Income (1)
General Obligation Bonds	Certificates of Participation	Installment Loans				
-	4,615,000	-	65,340,662	47,925	1,142	2.38%
-	-	-	65,018,587	46,713	1,126	2.41%
-	-	-	61,700,812	48,683	1,056	2.17%
-	-	-	56,619,921	51,702	955	1.85%
-	-	-	53,591,912	52,339	898	1.72%
-	-	-	56,397,899	52,989	944	1.78%
-	-	6,408,000	71,668,415	55,338	1,203	2.17%
2,700,000	-	5,848,000	75,491,403	58,438	1,260	2.16%
2,565,000	-	5,251,000	66,374,229	62,202	1,051	1.69%
2,430,000	-	4,641,000	58,068,511	67,385	907	1.35%

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

Fiscal Year	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General bonded debt outstanding				
General obligation bonds	\$ 34,110,000	\$ 31,445,000	\$ 30,820,000	\$ 28,141,000
Percentage of estimated actual property value (1)	0.48%	0.43%	0.42%	0.38%
Per capita (2)	\$ 712	\$ 673	\$ 633	\$ 544

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 II

Fiscal Year							
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>		
\$ 25,662,000	\$ 23,472,000	\$ 31,741,000	\$ 38,770,000	\$ 35,528,000	\$ 30,851,000		
0.34%	0.31%	0.42%	0.48%	0.43%	0.37%		
\$ 490	\$ 443	\$ 574	\$ 663	\$ 571	\$ 458		

This page intentionally left blank.

Town of Chapel Hill
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020

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	\$ 131,000,000	40.88%	\$ 53,557,356
Durham County	218,045,000	1.30%	2,844,103
Total overlapping debt			<u>56,401,459</u>
Total direct debt			<u>50,997,511</u>
Total direct and overlapping debt			<u><u>\$ 107,398,970</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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Total assessed valuation	\$ 7,173,122,136	\$ 7,264,762,419	\$ 7,304,497,468	\$ 7,463,253,905
Debt limit - 8% of total assessed valuation	573,849,771	581,180,994	584,359,797	597,060,312
General obligation bonds	34,110,000	31,445,000	30,820,000	28,141,000
Bonds authorized but unissued	-	-	-	-
Net debt applicable to debt limit	<u>34,110,000</u>	<u>31,445,000</u>	<u>30,820,000</u>	<u>28,141,000</u>
Legal debt margin	<u>\$ 539,739,771</u>	<u>\$ 549,735,994</u>	<u>\$ 553,539,797</u>	<u>\$ 568,919,312</u>
Legal debt margin as a percentage of the debt limit	94.06%	94.59%	94.73%	95.29%

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, 2020 totaled \$62,081,000

This total is less than 1% of the Town's June 30, 2020 tax base (\$8.28 billion).

* Source: The North Carolina Department of Revenue final report of assessed property values
for the 2019/2020 fiscal year.

North Carolina G.S §159-55.

Table 13

Fiscal Year					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 7,447,206,389	\$ 7,539,774,668	\$ 7,532,719,242	\$ 8,034,649,409	\$ 8,223,292,265	\$ 8,283,264,338
595,776,511	603,181,973	602,617,539	642,771,953	657,863,381	662,661,147
25,662,000	23,472,000	31,741,000	41,470,000	38,093,000	33,281,000
-	40,300,000	31,300,000	28,800,000	28,800,000	28,800,000
<u>25,662,000</u>	<u>63,772,000</u>	<u>63,041,000</u>	<u>70,270,000</u>	<u>66,893,000</u>	<u>62,081,000</u>
<u>\$ 570,114,511</u>	<u>\$ 539,409,973</u>	<u>\$ 539,576,539</u>	<u>\$ 572,501,953</u>	<u>\$ 590,970,381</u>	<u>\$ 600,580,147</u>
95.69%	89.43%	89.54%	89.07%	89.83%	90.63%

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

Table 14

Year	Population	Personal Income (in thousands)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
	(1)	(2)	(2)	(3)	(3)	(4)	(5)
2011	57,233	6,186,352	47,925	25.6	15.82	41,139	5.4%
2012	57,757	6,268,886	46,713	25.6	15.82	41,059	5.6%
2013	58,424	6,608,945	48,683	25.6	15.82	41,402	5.6%
2014	59,271	7,131,776	51,702	25.3	15.82	41,242	4.4%
2015	59,653	7,345,876	52,339	25.3	15.82	41,176	4.9%
2016	59,753	7,440,708	52,989	25.8	15.82	41,490	5.2%
2017	59,569	7,822,299	55,338	25.7	15.82	41,199	4.9%
2018	59,903	8,286,315	58,438	26.2	15.82	42,038	4.3%
2019	63,178	9,015,914	62,202	26.4	15.82	42,138	3.9%
2020	64,051	9,840,004	67,385	26.2	15.82	42,295	4.5%

Notes:

(1) NC Office of State Budget and Management

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

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

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

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

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

Table 15

Taxpayer	Fiscal Year 2020			Fiscal Year 2011		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
University of North Carolina at Chapel Hill	20000+	1		11,204	1	29.6%
University of North Carolina Healthcare	13000+	2	Not	7,977	2	21.1%
Carrboro-Chapel Hill Schools	2000+	3	available	2,000	4	5.3%
Blue Cross Blue Shield of NC	-	-		4,922	3	13.0%
Town of Chapel Hill	1000+	4		754	5	2.0%
Aramark Food and Support Services	500+	5				
			Not available	26,857		71.0%
Total Town Employment	Not available			37,831		

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

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

Function/Program	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General government:				
Finance				
Purchase orders issued	1,278	1,350	1,372	1,214
Human Resources				
Recruitment for positions	54	39	43	68
Public Works				
Streets resurfaced (miles)	n/a	6.4	6.0	5.88
Refuse collected (tons)	14,700	14,656	14,711	14,746
Economic and development:				
Planning/Inspections				
Building permits issued	581	1,007	884	1,006
Public safety:				
Police				
Calls for service	36,596	36,206	36,094	36,088
Traffic citations	4,664	4,996	5,087	5,721
Fire				
Emergency responses	4,723	4,318	4,194	4,109
Property losses	\$ 880,880	\$ 1,418,764	\$ 2,449,214	\$ 2,244,585
Inspections	1,155	1,252	761	757
Leisure activities:				
Parks and Recreation				
Pass memberships	2,719	3,631	5,514	4,195
Class registrations	3,086	6,142	3,797	5,207
Daily visits	118,605	114,450	115,503	108,569
Transit				
Service miles	2,800,468	2,598,465	2,467,578	2,614,684
Parking				
Citations issued	14,949	13,130	12,968	12,970

Source: Town of Chapel Hill department representatives.

Table 16

Fiscal Year					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1,279	1,353	1,318	1,218	1,354	1,542
99	83	88	89	77	56
5.88	5.88	4.79	2.74	3.15	2.37
14,082	14,331	14,339	13,894	13,857	12,947
967	967	762	1,069	979	1,921
37,804	38,009	33,479	31,950	40,379	36,890
6,709	6,459	5,567	2,601	3,785	2,633
4,388	4,642	4,514	4,928	4,896	4,385
\$ 1,001,991	\$ 1,145,028	\$ 951,042	\$ 77,060	\$ 325,766	\$ 264,400
946	1,178	1,562	2,789	4,790	1,971
4,123	4,189	4,150	2,385	2,959	1,991
4,507	4,524	6,120	7,396	7,529	6,160
104,728	95,047	82,537	136,401	121,801	76,962
2,372,166	2,303,864	2,150,124	1,849,310	2,128,686	1,488,674
10,465	12,598	12,754	8,729	9,330	9,105

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

Function/Program	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Government:				
Public Works				
Streets (miles)	165.4	165.7	162.7	165.2
Street lights	3,313	3,396	3,422	3,425
Public Safety:				
Police				
Patrol units	5	5	5	5
Investigative units	2	2	2	2
Other specialty units	4	4	4	4
Fire				
Number of stations	5	5	5	5
Leisure activities:				
Parks and Recreation				
Number of parks & recreational facilities	15	15	15	15
Library				
Volumes in circulation	182,800	186,290	200,105	216,985
Transportation				
Number of buses	98	98	99	98
Number of vans	19	19	17	19
Parking				
Number of spaces available	948	957	1,111	1,189
Housing				
Number of units occupied	321	308	321	321

Source: Town of Chapel Hill Department representatives.

Table 17

Fiscal Year					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
165.2	165.2	166.1	166.1	166.1	166.1
3,491	3,522	3,566	3,600	3,605	3,651
5	5	5	5	5	5
2	2	2	2	5	5
4	4	4	4	4	4
5	5	5	5	5	5
14	14	14	15	15	15
204,271	199,922	210,873	339,352	385,880	342,667
98	98	98	93	95	95
19	6	18	20	19	22
1,189	1,106	1,159	1,475	1,475	1,480
321	321	319	300	290	290

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

Table 18

Function/Program	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General government:										
Mayor and council	1	1	1	1	1	1	1	1	1	1
Town manager's office	8	9.8	7	11.75	11.75	9	9	10	10	11
Communication and Public Affairs	9.13	7.33	6.53	7.53	7.53	8.53	7.53	7.53	7.53	7.53
Human resources	8	8	8	8	7	10	10	10	10	10
Finance	14	15	15	15	16	18	18	18	18	18
Technology solutions	9	8	8	9	9	10	13	13	16	16
Legal	2	2	2	2	2	2	2	2	2	2
Environment and development:										
Planning & Sustainability (A)	20.53	20.53	17.75	15.75	15.75	35.65	36.65	22.65	20.65	15.65
Housing & Community	-	-	-	-	-	6.2	7.2	7.2	7.2	7.2
Public Works	85	76.25	65.25	71.25	71.25	72.25	72.55	72.55	70.2	71.2
Inspections (A)	8	8	8	8	12	-	-	-	-	-
Engineering	23	23	23	23	23	21	20	20	20	20
Public Safety:										
Police	145	145	139	138	136	136	134	150	150	155
Fire	93.53	93.53	90	92	92	95	97	96	96	96
Leisure activities:										
Parks & Recreation	58.84	58.84	53.51	54.01	54.41	57.83	57.83	57.8	56.5	53.8
Library	29.08	29.08	30.39	26.63	30.09	30.41	29.9	30.3	32.16	34.66
Transit	195.33	195.33	171.73	178.41	183.79	198.29	201.29	203.29	203.29	203.29
Parking	12.8	12.8	11.8	11.8	11.8	10.8	10.8	9	9.8	9.8
Housing	17	17	16	16	16	16	16	16	16	16
Stormwater	14	14	14	14	14	14	14.7	14.7	15.05	15.05
Vehicle Maintenance	-	-	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
Total	753.24	744.49	696.71	711.88	723.12	760.71	767.2	769.77	770.13	771.93

Notes:

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

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

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Chapel Hill, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Chapel Hill's basic financial statements, and have issued our report thereon dated November 3, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 3, 2020

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Chapel Hill, North Carolina's, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Chapel Hill's major federal programs for the year ended June 30, 2020. The Town of Chapel Hill's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Chapel Hill's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Chapel Hill's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town of Chapel Hill complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Town of Chapel Hill is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Chapel Hill's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 3, 2020

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

We have audited the Town of Chapel Hill, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Town of Chapel Hill's major state programs for the year ended June 30, 2020. The Town of Chapel Hill's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Chapel Hill's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act, require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Chapel Hill's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major State Program

In our opinion, the Town of Chapel Hill complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Town of Chapel Hill is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Chapel Hill's internal control over compliance with the requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Chapel Hill's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 3, 2020

TOWN OF CHAPEL HILL, NORTH CAROLINA
SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

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:

Program Name	CFDA#
Public Housing Capital Fund	14.872
Federal Transit Cluster	20.507, 20.526

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, 2020

State Awards

Internal control over major state programs:

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

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

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

Identification of major state programs:

Program Name

Powell Bill

State Maintenance Assistance for Urban and Small Urban Areas

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 FINDINGS, RESPONSES AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

None reported.

This page intentionally left blank.

TOWN OF CHAPEL HILL, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA 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						
Direct Programs:						
FEDERAL TRANSIT CLUSTER:						
Federal Transit Administration - Federal Transit Formula Grant	20.507		37,963	14,649	-	3,663
Federal Transit Administration - Federal Transit Formula Grant	20.507		22,667	8,621	-	2,155
Federal Transit Administration - Federal Transit Formula Grant	20.507		1,373,586	-	-	-
Federal Transit Administration - Federal Transit Formula Grant	20.507		2,838,894	-	-	-
Federal Transit Administration - Federal Transit Formula Grant	20.507		1,505,000	20,730	-	5,183
Federal Transit Administration - Federal Transit Formula Grant	20.507		1,400,000	-	-	-
Federal Transit Administration - Federal Transit Formula Grant	20.507		917,910	697,099	91,570	129,241
Federal Transit Administration - Federal Transit Formula Grant	20.507		2,023,003	2,023,003	-	-
Federal Transit Administration - Bus and Bus Facilities Formula Grant	20.526		534,037	37,572	-	9,393
Federal Transit Administration - Bus and Bus Facilities Formula Grant	20.526		592,708	407,510	-	163,654
Federal Transit Administration - Bus and Bus Facilities Formula Grant	20.526		1,366,271	1,090,436	136,305	-
Subtotal Direct Federal Transit Cluster			12,612,039	4,299,620	227,875	449,594

TOWN OF CHAPEL HILL, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures		Pass-through to subrecipients
				Federal	State	
Passed-Through City of Durham, North Carolina:						
METROPOLITAN TRANSPORTATION PLANNING / STATE AND NON-METROPOLITAN PLANNING AND RESEARCH PROGRAM:						
Federal Transit Administration - Section 5303	20.505	U-4727	171,500	113,972	28,493	28,122
Federal Transit Administration - Section 5303	20.505	STP-DA 133(B)(3)(7)	119,911	95,640	-	23,332
Subtotal Pass-Through Metro Transportation Planning Program / State and Non-Metro Planning and Research Program				209,612	28,493	51,454
TRANSIT SERVICES PROGRAM CLUSTER:						
Federal Transit Administration Job Access and Reverse Commute Program	20.516	JARC - 5316	280,000	86,609	-	86,608
Subtotal Pass-Through Transit Services Program Cluster				86,609	-	-
Federal Highway Administration						
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER:						
Highway Planning and Construction Program						
NC DOT CMAQ Grant - Estes Drive Bike Construction	20.205	C-5179	2,886,618	52,567	-	-
NC DOT STPGDA Grant - Variable Message Construction	20.205	U-5543	1,401,300	530,158	-	-
NC DOT STPGDA Grant - Homestead Road Sidewalk	20.205	U-4726 IK	1,040,000	-	-	-
NC DOT-Sidepath	20.205	EB-5721	846,400	20,215	-	-
Subtotal Pass-Through Highway Planning and Construction Cluster				602,940	-	-
Total U.S. Department of Transportation				5,198,781	256,368	587,656

TOWN OF CHAPEL HILL, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA 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						
Office of Community Planning and Development						
Direct Programs:						
CDBG & ENTITLEMENT GRANTS CLUSTER:						
Community Development Block Grant Entitlement Grants Program income	14.218		1,819,148 36,453	238,752 -	- 7,339	87,440 -
Subtotal Direct CDBG Entitlement Grants Cluster			238,752	-	7,339	87,440
OFFICE OF PUBLIC & INDIAN HOUSING						
Public and Indian Housing Program - Operating Rental and other income	14.850		1,224,531 -	1,224,531 -	- 998,645	- -
Subtotal Direct Public Housing Capital Grants			1,224,531	-	998,645	-
PUBLIC HOUSING CAPITAL FUND						
Public Housing - Capital Fund	14.872 14.872 14.872 14.872		521,212 549,598 782,242 825,913	320,698 101,818 136,736 12,133	- - - -	- - - -
Subtotal Direct Public & Indian Housing Capital Grants			571,385	-	-	-
Passed-Through Orange County, North Carolina:						
HOME INVESTMENT PARTNERSHIP PROGRAM						
Public and Indian Housing - Program Income			-	-	12,755	-
Subtotal Pass-Through HOME Program			-	-	12,755	-
Total U.S. Department of Housing and Urban Development			2,034,668	-	1,018,739	87,440

TOWN OF CHAPEL HILL, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures			Pass-through to subrecipients
				Federal	State	Local	
U.S. Department of Justice							
Office of Justice Programs							
Direct Programs:							
Bulletproof Vest Partnership Program	16.607		27,066	1,454	-	1,455	-
Bulletproof Vest Partnership Program	16.607		22,687	-	-	-	-
Bulletproof Vest Partnership Program	16.607		26,030	4,208	-	4,208	-
Subtotal direct programs				5,662	-	5,663	-
National Institute of Justice							
Passed-Through NC Department of Public Safety:							
Governor's Crime Commission							
DNA Backlog Reduction Program	16.741	PROJ011685	23,990	-	-	-	-
Subtotal Passed-Through NC Dept of Public Safety				-	-	-	-
Total U.S. Department of Justice				5,662	-	5,663	-
U.S. Department of Homeland Security							
Passed-Through NC Department of Public Safety:							
Presidentially Declared Disaster Public Assistance	97.036	PW119879	252,614	252,614	-	-	-
Total U.S. Department of Homeland Security				252,614	-	-	-

TOWN OF CHAPEL HILL, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures		Pass-through to subrecipients
				Federal	State	Local
Federal Mediation and Conciliation Services						
Labor Mediation and Conciliation	34.001		24,000	570	-	-
Total Federal Mediation and Conciliation Services				570	-	-
U.S. Institute of Museum and Library Services						
Passed-Through State Library of North Carolina:						
Grants to States						
LSTA Project Literacy & Lifelong Learning Grant	45.310	LS-00-17-0034-18	40,000	2,970	-	-
LSTA Project Literacy & Lifelong Learning Grant	45.310	LS-00-17-0034-19	7,983	7,969	-	-
LSTA Project Literacy & Lifelong Learning Grant	45.310	LS-00-17-0034-19	49,250	41,521	-	4,613
LSTA Project Literacy & Lifelong Learning Grant	45.310	LS-00-17-0034-19	109,600	-	-	1,945
Total U.S. Institute of Museum and Library Services				52,460	-	6,558
U.S. Department of Treasury						
Passed-Through NC Office of Management and Budget, NC Pandemic Recovery Office:						
COVID-19 Coronavirus Relief Fund	21.019	02-66-02	746,410	-	-	-
Total U.S. Department of Treasury				-	-	-
TOTAL FEDERAL ASSISTANCE				7,544,755	256,368	1,618,616
						87,440

**TOWN OF CHAPEL HILL, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures		Pass-through to subrecipients
				Federal	State	
STATE ASSISTANCE						
North Carolina Department of Transportation:						
Powell Bill		5121	1,486,889	-	1,486,889	36
State Maintenance Assistance for Urban and Small Urban Areas		NC-2017-049-00	3,593,342	-	3,593,342	-
NCDOT Advanced Technology Grant		18-AT-117	108,350	-	34,847	3,872
NCDOT MPO Grant - Traffic Signal Upgrade		U-4704	450,000	-	-	-
Passed-Through Triangle J Council of Government:						
Transit Demand Grant		2000004447	111,335	-	49,014	42,252
Total North Carolina Department of Transportation				-	5,164,092	46,160
North Carolina Department of Natural and Cultural Resources:						
State Library Aid		2016-2017	28,713	-	28,713	-
TOTAL STATE ASSISTANCE						
				-	5,192,805	46,160
TOTAL FINANCIAL ASSISTANCE						
			7,544,755	5,449,173	1,664,776	87,440

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

1. The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Chapel Hill, North Carolina under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Chapel Hill, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Chapel Hill.
2. Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
3. The Town of Chapel Hill has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
4. Powell Bill expenditures as reported above represent eligible expenditures reported to the North Carolina Department of Transportation (NCDOT) for the fiscal year ending June 30, 2020. The Town is required to report annually to the NCDOT on the accumulated unspent Powell Bill funds. As of June 30, 2020, 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.