

**Town of Chapel Hill, North Carolina
Annual Comprehensive Financial Report
For the fiscal year ended June 30, 2022**

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 Chartx
The Town Governing Body and Officialsxi

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT 1
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..... 95
Schedule of Contributions 96
Law Enforcement Officers' Special Separation Allowance (LEOSSA):
Schedule of Changes in Total Pension Liability..... 97
Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll..... 98

TABLE OF CONTENTS

	Page
Other Postemployment Benefits Trust (OPEB Trust):	
Schedule of Changes in the Net OPEB Liability and Related Ratios	99
Schedule of Town Contributions	100
Schedule of Investment Returns.....	101

COMBINING NON-MAJOR FUND STATEMENTS AND SCHEDULES

Non-Major Governmental Funds:	103
Combining Balance Sheets:	
Other Governmental Funds	105
Special Revenue Funds	106
Capital Projects Funds	108
Combining Statement of Revenues, Expenditures and Changes in Fund Balances:	
Other Governmental Funds	109
Special Revenue Funds	110
Capital Projects Funds	112
Internal Service Funds	113
Combining Statement of Net Position.....	114
Combining Statement of Revenues, Expenses and Changes in Net Position.....	115
Combining Statement of Cash Flow	116

BUDGETARY STATEMENTS

Major Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual:	
General Fund.....	119
Debt Service Fund.....	124
Capital Projects Ordinance Fund.....	125
American Rescue Plan Fund	127

Non-major Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances –	
Budget and Actual:	
Capital Projects Fund.....	128
Capital Reserve Fund	129
Transit Grant Projects Ordinance Fund	130
Public Housing Capital Grants Fund.....	131
Community Development Grant Fund.....	132
Affordable Housing Fund	133
Transitional Housing Fund	134
Land Trust Fund	135
Grants Fund	136
Downtown Service District Fund.....	137
Affordable Housing Development Reserve Fund.....	138
Climate Action Fund.....	139
Library Gift Fund.....	140

TABLE OF CONTENTS

Page

Enterprise Funds

Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual (Modified Accrual Basis):

Transit Fund	141
Parking Facilities Fund	143
Public Housing Operating Fund.....	145
Public Housing Supplemental Data Schedules	146
Stormwater Management Fund	148

Internal Service Funds

Statement of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual (Modified Accrual Basis):

Vehicle Replacement Fund	149
Vehicle Maintenance Fund	150
Computer Equipment Replacement Fund	151

Other Supplemental Schedules

Schedule of Ad Valorem Taxes Receivable.....	153
Analysis of Current Tax Levy.....	154

STATISTICAL SECTION

Statistical Section Summary	155
Net Position by Component	156
Changes in Net Position	157
Fund Balances, Governmental Funds.....	160
Changes in Fund Balance, Governmental Funds.....	162
Governmental Funds Tax Revenue by Source.....	165
Assessed Value and Actual Value of Taxable Property.....	166
Direct and Overlapping Property Tax Rates.....	168
Principal Property Tax Payers	170
Property Tax Levies and Collections	173
Ratios of Outstanding Debt by Type.....	174
Ratios of Net General Bonded Debt Outstanding	176
Direct and Overlapping Governmental Debt.....	179
Legal Debt Margin Information	180
Demographics and Economic Statistics.....	182
Principal Employers	183
Operating Indicators	184
Capital Asset Statistics	186
Full Time Equivalent Town Employees by Function	188

TABLE OF CONTENTS

Page

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 189

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 191

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 195

Schedule of Findings, Responses, and Questioned Costs 198

Schedule of Expenditures of Federal and State Awards 202



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 10, 2022

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

Mayor and Council:

The Annual Comprehensive Financial Report (ACFR) of the Town of Chapel Hill for the fiscal year ended June 30, 2022 (FY 2021-22) 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, 2022.

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, 2022 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, 2022.

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

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

Profile of the Town of Chapel Hill

The Town is located principally in Orange County with a small section extending into Durham County in the north central portion of North Carolina on the Piedmont Plateau, approximately equidistant between Washington, D.C. and Atlanta, Georgia. The area's topography is characterized by rolling hills. The Town, which was chartered in 1819, presently covers an area of 21.7 square miles, serves an official population of 61,912 and is the home of the University of North Carolina at Chapel Hill.

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

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

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

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

Factors Affecting Financial Condition

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

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

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

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. As a result, economic uncertainties arose which had a significant potential to negatively impact Town revenues and operations. The Town immediately took action to help protect our resources and prepare for the unknown by implementing a hiring freeze, closely monitoring expenditures, and conservatively budgeting FY 2021 and FY 2022 revenues. Town staff do not believe that COVID-19 will have a significant impact on the Town's FY 2023 operations and fiscal results.

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

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

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

- Affordable Housing \$10.0 million

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

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

The Town intends to issue the remaining \$7.7 million of streets and sidewalks bonds, the remaining \$5.245 million in affordable housing bonds, and almost \$2 million in 2/3 bonds in winter 2023.

The bond orders included projects that have been prioritized through the Town's internal review process, various master planning processes, special studies, facility assessments and importance ranking in the Town's biennial community survey. The voters approved the referendum passing all five bond orders by wide margins. The Town now has the authority to issue these bonds within 10 years of the date of the referendum (3 year extension was granted).

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

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

In February 2017, the Town issued \$9.0 million of these general obligation bonds as follows: \$5.0 million for greenways and trails, \$3.0 million for streets and sidewalks and \$1.0 million for parks projects. In February 2017, the Town also issued \$1.46 million in 2/3 bonds for the

purchase of a ladder fire truck and for emergency communication equipment. The Town also issued \$6.408 million in installment notes payable for the purchase of 14 buses.

In June 2012, the Town sold \$28.8 million in Limited Obligation Bonds (LOBs), taking advantage of favorable interest rates to both refinance existing debt and to borrow additional funds to meet the obligations for the 140 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 140 West mixed-use development, capital repairs of the Wallace Deck and renovations to the Town Operations Center.

The Town has embarked on two complementary work programs that will steer the future growth of Chapel Hill. The first is the Complete Communities Strategy. This strategy is assessing capacity throughout the entire town to determine where and how to meet current and future housing needs. The second is the Transit Oriented Development which provides an opportunity for the Town to capitalize on the future investment in transit opportunities in the North-South Corridor (one of the most heavily traveled corridors in the Town).

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 and the second part in the amount of \$6,460,000 was issued in FY 22.

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Chapel Hill for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021.

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.

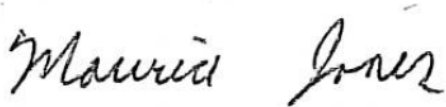
In addition, the Town also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for 2021-22. In order to qualify for the Distinguished Budget Presentation Award, the Town's budget document was judged to be proficient in all required

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**

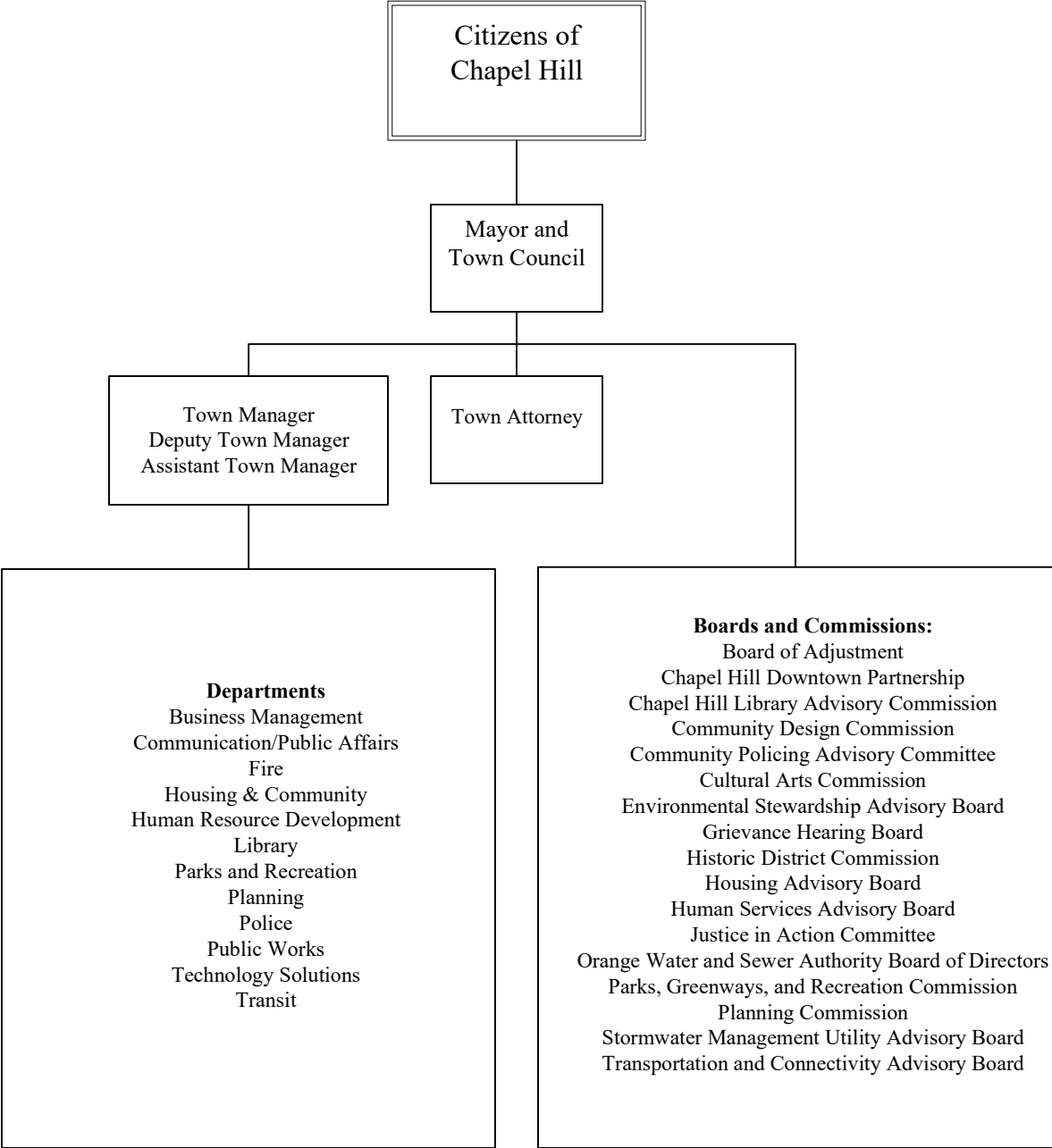
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

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, 2022
MEMBERS OF THE GOVERNING BODY**

Mayor

Pam Hemminger

Mayor pro tem

Karen Stegman

Council Members

Jessica Anderson

Camille Berry

Tai Huynh

Paris Miller-Foushee

Michael Parker

Amy Ryan

Adam Searing

Administrative and Financial Staff

Maurice Jones

Town Manager

Mary Jane Nirdlinger

Deputy Town Manager

Loryn Clark

Deputy Town Manager

Amy Oland

Business Management Director

Ann Anderson

Town Attorney

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Chapel Hill, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Chapel Hill, North Carolina, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note R to the financial statements, in 2022 the Town adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the

design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total

Pension Liability as a Percentage of Covered Employee Payroll, and the Other Postemployment Benefits' Schedules of Changes in the Net OPEB Liability and Related Ratios, Town Contributions, and Investment Returns be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Chapel Hill's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, supplemental ad valorem tax schedules, and the Schedule of Expenditures of Federal and State Awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Financial Data Schedule is presented for purposes of additional analysis as required by the U.S. Department of Housing and Urban Development and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules, supplemental ad valorem tax schedules, Financial Data Schedule, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated November 10, 2022 on our consideration of the Town of Chapel Hill's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Chapel Hill's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town of Chapel Hill's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 10, 2022

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, 2022. The financial statements and notes included in this report present the financial position and operations of governmental and business activities of the town. During the fiscal year, the Town continued its sound current and long-range policies for financial management. These policies are intended to:

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

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

Financial Highlights

Highlights of the Town's fiscal year ended June 30, 2022, 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 \$155.4 million (net position).
- The government's total net position increased by about \$23.5 million, the total of a \$8.7 million increase in governmental activities net position and a \$14.8 million increase in business-type activities net position. These increases are largely the result of the issuance of limited obligation bonds less the capital related expenditures incurred in FY 2022 a large decrease in the net pension liability for LGERS, and lapsed salary savings due to a hiring freeze and operational cost savings.
- At June 30, 2022, total net position was \$155.4 million which is made up of \$110.7 million invested in capital assets, \$14.4 restricted net position which has been reserved for specific purposes, and a remaining balance of \$30.3 million that is unrestricted. Restrictions for Stabilization by State Statue accounts for \$13.5 million of net position, largely representing debt fund (\$1.9 million), outstanding purchase orders for ongoing Town operating costs (\$1.8 million), and the remaining representing receivables due to the Town.
- As of the close of the current fiscal year, Chapel Hill's governmental funds reported combined ending fund balances of approximately \$93.9 million, an increase of \$31.0 million in comparison with the prior year. This net increase is a result of the limited obligations borrowing and significant lapsed salary and operational savings.
- Unassigned fund balance of the General Fund (totaling approximately \$22.2 million) continues to meet working capital requirements and a policy of reserving at least 12% of total expenditures.

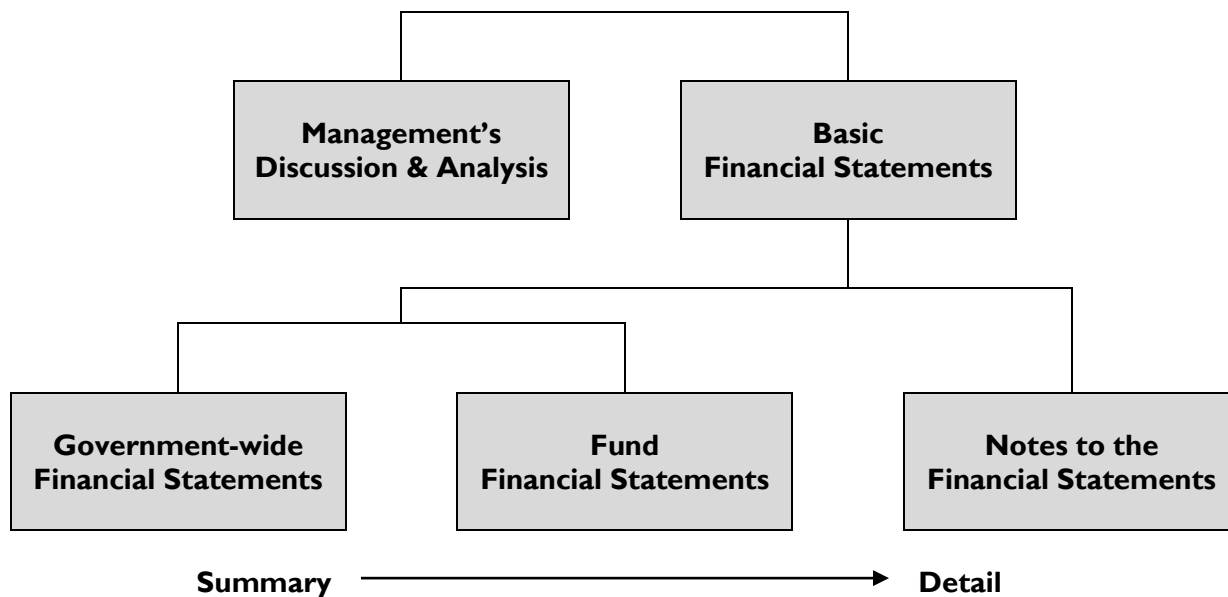
Management's Discussion and Analysis

Legal provisions and financial policies of the Town restrict fund balance in other funds for the purposes of those funds.

- The Town's total long-term liabilities increased by \$28.0 million to \$126.7 million as a result of the issuance of the 2021 limited obligation bonds for the East Rosemary Street Deck offset by the large decrease in the net pension liability for LGERS (due to actuarially determined plan projections) and annual debt payments.
- 2022 was a revaluation year for Orange County. Prior to the revaluation, the tax rate was 54.4 cents. The revenue neutral tax rate was calculated at 49.4 cents. For FY 2022, the Town adopted a tax rate at 51.4 cents to help with the recovery from the COVID-19 pandemic by returning funding to areas that had been cut in the prior budget (pay-go capital, maintenance, and vehicle replacements).
- Property taxes supported 49.9% of the governmental services to citizens and the community in fiscal year 2022.
- The Town of Chapel Hill maintained its AAA bond rating from Moody's Investors Service and Standard and Poor's.

Overview of the Financial Statements

Required Components of Annual Comprehensive Financial Report



Basic Financial Statements

This discussion and analysis serves as an introduction to Chapel Hill's basic financial statements, which consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements as shown above. The basic financial statements present two different

Management's Discussion and Analysis

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.

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.

Management's Discussion and Analysis

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 93 of this report.

Supplemental Information includes certain required information concerning the Town's progress in funding its obligation to provide separation allowance for law enforcement officers and other postemployment benefits. Required supplementary information can be found beginning on page 95 of this report.

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

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

Government-Wide Financial Analysis

Figure 2 below is a summary of net position for the Town of Chapel Hill at June 30, 2022 (as shown in Exhibit 1) with comparative data from June 30, 2021.

Management's Discussion and Analysis

Town of Chapel Hill's Net Position						
Figure 2						
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 117,176,822	\$ 75,747,344	\$ 55,975,077	\$ 42,282,554	\$ 173,151,899	\$ 118,029,898
Capital assets	129,332,792	118,767,089	42,265,214	43,764,966	171,598,006	162,532,055
Total assets	246,509,614	194,514,433	98,240,291	86,047,520	344,749,905	280,561,953
Total deferred outflows of resources	12,313,378	11,040,079	4,017,303	3,525,803	16,330,681	14,565,882
Current liabilities	31,601,722	19,262,927	4,084,474	3,190,398	35,686,196	22,453,325
Non-current liabilities	125,864,410	96,440,553	16,873,302	20,977,659	142,737,712	117,418,212
Total liabilities	157,466,132	115,703,480	20,957,776	24,168,057	178,423,908	139,871,537
Deferred inflows of resources	19,320,487	16,553,961	7,906,782	6,813,580	27,227,269	23,367,541
Net position:						
Net investment in capital assets	74,079,252	78,071,289	36,630,532	37,340,846	110,709,784	115,412,135
Restricted for:						
Stabilization by State Statute	13,530,796	11,737,825	-	-	13,530,796	11,737,825
Capital projects	381,281	1,942,289	-	-	381,281	1,942,289
Inspections	83,089	321,808	-	-	83,089	321,808
Public housing	128,538	113,836	-	-	128,538	113,836
Other functions	241,007	840,511	-	-	241,007	840,511
Unrestricted	(6,407,590)	(19,730,487)	36,762,504	21,250,840	30,354,914	1,520,353
Total net position	\$ 82,036,373	\$ 73,297,071	\$ 73,393,036	\$ 58,591,686	\$ 155,429,409	\$ 131,888,757

The assets and deferred outflow of resources of the Town of Chapel Hill exceeded liabilities and deferred inflows of resources by \$155.4 million as of June 30, 2022. The Town's net position increased by a total of \$23.5 million, the total of a \$8.7 million increase in governmental activities net position and a \$14.8 million increase in business-type activities net position. The majority of the increase in the governmental activities net position is the result of the CIP asset and related debt for the East Rosemary Parking Deck. Once construction is complete and the deck opens, the asset and debt will be transferred to the Parking Fund. The majority of the increase in the business-type activities net position comes from an increase in cash and receivables tied to federal grants in the Transit Fund and a decrease in the net pension liability for LGERS.

The largest portion of net position (about \$110.7 million) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related outstanding debt. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Chapel Hill's investment in capital assets is reported net of the outstanding related 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 \$14.4 million) represents resources that are subject to external restrictions on how they may be used, leaving a remaining balance of \$30.4 million in unrestricted net position.

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

Management's Discussion and Analysis

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

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

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

Governmental activities. Governmental activities show an increase in net position of about \$8.7 million. The majority of the increase in the governmental activities net position is the result of the CIP asset and related debt for the East Rosemary Parking Deck.

Business-type activities: Business-type activities show an increase in net position of about \$14.8 million. The Transit fund had a \$13.3 million increase in net position from federal grant revenues (ARPA and CARES), personnel savings due to the hiring freeze, and operating savings. The Parking Facilities Fund had a \$383K increase as a result of higher than anticipated parking fee collections returning downtown after the pandemic. The Stormwater Management Fund which increased \$946K in net position due to reductions in personnel costs and capital project delays. The Housing Operating Fund had an increase in net position of \$157K due to higher than anticipated HUD and rent revenues.

Figure 3 presents a summary of government-wide activity (as presented in Exhibit 2) for the year ended June 30, 2022, with comparative data for June 30, 2021.

Management's Discussion and Analysis

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

	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 7,596,795	\$ 6,613,399	\$ 7,296,826	\$ 6,392,595	\$ 14,893,621	\$ 13,005,994
Operating grants and contributions	5,079,061	6,539,239	31,545,592	23,323,561	36,624,653	29,862,800
Capital grants and contributions	3,339,114	1,800,911	2,887,006	191,377	6,226,120	1,992,288
General revenues:						
Taxes	64,274,760	58,964,009	5,113,815	5,072,837	69,388,575	64,036,846
Grants and contributions not restricted to specific programs	5,111,579	5,135,158	-	-	5,111,579	5,135,158
Investment earnings	56,676	15,581	7,630	11,534	64,306	27,115
Other	2,779,117	1,752,601	365,144	51,781	3,144,261	1,804,382
Total revenues	88,237,102	80,820,898	47,216,013	35,043,685	135,453,115	115,864,583
Expenses:						
General government	14,187,218	14,509,659	-	-	14,187,218	14,509,659
Environment and development	30,158,640	26,281,322	-	-	30,158,640	26,281,322
Public safety	21,946,099	19,640,367	-	-	21,946,099	19,640,367
Leisure activities	11,888,593	12,520,360	-	-	11,888,593	12,520,360
Interest expense	2,447,780	1,696,386	-	-	2,447,780	1,696,386
Transportation	-	-	24,834,804	23,390,455	24,834,804	23,390,455
Parking facilities	-	-	1,757,499	1,229,514	1,757,499	1,229,514
Stormwater management	-	-	2,213,481	2,412,559	2,213,481	2,412,559
Housing operations	-	-	2,478,349	2,623,304	2,478,349	2,623,304
Total expenses	80,628,330	74,648,094	31,284,133	29,655,832	111,912,463	104,303,926
Increase (decrease) in net position before transfers	7,608,772	6,172,804	15,931,880	5,387,853	23,540,652	11,560,657
Transfers	1,130,530	(9,312)	(1,130,530)	9,312	-	-
Increase (decrease) in net position	8,739,302	6,163,492	14,801,350	5,397,165	23,540,652	11,560,657
Net position, July 1	73,297,071	67,133,579	58,591,686	53,194,521	131,888,757	120,328,100
Net position, June 30	\$ 82,036,373	\$ 73,297,071	\$ 73,393,036	\$ 58,591,686	\$ 155,429,409	\$ 131,888,757

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, 2022 the governmental funds of Chapel Hill reported a combined fund balance of about \$93.9 million, an increase of \$12.0 million or 49.3% from last year.

The General Fund is the chief operating fund of Chapel Hill. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$22.2 million, with total fund balance of \$36.3 million. The fund balance available for appropriation according to the statutory calculation is 39.5% of expenditures for FY22, and the Town Council target policy requires that we maintain at least a fund balance of 22% of expenditures in case of unforeseen needs. Unassigned fund balance represents 61.3% of total fund balance. Total fund balance, which includes reserves and designated amounts, represents 51.3% of total 2021-22 General Fund expenditures and other uses. The total fund balance increased by about \$1.9 million. The majority of this increase comes from sales tax revenues that were not anticipated (budgeted conservatively after the impacts of the pandemic).

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 \$3.6 million, as a result of the reimbursement of the \$3.4 million transfer to the Capital Projects Ordinance Fund in FY 2021 to cover the advance expenditures for the planned 2021 Limited Obligation Bonds East Rosemary Parking Deck and Elliott Road Reconstruction Project.

The Capital Projects Ordinance Fund reflects a \$22.6 million increase in fund balance, representing the issuance of the 2021 limited obligation bonds offset by the planned capital expenditures for the projects covered under this borrowing.

The American Rescue Plan Fund represents \$5.3 million in cash that was received in May 2021 and an additional \$5.3 million in cash that was received in June 2022. The sum of these two payments less the amount spent in FY 2022 of \$432K was deferred as the Town is developing a long-term strategy for how to best spend this money.

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

Revenues were about \$4.0 million more than budgeted. Conservative budget practices tied to sales tax revenues, changes to internet sales tax regulations, plus inflationary pricing led to \$2.3 million more in sales tax collections in FY 2022. Other areas that came in higher than anticipated were occupancy tax and inspection permits that offset decreases seen in the removal of the school resource officer program and lower than anticipated parks & recreation facility rentals and planning revenues.

Expenditures were about \$6.9 million less than budgeted. About \$3.8 million represents lapsed salary and benefit savings from vacant positions, \$827K from economic incentives that won't be paid out until FY 2023, and other various operational savings. About \$1.2 million represents purchase orders and commitments at year end that, with the approval of Council, are carried forward to the subsequent fiscal year. The Town also plans for actual revenues to exceed expenditures by \$2.5 million each year to become a part of appropriated fund balance in the following year.

Management’s Discussion and Analysis

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 \$31.0 million for the Transit Fund, \$4.0 million for the Housing Operating Fund and \$4.8 million for the Stormwater Management Fund. The Parking Facilities Fund shows a deficit in unrestricted net position of \$3.1 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.

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, 2022, capital assets totaled \$171.6 million compared with \$162.5 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: East Rosemary Parking Deck, Elliott Road reconstruction, Estes Drive bike lanes, Bolin Creek trail, Bolin Creek storage basin, and bus purchases.

	Governmental		Business-type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Land	\$ 39,426,813	\$ 39,426,813	\$ 7,341,298	\$ 7,341,298	\$ 46,768,111	\$ 46,768,111
Easements	476,198	345,246	3,000	3,000	479,198	348,246
Land improvements	22,448,979	24,018,905	5,762,593	3,241,634	28,211,572	27,260,539
Infrastructure	1,746,022	3,222,851	-	-	1,746,022	3,222,851
Buildings and building improvements	30,391,603	34,010,785	10,945,406	11,769,652	41,337,009	45,780,437
Equipment	829,707	981,446	403,429	460,860	1,233,136	1,442,306
Vehicles	4,409,184	4,444,797	17,261,860	17,544,252	21,671,044	21,989,049
Construction in progress	29,604,286	12,316,246	547,628	3,404,270	30,151,914	15,720,516
Total	\$ 129,332,792	\$ 118,767,089	\$ 42,265,214	\$ 43,764,966	\$ 171,598,006	\$ 162,532,055

Additional information on the Town’s capital assets can be found in Note F, Capital Assets beginning on page 58 of the Basic Financial Statements.

Long-term Debt. As shown in Figure 5, as of June 30, 2022 the Town of Chapel Hill had total outstanding bonded debt, backed by the full faith and credit of the Town, of \$35,582,000. The Town also had \$49,225,000 of debt in limited obligation bonds for the construction of the East Rosemary Parking Deck, Elliott Road reconstruction project, to refund the 2012 limited obligation bonds for

Management's Discussion and Analysis

funding construction of the Town Operations Center and the 140 West Parking Deck, and to refund installment notes for renovations to various municipal facilities. 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 \$3,383,000. The Town's total debt of about \$154.7 million also includes the net other postemployment liability of \$32.9 million as required by GASB 75 and total pension liability of \$7.3 million for the law enforcement special separation allowance as required by GASB 73 and \$8.6 for LGERS. For more information on these GASB statements and their effect on the Town's financial statements, please refer to pages 79-91 of the Notes to the Financial Statements.

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

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 33,422,000	\$ 36,264,000	\$ 2,160,000	\$ 2,295,000	\$ 35,582,000	\$ 38,559,000
Limited obligation bonds	49,225,000	10,325,000	-	-	49,225,000	10,325,000
Installment notes payable	4,819,000	6,958,000	3,383,000	4,019,000	8,202,000	10,977,000
Orange County loan payable	123,146	123,146	-	-	123,146	123,146
Bond premium	8,896,975	2,786,058	103,642	110,120	9,000,617	2,896,178
Lease liability	11,923	-	43,376	-	55,299	-
Total pension liability for LEO	7,312,232	7,320,909	-	-	7,312,232	7,320,909
Net pension liability for LGERS	6,029,081	14,508,590	2,530,838	5,994,299	8,559,919	20,502,889
Compensated absences	3,019,801	3,066,836	745,327	791,595	3,765,128	3,858,431
Net other postemployment liability	23,387,487	22,885,759	9,469,365	9,266,220	32,856,852	32,151,979
Total	\$136,246,645	\$104,238,298	\$ 18,435,548	\$ 22,476,234	\$154,682,193	\$126,714,532

The Town's total debt from governmental activities increased by \$32.0 million or 30.7%, to \$136.2 million during the past fiscal year. The increase represents the increase in limited obligation bonds due to the issuance in the current year, offset by the large decrease to the net pension liability for LGERS and payments made during the year toward general obligation bonds, limited obligation bonds, installment notes payable and other debt.

Business-type debt decreased by about \$4.0 million or 18.0% to \$18.4 million, resulting from mostly from the large decrease to the net pension liability for LGERS and payments made during the year toward general obligation bonds, installments notes payable, and other debt.

As mentioned in the financial highlights section of this document, at June 30, 2022 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

Management's Discussion and Analysis

bonds as follows: \$5.5 million for streets and sidewalks, \$4.3 million for park facilities and \$2.7 million for stormwater.

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

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 \$697 million, which is well above the town's outstanding debt for general obligation bonds of approximately \$35.6 million plus the \$24.045 million authorized but unissued, which combined is about 7.9% 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 65 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 may continue which may negatively impact Town revenues and operations in the coming year.
- The Town was awarded \$10.67 million in Coronavirus State and Local Fiscal Recovery Funds to support the pandemic response efforts and replace lost revenue. The Town has spent \$432K and has allocated an additional \$3.35 million at June 30th. Staff are working with Council to allocate the remainder of the funds for eligible projects and to meet community needs.
- The Town of Chapel Hill had an unemployment rate of about 3.4% at June 30, 2022 which is the same as the state average. These numbers are much improved from the last year.
- Stable property tax base with a continuing property tax collection rate in excess of 99%.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities:

General Fund revenues budgeted for FY 23 total \$76.7 million. Town Council adopted a tax rate of 52.2 cents for the FY 2022-23 budget. The breakdown in cents per \$100 valuation is as follows: General Fund 37.2 cents, Debt Service Fund 8.8 cents and Transit Fund 6.2 cents. The tax base for 2022-23 is estimated to be \$9.62 billion, a 1.7% increase over prior year, which is in line with expected annual growth. Property taxes are budgeted at \$35.8 million for the General Fund.

Sales taxes are budgeted at \$20.2 million, a 22.3% increase from prior year as we budgeted very conservatively at \$16.6 million not knowing the full effects of the COVID-19 pandemic. Actual collections for 2021-22 were \$18.8 million. Licenses and permits remain stable and are budgeted at \$2.8 million, 1% increase from prior year budget. Charges for services are budgeted at \$4.8 million, a 11.8% increase from prior year budget as parks facilities and programs return. Occupancy tax is budgeted at \$1.25 million, a 66.7% increase from prior year budget as tourism returns to pre-pandemic levels. Appropriated fund balance is budgeted at \$2.7 million, a 6.1% increase from prior year.

Management's Discussion and Analysis

General Fund expenditures of \$76.7 million represent an 8% increase from the budget for 2021-22. The goal of the budget is to align allocations with Council and community priorities. The goals of the budget for 2022-23 are to restore services that were limited in the prior year, and to make investments in our future with our recurring revenues. The 2022-23 budget puts the Town in a strong position to recover from the immediate impacts of the COVID-19 pandemic and restores our focus on long-term priorities, especially those that will require an ongoing commitment such as employee pay, affordable housing, climate action, social equity, and infrastructure.

Debt service costs in 2022-23 are budgeted at \$9.6 million. The Debt Service tax rate, which remains the same in 2023, of 8.8 cents per \$100 in valuation is expected to generate about \$8.4 million.

Other governmental activities budgeted for 2022-23 reflect a continuation of existing service levels in keeping with the budget goals for FY23.

Business-type Activities:

The Transit Fund's 2022-23 budget of \$31.5 million continues the fare-free system with an increase in contributions from the system partners, the University of North Carolina and Town of Carrboro, and an increase in the Transit Fund's tax rate of 0.8 cents (from 5.4 cents to 6.2 cents) per \$100. The other increases are in grant funding - \$0.6 million in federal and \$3.2 million in state grant support. Overall, the Transit budget increased 19.6% over the 2021-22 budget.

The Parking Facilities Fund budget increased 140.6% overall from 2021-22 as a result of the new East Rosemary Parking Deck.

The Housing Operations budget increased 11.0% overall from 2021-22 in HUD contributions which help manage the public housing program.

Stormwater Management's budget remained flat compared to 2021-22.

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, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 50,045,396	\$ 47,517,746	\$ 97,563,142	\$ 24,040,201
Taxes receivable, net	167,342	14,728	182,070	-
Accounts receivable, net	806,893	2,662,324	3,469,217	4,951,367
Lease receivable	58,046	53,874	111,920	325,840
Due from other governments	10,079,055	7,318,449	17,397,504	-
Internal balances	2,765,085	(2,765,085)	-	-
Inventories	75,024	1,007,074	1,082,098	1,884,596
Prepaid items	-	-	-	277,396
Restricted cash and cash equivalents	-	110,631	110,631	6,466,041
Total current assets	63,996,841	55,919,741	119,916,582	37,945,441
Non-current assets:				
Restricted cash and cash equivalents	53,019,519	-	53,019,519	323,721
Lease receivable	145,066	-	145,066	429,741
Right to use leased asset, net of amortization	15,396	55,336	70,732	622,837
Capital assets (Note E):				
Land and construction in progress	69,507,297	7,891,926	77,399,223	66,245,426
Other capital assets, net of accumulated depreciation	59,825,495	34,373,288	94,198,783	291,409,521
Total capital assets	129,332,792	42,265,214	171,598,006	357,654,947
Total non-current assets	182,512,773	42,320,550	224,833,323	359,031,246
Total assets	246,509,614	98,240,291	344,749,905	396,976,687
DEFERRED OUTFLOWS OF RESOURCES				
Pension and OPEB deferrals	11,832,334	4,017,303	15,849,637	6,322,770
Deferred charge on refunding	481,044	-	481,044	315,906
Total deferred outflows of resources	12,313,378	4,017,303	16,330,681	6,638,676
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	6,273,191	2,396,869	8,670,060	3,342,917
Advance from grantor	10,236,552	-	10,236,552	-
Other liabilities	-	14,728	14,728	-
Liabilities payable from restricted assets	4,709,744	110,631	4,820,375	2,202,552
Current portion of long-term liabilities	10,382,235	1,562,246	11,944,481	7,576,972
Total current liabilities	31,601,722	4,084,474	35,686,196	13,122,441
Non-current liabilities:				
Net other postemployment liability	23,387,487	9,469,365	32,856,852	15,281,858
Net pension liability (LGRS)	6,029,081	2,530,838	8,559,919	1,875,283
Total pension liability (LEOSSA)	7,312,232	-	7,312,232	-
Due in more than one year	89,135,610	4,873,099	94,008,709	82,759,083
Total non-current liabilities	125,864,410	16,873,302	142,737,712	99,916,224
Total liabilities	157,466,132	20,957,776	178,423,908	113,038,665
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	10,045	-	10,045	-
Leases	202,729	53,663	256,392	798,645
Pension and OPEB deferrals	19,107,713	7,853,119	26,960,832	6,303,042
Total deferred inflows of resources	19,320,487	7,906,782	27,227,269	7,101,687
NET POSITION				
Net investment in capital assets	74,079,252	36,630,532	110,709,784	268,947,944
Restricted for:				
Stabilization by State Statute	13,530,796	-	13,530,796	-
Capital projects	381,281	-	381,281	-
Inspections	83,089	-	83,089	-
Public housing	128,538	-	128,538	-
Other functions	241,007	-	241,007	-
Water and sewer	-	-	-	323,721
Unrestricted	(6,407,590)	36,762,504	30,354,914	14,203,346
Total net position	\$ 82,036,373	\$ 73,393,036	\$ 155,429,409	\$ 283,475,011

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

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Functions/Programs	Net (Expense) Revenue and Changes in Net Position							Component Unit
	Program Revenues			Primary Government		Total	Component Unit	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities			
	Expenses							
Primary Government:								
Governmental activities:								
General government	\$ 14,187,218	\$ 1,840,118	\$ -	\$ -	(12,347,100)	\$ -	(12,347,100)	
Environment and development	30,158,640	4,145,836	3,182,538	3,339,114	(19,491,152)	-	(19,491,152)	
Public safety	21,946,099	436,408	1,167,252	-	(20,342,439)	-	(20,342,439)	
Leisure activities	11,888,593	1,174,433	729,271	-	(9,984,889)	-	(9,984,889)	
Interest expense	2,447,780	-	-	-	(2,447,780)	-	(2,447,780)	
Total governmental activities	80,628,330	7,596,795	5,079,061	3,339,114	(64,613,360)	-	(64,613,360)	
Business-type activities:								
Transportation	24,834,804	973,800	30,131,877	2,871,426	-	9,142,299	9,142,299	
Parking Facilities	1,757,499	2,086,574	-	-	-	329,075	329,075	
Housing Operations	2,478,349	1,093,693	1,406,215	15,580	-	37,139	37,139	
Stormwater Management	2,213,481	3,142,759	7,500	-	-	936,778	936,778	
Total business-type activities	31,284,133	7,296,826	31,545,592	2,887,006	-	10,445,291	10,445,291	
Total primary government	\$ 111,912,463	\$ 14,893,621	\$ 36,624,653	\$ 6,226,120	(64,613,360)	10,445,291	(54,168,069)	
Component unit - Orange Water and Sewer Authority	\$ 37,430,675	\$ 37,995,260	\$ -	\$ 876,715	-	-	1,441,300	
General revenues:								
Property taxes					44,038,318	5,113,815	49,152,133	
Sales tax					18,843,327	-	18,843,327	
Occupancy tax					1,297,315	-	1,297,315	
Other taxes					95,800	-	95,800	
Grants and contributions not restricted to specific programs:								
Intergovernmental					5,111,579	-	5,111,579	
Investment earnings					56,676	7,630	64,306	
Miscellaneous					2,779,117	365,144	3,144,261	
Total general revenues not including transfers					72,222,132	5,486,589	77,708,721	
Transfers					1,130,530	(1,130,530)	-	
Total general revenues and transfers					73,352,662	4,356,059	77,708,721	
Change in net position					8,739,302	14,801,350	23,540,652	
Net position, beginning					73,297,071	58,591,686	131,888,757	
Net position - ending					82,036,373	73,393,036	155,429,409	

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

MAJOR FUNDS

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

GOVERNMENTAL FUNDS

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

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

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

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

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

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

BUSINESS-TYPE FUNDS

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

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

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

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

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

FIDUCIARY FUNDS

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

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

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2022

	Major Funds					Total Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects Ordinance	American Rescue Plan	Other Governmental Funds		
ASSETS							
Cash and cash equivalents	\$ 32,017,646	\$ 8,998,981	\$ 539,272	\$ -	\$ 6,875,368	\$ 48,431,267	
Receivables:							
Due from other funds	1,579,944	1,874,213	-	-	-	3,454,157	
Property taxes, net	141,188	23,990	-	-	2,164	167,342	
Governmental units and agencies	6,804,441	36,978	2,150,483	-	1,087,153	10,079,055	
Leases	203,112	-	-	-	-	203,112	
Other	793,060	-	-	-	-	793,060	
Inventories	3,439	-	-	-	16,538	19,977	
Restricted cash and equivalents	843,032	-	41,229,108	10,237,902	709,477	53,019,519	
TOTAL ASSETS	\$ 42,385,862	\$ 10,934,162	\$ 43,918,863	\$ 10,237,902	\$ 8,690,700	\$ 116,167,489	
LIABILITIES AND FUND BALANCES							
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 689,072	\$ 689,072	
Accounts payable	1,956,430	-	87,654	-	1,195,856	3,239,940	
Accrued liabilities	2,721,778	-	749	-	36,486	2,759,013	
Advance from grantor	-	-	-	10,236,552	-	10,236,552	
Accounts payable from restricted assets	168,010	-	3,678,699	1,350	145,192	3,993,251	
Other payables from restricted assets	675,022	-	-	-	41,471	716,493	
Total liabilities	5,521,240	-	3,767,102	10,237,902	2,108,077	21,634,321	
DEFERRED INFLOWS OF RESOURCES							
Property taxes receivable	141,188	23,990	-	-	2,164	167,342	
Fees and charges receivable	210,369	-	-	-	38,191	248,560	
Prepaid taxes	10,045	-	-	-	-	10,045	
Leases	202,729	-	-	-	-	202,729	
Total deferred inflows of resources	564,331	23,990	-	-	40,355	628,676	

Continued

GOVERNMENTAL FUNDS

BALANCE SHEET
JUNE 30, 2022

	Major Funds					Total Governmental Funds
	General	Debt Service	Capital Projects Ordinance	American Rescue Plan	Other Governmental Funds	
FUND BALANCES						
Nonspendable						
Inventories	\$ 3,439	\$ -	\$ -	\$ -	\$ 16,538	\$ 19,977
Leases	383	-	-	-	-	383
Restricted						
Stabilization by State Statute	10,293,382	1,911,191	-	-	1,326,223	13,530,796
Inspections	83,089	-	-	-	-	83,089
Parks capital projects	36,603	-	4,326,067	-	-	4,362,670
Streets capital projects	483,622	-	6,817,891	-	-	7,301,513
Municipal buildings projects	-	-	25,052,227	-	-	25,052,227
Affordable housing projects	-	-	3,867,711	-	-	3,867,711
Public housing	-	-	-	-	128,538	128,538
Public safety	178,347	-	62,660	-	-	241,007
Transit capital purchases	-	-	-	-	76,146	76,146
Infrastructure capital projects	-	-	-	-	218,089	218,089
Library	-	-	-	-	250,989	250,989
Committed						
Debt service payments	-	10,237,345	-	-	-	10,237,345
Municipal buildings projects	-	-	-	-	701,812	701,812
Infrastructure capital projects	-	-	-	-	163,380	163,380
Technology capital projects	-	-	25,202	-	-	25,202
Fire capital projects	-	-	-	-	44,480	44,480
Public housing	-	-	-	-	2,880,698	2,880,698
Climate action	-	-	-	-	390,933	390,933
Economic development	-	-	3	-	80,899	80,902
Assigned						
Subsequent year's expenditures	2,663,390	672,827	-	-	7,315	3,343,532
Parks capital projects	-	-	-	-	96,647	96,647
Workforce Development	263,029	-	-	-	-	263,029
Municipal buildings projects	-	-	-	-	147,210	147,210
Technology capital projects	-	-	-	-	51,615	51,615
Economic development	53,737	-	-	-	-	53,737
Public housing	-	-	-	-	198,446	198,446
Unassigned	22,241,270	(1,911,191)	-	-	(237,690)	20,092,389
Total fund balances	<u>36,300,291</u>	<u>10,910,172</u>	<u>40,151,761</u>	<u>-</u>	<u>6,542,268</u>	<u>93,904,492</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 42,385,862	\$ 10,934,162	\$ 43,918,863	\$ 10,237,902	\$ 8,690,700	\$ 116,167,489

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, 2022

Fund balances - total governmental funds	\$	93,904,492
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Amounts reported for governmental activities in the Statement of Net Position are different because of the following:

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

Governmental capital assets	247,727,481	
Less accumulated depreciation	<u>120,456,958</u>	127,270,523

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

Right to use assets at historical cost	23,794	
Less accumulated amortization	<u>8,398</u>	15,396

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	(87,466,000)	
Net other postemployment liability	(22,967,153)	
Orange County loan payable	(123,146)	
Bond premium	(8,896,975)	
Accrued vacation payable	(2,978,961)	
Net pension liability (LGERS)	(5,950,697)	
Total pension liability (LEO)	(7,312,232)	
Lease liability	<u>(11,923)</u>	(135,707,087)

Deferred outflows of resources - pension

8,951,643

Deferred outflows of resources - OPEB

802,016

Deferred outflows of resources - LEOSSA

1,904,431

Deferred outflows of resources - advance refunding

481,044

12,139,134

Deferred inflows of resources - pension

(8,759,015)

Deferred inflows of resources - OPEB

(9,861,675)

Deferred inflows of resources - LEOSSA

(174,401)

(18,795,091)

Liabilities for earned revenues considered deferred inflows of resources in the governmental funds.

415,902

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

2,793,104

Net position of governmental activities

\$ 82,036,373

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, 2022

	Major Funds					Total Governmental Funds
	General	Debt Service	Capital Projects Ordinance	American Rescue Plan	Other Governmental Funds	
REVENUES						
Taxes	\$ 55,553,025	\$ 8,330,087	\$ -	\$ -	\$ 391,648	\$ 64,274,760
Licenses and permits	3,655,031	-	-	-	-	3,655,031
Fines and forfeitures	17,379	-	-	-	-	17,379
Intergovernmental revenues						
Federal government	-	-	724,480	431,945	3,106,377	4,262,802
State government	7,912,473	-	21,831	-	35,341	7,969,645
Other	665,695	-	-	-	631,612	1,297,307
Charges for services	3,759,055	-	-	-	-	3,759,055
Interest on investments	6,414	22,138	27,481	-	643	56,676
Franchise rental fees	-	-	-	-	69,979	69,979
Program income	-	-	-	-	95,351	95,351
Donations	104,177	-	-	-	315,061	419,238
Revenue in lieu	64,916	-	207,675	-	1,250,000	1,522,591
Mutual aid reimbursements	492,897	-	-	-	-	492,897
Other	309,665	-	-	-	4,886	314,551
Total revenues	72,540,727	8,352,225	981,467	431,945	5,900,898	88,207,262
EXPENDITURES						
General government	14,384,980	-	-	-	-	14,384,980
Environment and development	17,061,802	-	-	431,945	3,058,509	20,552,256
Public safety	23,833,501	-	-	-	109,751	23,943,252
Leisure activities	10,297,300	-	-	-	202,654	10,499,954
Capital projects	-	-	20,897,436	-	4,598,853	25,496,289
Debt service:						
Principal	11,871	5,847,000	-	-	-	5,858,871
Interest and fiscal charges	129	2,786,108	-	-	-	2,786,237
Total expenditures	65,589,583	8,633,108	20,897,436	431,945	7,969,767	103,521,839
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	6,951,144	(280,883)	(19,915,969)	-	(2,068,869)	(15,314,577)

Continued

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022

	Major Funds					Total Governmental Funds
	General	Debt Service	Capital Projects Ordinance	American Rescue Plan	Other Governmental Funds	
OTHER FINANCING SOURCES (USES)						
Proceeds from refunding bond issuance	-	12,047,000	-	-	-	12,047,000
Premium from refunding bond issuance	-	275,881	-	-	-	275,881
Payment to refunding bond escrow agent	-	(12,241,044)	-	-	-	(12,241,044)
Issuance of general obligation bonds	-	-	39,479,000	-	-	39,479,000
Premium on bond issuance	-	-	6,440,021	-	-	6,440,021
Insurance recovery	29,840	-	-	-	-	29,840
Lease liabilities issued	23,794	-	-	-	-	23,794
Transfer from other funds	45,000	3,845,050	-	-	4,897,243	8,787,293
Transfer to other funds	(5,111,813)	-	(3,399,950)	-	(45,000)	(8,556,763)
Total other financing sources (uses)	(5,013,179)	3,926,887	42,519,071	-	4,852,243	46,285,022
NET CHANGE IN TOTAL FUND BALANCES						
	1,937,965	3,646,004	22,603,102	-	2,783,374	30,970,445
FUND BALANCES, BEGINNING						
	34,362,326	7,264,168	17,548,659	-	3,758,894	62,934,047
FUND BALANCES, ENDING						
	\$ 36,300,291	\$ 10,910,172	\$ 40,151,761	\$ -	\$ 6,542,268	\$ 93,904,492

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

GOVERNMENTAL FUNDS

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

Year Ended June 30, 2022

Net change in fund balances - total governmental funds \$ 30,970,445

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	18,583,610	
Current year's depreciation	7,625,770	10,957,840

Right to use leased asset capital outlay expenditures which were capitalized	23,794	
Amortization expense for intangible assets	8,398	15,396

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. 17,618,871

The issuance of long-term debt provides current financial resources to governmental funds and does not have any effect on net position. (51,549,794)

Bond premium in the current year is reported on the fund financial statements when debt is issued but amortized in the statement of activities. (6,715,902)

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		338,457
Change in long-term compensated absences		41,427
Change in long-term separation allowance		8,677
Other postemployment benefits		(492,711)
Pension expense		12,744,906
Deferred charge on refunding		(481,044)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities (4,696,807)

Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities (244,432)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (366,830)

Internal service funds are used by management to charge the costs of certain activities to individual funds 590,803

Change in net position of governmental activities \$ 8,739,302

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, 2022**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 35,147,500	\$ 35,147,500	\$ 35,316,583	\$ 169,083
Local option sales taxes	16,560,488	16,560,488	18,843,327	2,282,839
Other taxes	828,500	828,500	1,393,115	564,615
Licenses and permits	2,896,500	2,896,500	3,655,031	758,531
Fines and forfeitures	35,250	35,250	17,379	(17,871)
Intergovernmental revenues	8,402,439	8,483,439	8,578,168	94,729
Charges for services	4,172,202	4,172,202	3,759,055	(413,147)
Interest on investments	25,000	25,000	6,414	(18,586)
Other	376,900	432,764	995,449	562,685
TOTAL REVENUES	68,444,779	68,581,643	72,564,521	3,982,878
EXPENDITURES				
General government	16,170,835	17,502,284	14,384,980	3,117,304
Environment and development	17,931,425	19,824,582	17,061,802	2,762,780
Public safety	23,351,115	23,864,173	23,833,501	30,672
Leisure activities	11,263,680	11,299,582	10,309,300	990,282
Total expenditures	68,717,055	72,490,621	65,589,583	6,901,038
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(272,276)</u>	<u>(3,908,978)</u>	<u>6,974,938</u>	<u>10,883,916</u>
OTHER FINANCING SOURCES (USES)				
Insurance recovery	20,000	20,000	29,840	9,840
Transfer from other funds	45,000	45,000	45,000	-
Transfer to other funds	(2,302,945)	(5,124,257)	(5,111,813)	12,444
Appropriated fund balance	2,510,221	8,968,235	-	(8,968,235)
Total other financing sources (uses)	<u>272,276</u>	<u>3,908,978</u>	<u>(5,036,973)</u>	<u>(8,945,951)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>1,937,965</u>	<u>\$ 1,937,965</u>
FUND BALANCE, BEGINNING			<u>34,362,326</u>	
FUND BALANCE, ENDING			<u>\$ 36,300,291</u>	

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

TOWN OF CHAPEL HILL, NORTH CAROLINA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 36,527,829	\$ 450	\$ 5,601,503	\$ 5,387,964
Restricted cash and cash equivalents	-	-	80,456	30,175
Receivables:				
Accounts receivable, net	2,116,803	58,337	88,535	398,649
Leases	-	53,874	-	-
Governmental units and agencies	7,301,464	5,862	-	11,123
Property taxes, net	14,728	-	-	-
Inventories	982,268	-	24,806	-
Total current assets	<u>46,943,092</u>	<u>118,523</u>	<u>5,795,300</u>	<u>5,827,911</u>
NONCURRENT ASSETS				
Capital assets:				
Land and other non-depreciable assets	2,099,537	3,409,729	2,000,673	381,987
Other capital assets, net of accumulated depreciation	24,523,402	217,070	4,957,748	4,675,068
Total capital assets, net	<u>26,622,939</u>	<u>3,626,799</u>	<u>6,958,421</u>	<u>5,057,055</u>
Right to use leased asset, net of amortization	-	45,144	-	10,192
Total noncurrent assets	<u>26,622,939</u>	<u>3,671,943</u>	<u>6,958,421</u>	<u>5,067,247</u>
TOTAL ASSETS	<u>73,566,031</u>	<u>3,790,466</u>	<u>12,753,721</u>	<u>10,895,158</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension & OPEB deferrals	3,364,466	160,518	264,875	227,444
Total deferred outflows of resource	<u>3,364,466</u>	<u>160,518</u>	<u>264,875</u>	<u>227,444</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	1,222,657	157,538	79,321	98,655
Accrued liabilities	700,043	30,357	49,685	58,613
Deposits payable from restricted assets	-	-	80,456	30,175
Due to other funds	-	2,298,688	466,397	-
Compensated absences	589,047	29,689	49,092	67,042
Unearned revenue	14,728	-	-	-
Lease liability	-	33,149	-	10,227
Bonds payable	-	-	-	135,000
Installment purchase agreements	649,000	-	-	-
Total current liabilities	<u>3,175,475</u>	<u>2,549,421</u>	<u>724,951</u>	<u>399,712</u>
NONCURRENT LIABILITIES				
Compensated absences	-	10,457	-	-
Net other postemployment liability	7,942,094	384,383	621,418	521,470
Net pension liability	2,262,553	70,688	172,263	25,334
Bonds payable	-	-	-	2,128,642
Installment purchase agreements	2,734,000	-	-	-
Total noncurrent liabilities	<u>12,938,647</u>	<u>465,528</u>	<u>793,681</u>	<u>2,675,446</u>
Total liabilities	<u>16,114,122</u>	<u>3,014,949</u>	<u>1,518,632</u>	<u>3,075,158</u>
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	6,546,032	296,581	527,450	483,056
Lease deferrals	-	53,663	-	-
Total deferred inflows of resources	<u>6,546,032</u>	<u>350,244</u>	<u>527,450</u>	<u>483,056</u>
NET POSITION				
Net investment in capital assets	23,239,939	3,638,794	6,958,421	2,793,378
Unrestricted	31,030,404	(3,053,003)	4,014,093	4,771,010
Total net position	<u>\$ 54,270,343</u>	<u>\$ 585,791</u>	<u>\$ 10,972,514</u>	<u>\$ 7,564,388</u>

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

PROPRIETARY FUNDS

STATEMENT OF NET POSITION

JUNE 30, 2022

	Enterprise Funds Total	Internal Service Funds Total
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 47,517,746	\$ 1,614,129
Restricted cash and cash equivalents	110,631	-
Receivables:		
Accounts receivable, net	2,662,324	13,833
Leases	53,874	-
Governmental units and agencies	7,318,449	-
Property taxes, net	14,728	-
Inventories	1,007,074	55,047
Total current assets	<u>58,684,826</u>	<u>1,683,009</u>
NONCURRENT ASSETS		
Capital assets:		
Land and other non-depreciable assets	7,891,926	-
Other capital assets, net of accumulated depreciation	34,373,288	2,062,269
Total capital assets, net	<u>42,265,214</u>	<u>2,062,269</u>
Right to use leased asset, net of amortization	55,336	-
Total noncurrent assets	<u>42,320,550</u>	<u>2,062,269</u>
TOTAL ASSETS	<u>101,005,376</u>	<u>3,745,278</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension deferrals	4,017,303	174,244
Total deferred outflows of resource:	<u>4,017,303</u>	<u>174,244</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	1,558,171	238,612
Accrued liabilities	838,698	35,626
Deposits payable from restricted assets	110,631	-
Due to other funds	2,765,085	-
Compensated absences	734,870	40,154
Unearned revenue	14,728	-
Lease liability	43,376	-
Bonds payable	135,000	-
Installment purchase agreements	649,000	-
Total current liabilities	<u>6,849,559</u>	<u>314,392</u>
NONCURRENT LIABILITIES		
Compensated absences	10,457	686
Net other postemployment liability	9,469,365	420,334
Net pension liability	2,530,838	78,384
Bonds payable	2,128,642	-
Installment purchase agreements	2,734,000	-
Total noncurrent liabilities	<u>16,873,302</u>	<u>499,404</u>
Total liabilities	<u>23,722,861</u>	<u>813,796</u>
DEFERRED INFLOWS OF RESOURCES		
Pension deferrals	7,853,119	312,622
Lease deferrals	53,663	-
Total deferred inflows of resources	<u>7,906,782</u>	<u>312,622</u>
NET POSITION		
Net investment in capital assets	36,630,532	2,062,269
Unrestricted	36,762,504	730,835
Total net position	<u>\$ 73,393,036</u>	<u>\$ 2,793,104</u>

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

TOWN OF CHAPEL HILL, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
OPERATING REVENUES				
Charges for services	\$ 538,024	\$ 2,086,574	\$ 1,093,693	\$ 3,142,759
OPERATING EXPENSES				
Personnel	11,764,814	503,964	815,678	1,187,527
Drainage maintenance	-	-	-	111,697
Depreciation and amortization	4,216,474	178,121	650,455	310,287
Fuel and tires	852,187	-	-	-
Indirect costs	1,225,351	52,230	-	121,015
Maintenance and repairs	-	1,284	143,658	-
Building maintenance	949,217	-	-	-
Vehicle maintenance	1,170,999	-	-	-
Utilities	-	-	218,589	-
Insurance	363,495	-	-	-
Advertising and marketing	34,531	-	-	-
Professional services	384,760	-	-	79,515
Contracted services	2,837,433	84,629	436,969	282,462
Tarheel Express	191,821	-	-	-
Uniforms and supplies	154,787	-	-	-
Credit card fees	-	116,320	-	-
Parking lots	-	645,595	-	-
Other	608,316	174,855	208,382	45,448
Total operating expenses	<u>24,754,185</u>	<u>1,756,998</u>	<u>2,473,731</u>	<u>2,137,951</u>
OPERATING INCOME (LOSS)	<u>(24,216,161)</u>	<u>329,576</u>	<u>(1,380,038)</u>	<u>1,004,808</u>
NONOPERATING REVENUES (EXPENSES)				
Federal Operating Assistance Grant	11,814,211	-	1,406,215	-
State Operating Assistance Grant	3,631,704	-	-	-
Operating assistance-UNC Chapel Hill	7,338,447	-	-	-
Operating assistance-Town of Carrboro	1,900,088	-	-	7,500
Operating assistance - TTA Vehicle Fees	5,447,427	-	-	-
Vehicle licenses	435,776	-	-	-
Ad valorem taxes	5,113,815	-	-	-
Interest on investments	6,160	-	517	953
Insurance recovery	23,293	-	119,348	-
Lease revenue	-	54,019	-	-
Interest expense	(80,619)	(501)	-	(75,530)
Gain (Loss) on sale of capital assets	153,484	-	(4,618)	-
Revenue in lieu	15,000	-	-	-
Total nonoperating revenues (expenses), net	<u>35,798,786</u>	<u>53,518</u>	<u>1,521,462</u>	<u>(67,077)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	11,582,625	383,094	141,424	937,731
CAPITAL CONTRIBUTIONS	2,871,426	-	15,580	-
TRANSFERS				
Transfers in	-	-	-	9,229
Transfers out	(1,139,759)	-	-	-
Total transfers	<u>(1,139,759)</u>	<u>-</u>	<u>-</u>	<u>9,229</u>
CHANGE IN NET POSITION	13,314,292	383,094	157,004	946,960
NET POSITION, BEGINNING	<u>40,956,051</u>	<u>202,697</u>	<u>10,815,510</u>	<u>6,617,428</u>
NET POSITION, ENDING	<u>\$ 54,270,343</u>	<u>\$ 585,791</u>	<u>\$ 10,972,514</u>	<u>\$ 7,564,388</u>

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

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	Enterprise Funds Total	Internal Service Funds Total
OPERATING REVENUES		
Charges for services	\$ 6,861,050	\$ 2,043,435
OPERATING EXPENSES		
Personnel	14,271,983	552,325
Drainage maintenance	111,697	-
Depreciation and amortization	5,355,337	802,675
Fuel and tires	852,187	-
Indirect costs	1,398,596	-
Maintenance and repairs	144,942	-
Building maintenance	949,217	-
Vehicle maintenance	1,170,999	-
Utilities	218,589	-
Insurance	363,495	-
Advertising and marketing	34,531	-
Professional services	464,275	-
Contracted services	3,641,493	-
Tarheel Express	191,821	-
Uniforms and supplies	154,787	-
Credit card fees	116,320	-
Parking lots	645,595	-
Other	1,037,001	1,071,162
Total operating expenses	31,122,865	2,426,162
OPERATING INCOME (LOSS)	(24,261,815)	(382,727)
NONOPERATING REVENUES (EXPENSES)		
Federal Operating Assistance Grant	13,220,426	-
State Operating Assistance Grant	3,631,704	-
Operating assistance-UNC Chapel Hill	7,338,447	-
Operating assistance-Town of Carrboro	1,907,588	-
Operating assistance - TTA Vehicle Fees	5,447,427	-
Vehicle licenses	435,776	-
Ad valorem taxes	5,113,815	-
Interest on investments	7,630	127
Insurance recovery	142,641	25,096
Lease revenue	54,019	-
Interest expense	(156,650)	-
Gain (Loss) on sale of capital assets	148,866	48,307
Revenue in lieu	15,000	-
Total nonoperating revenues (expenses), net	37,306,689	73,530
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	13,044,874	(309,197)
CAPITAL CONTRIBUTIONS	2,887,006	-
TRANSFERS		
Transfers in	9,229	900,000
Transfers out	(1,139,759)	-
Total transfers	(1,130,530)	900,000
CHANGE IN NET POSITION	14,801,350	590,803
NET POSITION, BEGINNING	58,591,686	2,202,301
NET POSITION, ENDING	\$ 73,393,036	\$ 2,793,104

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, 2022**

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 534,170	\$ 2,024,345	\$ 1,063,456	\$ 3,165,977
Payments to employees	(13,632,941)	(595,678)	(968,529)	(1,326,247)
Payments to suppliers	(13,095,724)	(1,294,470)	(553,748)	(715,552)
Net cash provided by (used in) operating activities	<u>(26,194,495)</u>	<u>134,197</u>	<u>(458,821)</u>	<u>1,124,178</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Grant funds received	15,445,915	-	1,406,215	-
Transit partner assistance received	14,685,962	-	-	-
Operating assistance received	-	-	-	7,500
Taxes and licenses received	5,549,591	-	-	-
Transfers to other funds	(1,139,759)	-	-	-
Transfers from other funds	-	-	-	9,229
Revenue in lieu received	15,000	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>34,556,709</u>	<u>-</u>	<u>1,406,215</u>	<u>16,729</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Principal paid on GO bonds, LOBs, and installment purchase agreements	(636,000)	-	-	(135,000)
Interest paid on GO bonds, LOBs, and installment purchase agreements	(80,619)	-	-	(75,366)
Principal paid on leases	-	(114,870)	-	(61,117)
Interest paid on leases	-	(501)	-	(164)
Proceeds from sale of capital assets	178,676	-	1,142	-
Principal received on leases	-	54,019	-	-
Proceeds from insurance recovery	23,293	-	119,348	-
Acquisition and construction of capital assets	(762,659)	(72,845)	-	-
Net cash provided by (used in) capital and related financing activities	<u>(1,277,309)</u>	<u>(134,197)</u>	<u>120,490</u>	<u>(271,647)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	6,160	-	517	953
Net cash provided by investing activities	<u>6,160</u>	<u>-</u>	<u>517</u>	<u>953</u>

Continued

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	Enterprise Funds Total	Internal Service Funds Total
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	\$ 6,787,948	\$ 2,039,885
Payments to employees	(16,523,395)	(652,921)
Payments to suppliers	(15,659,494)	(986,944)
Net cash provided by (used in) operating activities	(25,394,941)	400,020
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grant funds received	16,852,130	-
Transit partner assistance received	14,685,962	-
Operating assistance received	7,500	-
Taxes and licenses received	5,549,591	-
Transfers to other funds	(1,139,759)	-
Transfers from other funds	9,229	900,000
Revenue in lieu received	15,000	-
Net cash provided by (used in) noncapital financing activities	35,979,653	900,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on GO bonds, LOBs, and installment purchase agreements	(771,000)	-
Interest paid on GO bonds, LOBs, and installment purchase agreements	(155,985)	-
Principal paid on leases	(175,987)	-
Interest paid on leases	(665)	-
Proceeds from sale of capital assets	179,818	48,307
Principal received on leases	54,019	-
Proceeds from insurance recovery	142,641	25,096
Acquisition and construction of capital assets	(835,504)	(410,538)
Net cash provided by (used in) capital and related financing activities	(1,562,663)	(337,135)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	7,630	127
Net cash provided by investing activities	7,630	127

TOWN OF CHAPEL HILL, NORTH CAROLINA

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	Transit Fund	Parking Facilities Fund	Housing Operating Fund	Stormwater Management Fund
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	7,091,065	-	1,068,401	870,213
CASH AND INVESTMENTS, BEGINNING	29,436,764	450	4,613,558	4,547,926
CASH AND INVESTMENTS, ENDING	<u>\$ 36,527,829</u>	<u>\$ 450</u>	<u>\$ 5,681,959</u>	<u>\$ 5,418,139</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (24,216,161)	\$ 329,576	\$ (1,380,038)	\$ 1,004,808
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:				
Depreciation and amortization	4,216,474	178,121	650,455	303,809
Pension expense	(2,441,539)	(116,331)	(192,424)	(165,128)
Changes in assets and liabilities:				
Receivables	(4,946,765)	(62,229)	(28,520)	23,218
Prepaid items	354	-	-	-
Inventories	353,920	-	(747)	-
Due from other funds	-	(392,654)	445,915	-
Accounts payable	269,664	119,434	8,682	(68,937)
Accrued liabilities	425,527	18,852	31,011	31,743
Customer deposits	-	-	(1,717)	-
Unearned revenue	(3,854)	-	-	-
Accrued compensated absences	(22,496)	(2,481)	(4,769)	(16,522)
Accrued OPEB liability	170,381	8,246	13,331	11,187
(Increase) decrease in deferred inflows of resources for leases	-	53,663	-	-
Net cash provided by (used in) operating activities	<u>\$ (26,194,495)</u>	<u>\$ 134,197</u>	<u>\$ (458,821)</u>	<u>\$ 1,124,178</u>
SUMMARY OF NON-CASH & RELATED FINANCING ACTIVITIES:				
Capital asset contributions	\$ 2,871,426	\$ -	\$ 15,580	\$ -
Right to use asset acquired in exchange for lease liability	-	143,894	-	71,454
	<u>\$ 2,871,426</u>	<u>\$ 143,894</u>	<u>\$ 15,580</u>	<u>\$ 71,454</u>

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

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	<u>Enterprise Funds Total</u>	<u>Internal Service Funds Total</u>
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	9,029,679	963,012
CASH AND INVESTMENTS, BEGINNING	38,598,698	651,117
CASH AND INVESTMENTS, ENDING	<u>\$ 47,628,377</u>	<u>\$ 1,614,129</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (24,261,815)	\$ (382,727)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,348,859	802,675
Pension expense	(2,915,422)	(126,149)
Changes in assets and liabilities:		
Receivables	(5,014,296)	(3,551)
Prepaid items	354	-
Inventories	353,173	739
Due from other funds	53,261	-
Accounts payable	328,843	83,479
Accrued liabilities	507,133	22,145
Customer deposits	(1,717)	-
Unearned revenue	(3,854)	-
Accrued compensated absences	(46,268)	(5,608)
Accrued OPEB liability	203,145	9,017
(Increase) decrease in deferred outflows of resources for leases	53,663	-
Net cash provided by (used in) operating activities	<u>\$ (25,394,941)</u>	<u>\$ 400,020</u>
SUMMARY OF NON-CASH & RELATED FINANCING ACTIVITIES:		
Capital asset contributions	\$ 2,887,006	\$ -
Right to use asset acquired in exchange for lease liability	215,348	-
	<u>\$ 3,102,354</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, 2022

	<u>OPEB Trust Fund</u>
ASSETS	
Restricted assets:	
Investments:	
Cash and cash equivalents	\$ -
Equity Index	7,029,969
Bond Index	-
Short Term Investment	-
	<hr/>
TOTAL ASSETS	\$ 7,029,969
	<hr/> <hr/>
NET POSITION	
Net position restricted for postemployment benefits other than pensions	\$ 7,029,969
	<hr/> <hr/>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

OTHER POSTEMPLOYMENT (OPEB) TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>OPEB Trust Fund</u>
Additions:	
Employer contributions	\$ 2,569,094
Investment income	11,118
Total additions	<u>2,580,212</u>
Deductions:	
Benefit payments	2,114,394
Administrative expense	-
Total deductions	<u>2,114,394</u>
Change in net position	<u>465,818</u>
Net position restricted for postemployment benefits other than pensions:	
Beginning of year	6,564,151
End of year	<u>\$ 7,029,969</u>

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

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**TOWN OF CHAPEL HILL, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

A. Summary of Significant Accounting Policies

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

I. Reporting Entity

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

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

2. Basis of Presentation

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

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

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

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

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

The Town reports the following major governmental funds:

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

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

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

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

The Town reports the following non-major governmental funds:

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

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

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

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

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

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

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

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

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

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

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

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

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

The Town reports four proprietary funds:

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

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

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

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

The Town reports internal service funds as follows:

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

The Town reports trust funds as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Budgetary Data

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

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

enterprise funds. The budgets in the supplemental section represent the budget as amended through June 30, 2022.

The Council’s schedule for developing the 2021-22 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 9, 2021.

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

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

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

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

5. Deposits and Investments

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

State law [§159-30(c)(8)] authorizes the Town and OWASA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value.

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

6. Cash and Cash Equivalents

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

7. Restricted Assets

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

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

Government Activities:	
General Fund	
Surety deposits	\$ 843,032
Capital Projects Ordinance Fund	
Unspent bond proceeds	41,229,108
American Rescue Plan Fund	
Grant restrictions	10,237,902
Capital Projects Fund	
Tenant deposits	1,347
Capital Reserve Fund	
Capital project restrictions	218,089
Public Housing Capital Grants Fund	
Grant restrictions	76,146
Community Development Entitlement Fund	
Grant restrictions	44,792
Transitional Housing Fund	
Tenant deposits	40,124
Library Gift Fund	
Donation restrictions	328,979
Total government activities	<u>\$ 53,019,519</u>
Business-type Activities:	
Housing Fund	
Customer deposits	\$ 80,456
Stormwater Fund	
Surety deposits	30,175
Total business-type activities	<u>\$ 110,631</u>
Total Restricted Cash	<u><u>\$ 53,130,150</u></u>

8. Property Tax Receivable

In accordance with State statutes [§105-347 and §159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. The taxes levied are based on the assessed values as of January 1, 2021.

9. Allowances for Doubtful Accounts

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

10. Lease Receivable

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

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

11. Inventories

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

12. Prepaid Items

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

13. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported under governmental or business-type activities in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 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.

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

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

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

14. Right to use assets

The Town has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

15. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has three items that meet this criterion: deferred charge on refunding, pension deferrals for the 2022 fiscal year, and OPEB deferrals for the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as revenue until then. The Town has six items that meet the criterion for this category: prepaid taxes, fees and charges receivable, property taxes receivable, deferrals of pension expense, deferrals of OPEB and leases.

16. 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.

17. 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.

18. Reimbursement for Pandemic Related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The Town was allocated \$10,668,497 of fiscal recovery funds to be paid in two equal installments. The first installment was received in May 2021. The second installment was received in June 2022. Town Council allocated \$650,000 for ReVive, a downtown economic recovery program, and \$3.15 million for revenue replacement. The remaining funds will be allocated in FY 2023.

19. Net Position and Fund Balances

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

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

The governmental fund types classify fund balances as follows:

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

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

Leases – portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several

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

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

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

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

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

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

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

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

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

Committed for municipal buildings, infrastructure, fire, 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 climate action – portion of fund balance directed by the Town Council to projects that support the Town's Climate Action Plan.

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

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

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

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

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

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

Assigned for municipal buildings, 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.

20. Pensions and OPEB Plan

The Town participates in a cost-sharing, multiple-employer, defined benefit pension plan that is administered by the State: the Local Governmental Employees' Retirement System (LERS). 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, 2022, the Town's deposits had a carrying amount of \$107,338,933 and a bank balance of \$107,338,933. Of the bank balance, \$500,000 was covered by federal depository insurance, \$20,267,501 was covered by collateral held under the Dedicated Method, and \$86,571,432 was covered by collateral held under the Pooling Method. The Town had petty cash on hand of \$4,982 at year end.

At June 30, 2022, OWASA's deposits had a carrying amount of \$25,352,353 and a bank balance of \$24,999,978. Of the bank balance, \$500,000 was covered by federal depository insurance and \$24,499,978 in deposits was covered by collateral held under the Pooling Method. OWASA had cash on hand of \$1,700 at year end.

C. Investments

At June 30, 2022, the Town's investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 06/30/2022	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level I	\$ 43,349,377	N/A	AAAm
NC Capital Management Trust - Government Portfolio (OPEB Trust)	Fair Value Level I	7,029,969	N/A	AAAm
Total:		\$ 50,379,346		

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

Level of fair value hierarchy: Level I debt securities are valued using directly observable quoted prices (unadjusted) in active markets for identical assets.

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

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

At June 30, 2022, the Town of Chapel Hill had \$43,349,377 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's (S&P) and AAAmf by Moody's Investor Service.

At June 30, 2022, the Town's Healthcare Benefits (HCB) Plan fund had \$7,029,969 invested in an Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the Town. At year-end the OPEB Trust was invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's and AAAmf by Moody's Investors Service.

At June 30, 2022, OWASA had \$5,475,910 invested with the North Carolina Capital Management Trust's Government Portfolio.

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

Credit risk. The Town and OWASA do not have a formal policy regarding credit risk, but there are internal management procedures that limit the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town and OWASA's investments in the North Carolina Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAAmf by Moody's Investor Service as of June 30, 2022.

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, 2022 consists of the following:

	Governmental Funds	Business-Type Funds
Sales tax refunds receivable	\$ 454,139	\$ -
Due from Federal Government	2,759,651	6,896,549
Due from State	6,586,849	161,643
Due from local governments	278,416	260,257
	<u>\$ 10,079,055</u>	<u>\$ 7,318,449</u>

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

Property taxes receivable	\$ 493,421	\$ -
Accounts receivable	7,002	25,005
	<u>\$ 500,423</u>	<u>\$ 25,005</u>

E. Lease Receivable

On 07/01/2021, Town of Chapel Hill, NC entered into a 60-month lease as Lessor for the use of 100-A Cleland Drive. An initial lease receivable was recorded in the amount of \$169,204. As of 06/30/2022, the value of the lease receivable is \$135,912. The lessee is required to make monthly fixed payments of \$2,889. The lease has an interest rate of 0.98%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$135,363, and the Town recognized lease revenue of \$33,841 during the fiscal year. The lessee has 2 extension options, each for 60 months.

On 07/01/2021, Town of Chapel Hill, NC entered into a 59-month lease as Lessor for the use of Network Hut Site. An initial lease receivable was recorded in the amount of \$41,021. As of 06/30/2022, the value of the lease receivable is \$32,668. The lessee is required to make annual fixed payments of \$8,368. The lease has an interest rate of 0.98%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$32,739, and the Town recognized lease revenue of \$8,282 during the fiscal year. The lessee has 1 extension option for 24 months. The lessee had a termination period of 1 month as of the lease commencement.

On 07/01/2021, Town of Chapel Hill, NC entered into a 37-month lease as Lessor for the use of 179 E Franklin Street. An initial lease receivable was recorded in the amount of \$50,943. As of 06/30/2022, the value of the lease receivable is \$34,532. The lessee is required to make monthly fixed payments of \$1,391. The lease has an interest rate of 0.648%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$34,627, and Town of Chapel Hill recognized lease revenue of \$16,316 during the fiscal year. The lessee has 1 extension option for 60 months. The lessee had a termination period of 1 month as of the lease commencement.

Year Ending	Governmental Activities		
	Principal	Interest	Total
June 30	Payments	Payments	
2023	\$ 58,046	\$ 1,676	\$ 59,722
2024	58,561	1,161	59,722
2025	43,739	682	44,421
2026	42,766	264	43,030
Total	\$ 203,112	\$ 3,783	\$ 206,895

On 07/01/2020, Town of Chapel Hill, NC (Enterprise) entered into a 36-month lease as Lessor for the use of Courtyard Parking Lot. An initial lease receivable was recorded in the amount of \$160,989. As of 06/30/2022, the value of the lease receivable is \$53,874. The lessee is required to make monthly fixed payments of \$4,500. The lease has an interest rate of 0.43%. The Land Improvements estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2022 was \$53,663, and the Town (Enterprise) recognized lease revenue of \$53,663 during the fiscal year.

Year Ending June 30	Business-Type Activities		
	Principal Payments	Interest Payments	Total
2023	\$ 53,874	\$ 126	\$ 54,000
Total	\$ 53,874	\$ 126	\$ 54,000

OWASA's leases receivable as of June 30, 2022 consists of the following:

In October 2021, the Authority entered into a 60-month lease as lessor with a cell phone carrier. An initial lease receivable was recorded in the amount of \$266,371. Under the lease, the cell phone carrier pays the Authority \$55,000 annually through 10/19/2026 in exchange for a license to a portion of the property located at 609 Piney Mountain Road, Chapel Hill, NC for placement of cellular equipment. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.62%, which is the calculated Incremental Borrowing Rate. As of June 30, 2022, the value of the lease receivable is \$211,371 and the value of the deferred inflow of resources was \$213,097. During fiscal year 2022, the Authority recognized \$53,274 of lease revenue and \$2,383 of interest revenue under the lease.

In December 2017, the Authority entered into a 60-month lease as lessor with a cell phone carrier. An initial lease receivable was recorded in the amount of \$55,000. Under the lease, the cell phone carrier pays the Authority \$55,000 annually through 12/14/2022 in exchange for a license to a portion of the property located at 609 Piney Mountain Road, Chapel Hill, NC for placement of cellular equipment. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 0.0%, which is the calculated Incremental Borrowing Rate. As of June 30, 2022, the value of the lease receivable is \$0 and the value of the deferred inflow of resources was \$27,500. During fiscal year 2022, the Authority recognized \$27,500 of lease revenue under the lease.

In February 2022, the Authority entered into a 60-month lease as lessor with a cell phone carrier. An initial lease receivable was recorded in the amount of \$262,809. Under the lease, the cell phone carrier pays the Authority \$55,000 annually through 2/14/2027 in exchange for a license to a portion of the property located at 251 Manning Drive, Chapel Hill, NC for placement of cellular equipment. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.32%, which is the calculated Incremental Borrowing Rate. As of June 30, 2022, the value of the lease receivable is \$207,809 and the value of the deferred inflow of resources was \$210,247. During fiscal year 2022, the Authority recognized \$52,562 of lease revenue and \$1,783 of interest revenue under the lease.

In April 2019, the Authority entered into a 60-month lease as lessor with a cell phone carrier. An initial lease receivable was recorded in the amount of \$116,169. Under the lease, the cell phone carrier pays the Authority \$60,500 annually through 3/31/2024 in exchange for a license to a portion of the property located at 609 Piney Mountain Road, Chapel Hill, NC for placement of cellular equipment. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 2.76%, which is the calculated Incremental Borrowing Rate. As of June 30, 2022, the value of the lease receivable is \$58,875 and the value of the deferred inflow of resources was \$58,085. During fiscal year 2022, the Authority recognized \$58,084 of lease revenue and \$3,607 of interest revenue under the lease.

In July 2018, the Authority entered into a 60-month lease as lessor with a cell phone carrier. An initial lease receivable was recorded in the amount of \$110,000. Under the lease, the cell phone carrier pays the Authority \$55,000 annually through 7/31/2023 in exchange for a license to a portion of the property located at 251 Manning Drive, Chapel Hill, NC for placement of cellular equipment. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 0.0%, which is the calculated Incremental Borrowing Rate. As of June 30, 2022, the value of the lease receivable is \$55,000 and the value of the deferred inflow of resources was \$55,000. During fiscal year 2022, the Authority recognized \$55,000 of lease revenue under the lease.

In July 2018, the Authority entered into a 60-month lease as lessor with a cell phone carrier. An initial lease receivable was recorded in the amount of \$110,000. Under the lease, the cell phone carrier pays the Authority \$55,000 annually through 7/1/2023 in exchange for a license to a portion of the property located at 251 Manning Drive, Chapel Hill, NC for placement of cellular equipment. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 0.0%, which is the calculated Incremental Borrowing Rate. As of June 30, 2022, the value of the lease receivable is \$55,000 and the value of the deferred inflow of resources was \$55,000. During fiscal year 2022, the Authority recognized \$55,000 of lease revenue under the lease.

In August 2020, the Authority entered into a 60-month lease as lessor with a cell phone carrier. An initial lease receivable was recorded in the amount of \$224,646. Under the lease the cell phone carrier pays the Authority \$55,000 annually. Commencing August 1, 2020 and each year thereafter, the license fee will increase by 2.0% over the license paid in the previous year. This will continue through 8/1/2025 in exchange for a license to a portion of the property located at 251 Manning Drive, Chapel Hill, NC for placement of cellular equipment. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 1.14%, which is the calculated Incremental Borrowing Rate. As of June 30, 2022, the value of the lease receivable is \$167,526 and the value of the deferred inflow of resources was \$179,716. During fiscal year 2022, the Authority recognized \$44,929 of lease revenue and \$1,742 of interest revenue under the lease.

Year Ending June 30	Lease Receivables		
	Principal Payments	Interest Payments	Total
2023	\$ 325,840	\$ 11,780	\$ 337,620
2024	159,594	7,526	167,120
2025	162,271	4,849	167,120
2026	107,876	2,124	110,000
Total	<u>\$ 755,581</u>	<u>\$ 26,279</u>	<u>\$ 781,860</u>

F. Capital Assets

A summary of changes in the value of the Town's capital assets for the year ended June 30, 2022 follows:

	July 1, 2021	Increases	Decreases	June 30, 2022
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 39,426,813	\$ -	\$ -	\$ 39,426,813
Easements	345,246	130,952	-	476,198
Construction in progress	12,316,246	17,677,198	389,158	29,604,286
Total capital assets, not being depreciated	52,088,305	17,808,150	389,158	69,507,297
Capital assets, being depreciated:				
Land improvements	39,222,456	233,674	-	39,456,130
Infrastructure	36,920,716	-	-	36,920,716
Buildings and building improvements	87,540,614	98,733	-	87,639,347
Equipment	9,687,305	262,370	7,653	9,942,022
Vehicles	19,400,286	980,379	407,723	19,972,942
Total capital assets, being depreciated	192,771,377	1,575,156	415,376	193,931,157
Accumulated depreciation:				
Land improvements	15,203,551	1,803,600	-	17,007,151
Infrastructure	33,697,865	1,476,829	-	35,174,694
Buildings and building improvements	53,529,829	3,717,915	-	57,247,744
Equipment	8,705,859	414,109	7,653	9,112,315
Vehicles	14,955,489	1,015,992	407,723	15,563,758
Total accumulated depreciation	126,092,593	8,428,445	415,376	134,105,662
Total capital assets, being depreciated, net	66,678,784	(6,853,289)	-	59,825,495
Governmental activities capital assets, net	\$ 118,767,089	\$ 10,954,861	\$ 389,158	\$ 129,332,792

	July 1, 2021	Increases	Decreases	June 30, 2022
Business-type activities:				
Transit Fund:				
Capital assets, not being depreciated:				
Land	\$ 2,099,537	\$ -	\$ -	\$ 2,099,537
Total capital assets, not being depreciated	2,099,537	-	-	2,099,537
Capital assets, being depreciated:				
Land improvements	6,377,748	-	-	6,377,748
Buildings and building improvements	17,885,727	625,610	-	18,511,337
Equipment	2,353,224	85,164	-	2,438,388
Vehicles	48,604,460	2,923,311	724,646	50,803,125
Total capital assets, being depreciated	75,221,159	3,634,085	724,646	78,130,598
Accumulated depreciation:				
Land improvements	5,036,198	202,993	-	5,239,191
Buildings and building improvements	11,547,045	842,891	-	12,389,936
Equipment	2,170,063	51,848	-	2,221,911
Vehicles	31,336,870	3,118,742	699,454	33,756,158
Total accumulated depreciation	50,090,176	4,216,474	699,454	53,607,196
Total capital assets, being depreciated, net	25,130,983	(582,389)	25,192	24,523,402
Transit fund capital assets, net	\$ 27,230,520	\$ (582,389)	\$ 25,192	\$ 26,622,939
Parking Facilities Fund:				
Capital assets, not being depreciated:				
Land	\$ 3,161,115	\$ -	\$ -	\$ 3,161,115
Construction in progress	175,769	72,845	-	248,614
Total capital assets, not being depreciated	3,336,884	72,845	-	3,409,729
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	431,201	5,571	-	436,772
Buildings and building improvements	7,288,275	590	-	7,288,865
Equipment	619,282	69,085	-	688,367
Total accumulated depreciation	8,338,758	75,246	-	8,414,004
Total capital assets, being depreciated, net	292,316	(75,246)	-	217,070
Parking facilities fund capital assets, net	\$ 3,629,200	\$ (2,401)	\$ -	\$ 3,626,799

	July 1, 2021	Increases	Decreases	June 30, 2022
Housing Operating Fund:				
Capital assets, not being depreciated:				
Land	\$ 1,701,659	\$ -	\$ -	\$ 1,701,659
Construction in progress	299,014	-	-	299,014
Total capital assets, not being depreciated	<u>2,000,673</u>	-	-	<u>2,000,673</u>
Capital assets, being depreciated:				
Land improvements	394,119	7,452	6,400	395,171
Buildings and building improvements	23,513,130	8,128	-	23,521,258
Equipment	438,283	-	-	438,283
Vehicles	329,676	-	14,275	315,401
Total capital assets, being depreciated	<u>24,675,208</u>	<u>15,580</u>	<u>20,675</u>	<u>24,670,113</u>
Accumulated depreciation:				
Land improvements	321,277	6,476	640	327,113
Buildings and building improvements	18,090,121	614,503	-	18,704,624
Equipment	432,336	5,946	-	438,282
Vehicles	233,091	23,530	14,275	242,346
Total accumulated depreciation	<u>19,076,825</u>	<u>650,455</u>	<u>14,915</u>	<u>19,712,365</u>
Total capital assets, being depreciated, net	<u>5,598,383</u>	<u>(634,875)</u>	<u>5,760</u>	<u>4,957,748</u>
Housing operating fund capital assets, net	<u>\$ 7,599,056</u>	<u>\$ (634,875)</u>	<u>\$ 5,760</u>	<u>\$ 6,958,421</u>
Stormwater Management Fund:				
Capital assets, not being depreciated:				
Land	\$ 378,987	\$ -	\$ -	\$ 378,987
Easements	3,000	-	-	3,000
Construction in progress	2,929,487	-	2,929,487	-
Total capital assets, not being depreciated	<u>3,311,474</u>	-	<u>2,929,487</u>	<u>381,987</u>
Capital assets, being depreciated:				
Land improvements	2,476,256	2,929,487	-	5,405,743
Equipment	153,912	-	-	153,912
Vehicles	267,516	-	-	267,516
Total capital assets, being depreciated	<u>2,897,684</u>	<u>2,929,487</u>	-	<u>5,827,171</u>
Accumulated depreciation:				
Land improvements	711,444	195,180	-	906,624
Equipment	104,085	15,716	-	119,801
Vehicles	87,439	38,239	-	125,678
Total accumulated depreciation	<u>902,968</u>	<u>249,135</u>	-	<u>1,152,103</u>
Total capital assets, being depreciated, net	<u>1,994,716</u>	<u>2,680,352</u>	-	<u>4,675,068</u>
Stormwater management fund capital assets, net	<u>\$ 5,306,190</u>	<u>\$ 2,680,352</u>	<u>\$ 2,929,487</u>	<u>\$ 5,057,055</u>
Business-type activities capital assets, net	<u>\$ 43,764,966</u>	<u>\$ 1,460,687</u>	<u>\$ 2,960,439</u>	<u>\$ 42,265,214</u>

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

Governmental activities:	
General government	\$ 290,756
Environment and development	4,421,383
Public safety	423,176
Leisure activities	2,490,455
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	802,675
Total depreciation expense - governmental activities	\$ 8,428,445
Business-type activities:	
Transit	\$ 4,216,474
Parking facilities	75,246
Housing Operating	650,455
Stormwater Management	249,135
Total depreciation expense - business-type activities	\$ 5,191,310

A summary of changes in the value of OWASA's capital assets for the year ended June 30, 2022, follows:

	July 1, 2021	Increases	Decreases	Transfers	June 30, 2022
Capital assets, not being depreciated:					
Land	\$ 17,605,354	\$ 238,668	\$ -		\$ 17,844,022
Construction in progress	57,924,178	9,157,317	(2,700)	(18,677,391)	48,401,404
Total capital assets, not being depreciated	75,529,532	9,395,985	(2,700)	(18,677,391)	66,245,426
Capital assets, being depreciated:					
Water treatment and distribution	185,814,249	1,101,842	(221,018)	5,981,697	192,676,770
Sewer collection and treatment	240,002,158	422,644	-	12,597,595	253,022,397
Fixtures and equipment	59,468,674	654,303	(338,197)	98,099	59,882,879
Total capital assets, being depreciated	485,285,081	2,178,789	(559,215)	18,677,391	505,582,046
Less accumulated depreciation for:					
Water treatment and distribution	79,308,713	3,925,959	(221,018)	-	83,013,654
Sewer collection and treatment	85,950,649	4,932,389	-	-	90,883,038
Fixtures and equipment	38,199,786	2,414,244	(338,197)	-	40,275,833
Total accumulated depreciation	203,459,148	11,272,592	(559,215)	-	214,172,525
Total capital assets, being depreciated, net	281,825,933	(9,093,803)	-	18,677,391	291,409,521
Total capital assets, net	\$ 357,355,465	\$ 302,182	\$ (2,700)	\$ -	\$ 357,654,947

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

Capital assets	\$ 247,727,481
Depreciation	<u>(120,456,958)</u>
	127,270,523
Right to use leased assets	23,794
Amortization	<u>(8,398)</u>
	15,396
Internal service fund capital assets, net of depreciation	<u>2,062,269</u>
Total Capital Assets, net	<u>\$ 129,348,188</u>
Debt:	
Short-term portion of debt	\$ 10,382,235
Long-term portion of debt	<u>125,864,410</u>
Total Debt	136,246,645
Less Total pension liability (LEOSAA) (unrelated to capital)	(7,312,232)
Less Net Pension Liability (LGERS) (unrelated to capital)	(6,029,081)
Less Compensated absences (unrelated to capital)	(3,019,801)
Less Other Postemployment Benefits (unrelated to capital)	(23,387,487)
Unspent proceeds, governmental funds	<u>(41,229,108)</u>
Capital Related Debt	<u>55,268,936</u>
Net investment in capital assets	<u>\$ 74,079,252</u>

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

Capital assets, net	\$ 42,265,214
Right to use leased assets, net	<u>55,336</u>
Total capital assets, net	<u>\$ 42,320,550</u>
Debt:	
Short-term portion of debt	\$ 1,562,246
Long-term portion of debt	<u>16,873,302</u>
Total Debt	18,435,548
Less Net Pension Liability (LGERS) (unrelated to capital)	(2,530,838)
Less Compensated Absences (unrelated to capital)	(745,327)
Less Other Postemployment Benefits (unrelated to capital)	<u>(9,469,365)</u>
Capital Related Debt	<u>5,690,018</u>
Net investment in capital assets	<u>\$ 36,630,532</u>

G. Right to Use Leased Assets

The Town has recorded six right to use leased assets. The assets are right to use assets for leased land, land improvements and buildings. The related leases are discussed in the Leases subsection of the Long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the year ended June 30, 2022 was as follows:

	July 1, 2021	Increases	Decreases	June 30, 2022
Governmental activities:				
Right to use assets				
Leased land	\$ -	\$ 23,794	\$ -	\$ 23,794
Total right to use assets	-	23,794	-	23,794
Less accumulated amortization for:				
Leased land	-	8,398	-	8,398
Total accumulated amortization	-	8,398	-	8,398
Right to use assets, net	\$ -	\$ 15,396	\$ -	\$ 15,396

	July 1, 2021	Increases	Decreases	June 30, 2022
Business-type activities:				
Parking Facilities Fund:				
Right to use assets				
Leased land	\$ 23,553	\$ -	\$ 23,553	\$ -
Leased land improvements	238,433	-	144,041	94,392
Total right to use assets	261,986	-	167,594	94,392
Less accumulated amortization for:				
Leased land	11,777	11,776	23,553	-
Leased land improvements	102,190	91,099	144,041	49,248
Total accumulated amortization	113,967	102,875	167,594	49,248
Right to use assets, net	\$ 148,019	\$ (102,875)	\$ -	\$ 45,144

Stormwater Management Fund:				
Right to use assets				
Leased buildings	\$ 132,496	\$ -	\$ -	\$ 132,496
Total right to use assets	132,496	-	-	132,496
Lease accumulated amortization for:				
Leased buildings	61,152	61,152	-	122,304
Total accumulated amortization	61,152	61,152	-	122,304
Right to use assets, net	\$ 71,344	\$ (61,152)	\$ -	\$ 10,192

OWASA has recorded six right-to-use leased assets. The assets are right-to-use assets for leased equipment. The right-to-use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right-to-use asset activity for the year ended June 30, 2022 was as follows:

	July 1, 2021	Increases	Decreases	June 30, 2022
Right to use assets				
Leased equipment	\$ -	\$ 220,471	\$ -	\$ 220,471
Leased solar equipment		465,989		465,989
Total right to use assets	<u>-</u>	<u>686,460</u>	<u>-</u>	<u>686,460</u>
Less accumulated amortization for:				
Leased equipment	-	44,983	-	44,983
Leased solar equipment		18,640		18,640
Total accumulated amortization	<u>-</u>	<u>63,623</u>	<u>-</u>	<u>63,623</u>
Right to use assets, net	<u>\$ -</u>	<u>\$ 622,837</u>	<u>\$ -</u>	<u>\$ 622,837</u>

H. Payables

Payables at the government-wide level at June 30, 2022, were as follows:

	Vendors	Other	Total
Governmental Activities:			
General	\$ 2,124,440	\$ 3,396,800	\$ 5,521,240
Other Governmental	<u>5,347,364</u>	<u>114,331</u>	<u>5,461,695</u>
	<u>\$ 7,471,804</u>	<u>\$ 3,511,131</u>	<u>\$ 10,982,935</u>
Business-Type Activities:			
Transit	\$ 1,222,657	\$ 714,771	\$ 1,937,428
Parking Facilities	157,538	30,357	187,895
Housing Operations	79,321	130,141	209,462
Stormwater Management	<u>98,655</u>	<u>88,788</u>	<u>187,443</u>
	<u>\$ 1,558,171</u>	<u>\$ 964,057</u>	<u>\$ 2,522,228</u>

I. Long-Term Debt

a. Leases

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

On 07/01/2021, Town of Chapel Hill, NC entered into a 34-month lease as Lessee for the use of Piney Mountain Road. An initial lease liability was recorded in the amount of \$23,794. As of 06/30/2022, the value of the lease liability is \$11,923. The Town is required to make annual fixed payments of \$12,000. The lease has an interest rate of 0.6480%. The land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$23,794 with accumulated amortization of \$8,398. The Town has the option to purchase the land for \$115,000.

Year Ending	Governmental Activities		
	Principal	Interest	Total
June 30	Payments	Payments	
2023	\$ 11,923	\$ 77	\$ 12,000
Total	\$ 11,923	\$ 77	\$ 12,000

On 07/01/2020, Town of Chapel Hill, NC (Enterprise) entered into a 24-month lease as Lessee for the use of 107 Stephens Street Lot. An initial lease liability was recorded in the amount of \$23,553. As of 06/30/2022, the value of the lease liability is \$0. The Town (Enterprise) is required to make annual fixed payments of \$10,800. The lease has an interest rate of 0.37%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$0 with accumulated amortization of \$0.

On 07/01/2020, Town of Chapel Hill, NC (Enterprise) entered into a 15-month lease as Lessee for the use of Graham St. & Rosemary St. Lot. An initial lease liability was recorded in the amount of \$18,486. As of 06/30/2022, the value of the lease liability is \$0. The Town (Enterprise) is required to make monthly fixed payments of \$1,235. The lease has an interest rate of 0.36%. The Land Improvements estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$0 with accumulated amortization of \$0.

On 07/01/2020, Town of Chapel Hill, NC (Enterprise) entered into a 24-month lease as Lessee for the use of Mallette Street Lot. An initial lease liability was recorded in the amount of \$125,555. As of 06/30/2022, the value of the lease liability is \$0. The Town (Enterprise) is required to make monthly fixed payments of \$5,250. The lease has an interest rate of 0.37%. The Land Improvements estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$0 with accumulated amortization of \$0. The Town (Enterprise) has 1 extension option for 9 months.

On 07/01/2020, Town of Chapel Hill, NC (Enterprise) entered into a 46-month lease as Lessee for the use of 112 Basnight Lane Lot. An initial lease liability was recorded in the amount of \$94,392. As of 06/30/2022, the value of the lease liability is \$33,149. The Town (Enterprise) is required to make annual fixed payments of \$30,209. The lease has an interest rate of 0.47%. The Land Improvements estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$94,392 with accumulated amortization of \$49,248.

On 07/01/2020, Town of Chapel Hill, NC (Enterprise) entered into a 26-month lease as Lessee for the use of 208 N. Columbia Street. An initial lease liability was recorded in the amount of \$132,496. As of 06/30/2022, the value of the lease liability is \$10,227. The Town (Enterprise) is required to make monthly fixed payments of \$5,116. The lease has an interest rate of 0.37%. The buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2022 of \$132,496 with accumulated amortization of \$122,304.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year Ending June 30	Business-Type Activities		
	Principal Payments	Interest Payments	Total
2023	\$ 43,376	\$ 160	\$ 43,536
Total	\$ 43,376	\$ 160	\$ 43,536

OWASA's leases liabilities as of June 30, 2022 consists of the following:

In April 2019, the Authority entered into an agreement to lease printing equipment and requires 20 quarterly payments of \$916. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2%, which is the stated rate in the lease agreement. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$10,261 at June 30, 2022.

In December 2021, the Authority entered into an agreement to lease postage equipment and requires 60 monthly payments of \$507. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.3%, which is the stated rate in the lease agreement. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$15,747 at June 30, 2022.

In March 2021, the Authority entered into an agreement to lease printing equipment and requires 60 monthly payments of \$3,213. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.8%, which is the stated rate in the lease agreement. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$149,480 at June 30, 2022.

In January 2021, the Authority entered into an agreement to solar energy equipment and requires 26 annual payments of \$7,280. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.2%, which is the stated rate in the lease agreement. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$122,776 at June 30, 2022.

In September 2020, the Authority entered into an agreement to solar energy equipment and requires 25 annual payments of \$13,000. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.4%, which is the stated rate in the lease agreement. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$231,522 at June 30, 2022.

In January 2021, the Authority entered into an agreement to solar energy equipment and requires 25 annual payments of \$5,260. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.7%, which is the stated rate in the lease agreement. As a result of the lease, the Authority has recorded a right to use asset with a net book value of \$93,051 at June 30, 2022.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year Ending June 30	Business-Type Activities		
	Principal Payments	Interest Payments	Total
2023	\$ 59,555	\$ 14,287	\$ 73,842
2024	59,099	13,223	72,322
2025	55,510	12,251	67,761
2026	56,449	11,312	67,761
2027	16,785	10,587	27,372
2028-2032	81,116	46,584	127,700
2033-2037	92,690	35,010	127,700
2038-2042	105,943	21,757	127,700
2043-2046	95,580	6,579	102,159
Total	<u>\$ 622,727</u>	<u>\$ 171,590</u>	<u>\$ 794,317</u>

b. 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, 2022 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%	\$ 570,000
\$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%	850,000
\$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%	1,222,000

\$9,000,000 Construction and renovation to Town facilities, including Parks greenways & trails (\$5,000,000), Streets and sidewalks (\$3,000,000) and Parks and recreation facilities (\$1,000,000) - serial bonds payable in annual installments of \$450,000 through 2037; interest at 2% to 5%	6,750,000
\$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%	725,000
\$9,800,000 Construction and renovation to Town facilities, including Streets and sidewalks (\$5,500,000) and Parks and recreation facilities (\$4,300,000) - serial bonds payable in annual installments of \$490,000 through 2038; interest at 2.5% to 5%	7,840,000
\$9,505,000 Refunding 2010B Build America Bonds (BABs) for Library renovation, streets and sidewalks, and Parks and recreation facilities - 2019 refunding serial bonds payable in annual installments of \$795,000 to \$935,000 through 2031; interest at 5%	7,900,000
\$3,205,000 Construction and renovation to Town facilities, including streets and sidewalks (\$1,500,000), and Parks and recreation (\$1,155,000) and public safety equipment (\$550,000) - 2021 serial bonds payable in annual installments of \$160,000 to \$165,000 through 2041; interest at 1% to 4%	3,045,000
\$4,755,000 Affordable Housing projects - 2021 serial bonds payable in annual installments of \$235,000 to \$240,000 through 2041; interest at 1% to 4%	4,520,000
	\$ 33,422,000

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%	\$ 2,160,000
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At June 30, 2022, the Town of Chapel Hill had bonds authorized but unissued of \$24.045 million.

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

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 2,856,000	\$ 1,217,352	\$ 135,000	\$ 75,094
2024	2,855,000	1,102,594	135,000	68,344
2025	2,860,000	978,592	135,000	61,594
2026	2,684,000	856,893	135,000	54,844
2027	2,637,000	740,016	135,000	48,094
2028-2032	10,780,000	2,243,451	675,000	186,301
2033-2037	6,680,000	794,376	675,000	85,894
2038-2041	2,070,000	94,922	135,000	4,385
	\$ 33,422,000	\$ 8,028,196	\$ 2,160,000	\$ 584,550

c. Limited Obligation Bonds

Serviced by the Debt Service Fund:

\$32,805,000 - Limited Obligation Bonds to refinance installment notes payable for renovations to various municipal facilities and new financing for the construction of a new parking deck in downtown on East Rosemary Street and the Elliott Road reconstruction project - 2021 series A limited obligation bonds payable in annual installments at \$1,575,000 to \$1,720,000 through 2042; interest at 1.75% to 5%; East Rosemary Street Parking Deck pledged as collateral for the debt	\$ 32,805,000
\$18,721,000 - Limited Obligation Bonds to refinance 2012 series limited obligation bonds that were used to finance the acquisition and construction of the Town Operations Center and new financing for the construction of a new parking deck in downtown on East Rosemary Street - 2021 series B limited obligation bonds payable in annual installments at \$392,000 to \$2,625,000 through 2042; interest at 1.76%; East Rosemary Street Parking Deck pledged as collateral for the debt	16,420,000
	\$ 49,225,000

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

Year Ending June 30,	Governmental Activities	
	Principal	Interest
2023	\$ 4,325,000	\$ 1,574,980
2024	4,060,000	1,446,111
2025	3,816,000	1,321,643
2026	2,462,000	1,211,072
2027	2,471,000	1,112,258
2028-2032	12,351,000	4,073,548
2033-2037	9,885,000	2,019,514
2038-2042	9,855,000	678,064
	\$ 49,225,000	\$ 13,437,190

d. 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:

\$7,984,000 - to renovate various facilities and Ephesus Fordham road reconstruction; Raymond James direct placement installment purchase contract entered into March 2016; due in varying annual installments through 2031; interest at 2.32%; Hargraves Center pledged as collateral

\$ 4,819,000

Serviced by the Transit Fund:

Purchase of fleet replacement buses:

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

\$ 3,383,000

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
2023	\$ 551,000	\$ 111,801	\$ 649,000	\$ 67,308
2024	558,000	99,018	662,000	53,682
2025	566,000	86,072	676,000	39,773
2026	572,000	72,941	691,000	25,561
2027	499,000	59,670	705,000	11,056
2028-2031	2,073,000	121,197	-	-
	<u>\$ 4,819,000</u>	<u>\$ 550,699</u>	<u>\$ 3,383,000</u>	<u>\$ 197,380</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, 2022, the legal debt margin for the Town was approximately \$697 million.

Long-term debt activity for the year ended June 30, 2022 was as follows:

	June 30, 2021	Additions	Reductions	June 30, 2022	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 36,264,000	\$ -	\$ 2,842,000	\$ 33,422,000	\$ 2,856,000
Limited obligation bonds	10,325,000	51,526,000	12,626,000	49,225,000	4,325,000
Direct placement installment notes payable	6,958,000	-	2,139,000	4,819,000	551,000
Orange County loan payable	123,146	-	-	123,146	-
Bond premium	2,786,058	6,715,902	604,985	8,896,975	-
Lease liability	-	23,794	11,871	11,923	11,923
Total pension liability for LEO	7,320,909	-	8,677	7,312,232	-
Net pension liability for LGERS	14,310,776	-	8,360,079	5,950,697	-
Net pension liability for LGERS - internal service funds	197,814	-	119,430	78,384	-
Compensated absences - governmental activities	3,020,388	2,556,731	2,598,158	2,978,961	2,598,158
Compensated absences - internal service funds	46,448	34,546	40,154	40,840	40,154
Net other postemployment liability	22,474,442	492,711	-	22,967,153	-
Net other postemployment liability - internal service funds	411,317	9,017	-	420,334	-
Long-term debt	<u>\$ 104,238,298</u>	<u>\$ 61,358,701</u>	<u>\$ 29,350,354</u>	<u>\$ 136,246,645</u>	<u>\$ 10,382,235</u>
Business-type activities:					
General obligation bonds	\$ 2,295,000	\$ -	\$ 135,000	\$ 2,160,000	\$ 135,000
Direct placement installment notes payable	4,019,000	-	636,000	3,383,000	649,000
Bond premium	110,120	-	6,478	103,642	-
Lease liability	-	215,348	171,972	43,376	43,376
Net pension liability for LGERS	5,994,299	-	3,463,461	2,530,838	-
Compensated absences	791,595	688,602	734,870	745,327	734,870
Net other postemployment liability	9,266,220	203,145	-	9,469,365	-
Long-term debt	<u>\$ 22,476,234</u>	<u>\$ 1,107,095</u>	<u>\$ 5,147,781</u>	<u>\$ 18,435,548</u>	<u>\$ 1,562,246</u>

In August 2021, the Town issued \$12,047,000 in advanced refunding limited obligation bonds and defeased the 2012 series limited obligation bonds and a 2015 installment purchase contract by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt on the old bonds and installment purchase contract. Accordingly, the trust assets and the liability for the defeased debt are not included in the Town's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$481,044. This amount is amortized over the life of the refunded debt. The refinancing was undertaken as part of a larger borrowing to reduce total debt payments over the next 20 years and resulted in a savings of approximately \$1.07 million. On June 30, 2022, \$11,760,000 of limited obligation bonds and installment purchase contract is considered defeased.

In November 2019, the Town issued \$9,505,000 of general obligation refunding bonds and defeased the 2010 Build America Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt on the old bonds. Accordingly, the trust assets and the liability for the defeased debt are not included in the Town's financial statements. The aggregate difference in debt service between the refunding debt and the refunded debt was \$192,928. This amount was netted against the new debt and amortized over the life of the refunded debt, which is shorter than the life of the new debt issued. The refunding was undertaken to reduce total debt payments over the next 10 years and resulted in a savings of approximately \$850,000. On June 30, 2022, \$9,190,000 of general obligation bonds is considered defeased.

In June 2012, the Town issued \$22 million in advanced refunding limited obligation bonds and defeased 2005 and 2003 certificates of participation and a 2007 installment purchase contract by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt on the old bonds and installment purchase contract. Accordingly, the trust assets and the liability for the defeased debt are not included in the Town's financial statements. The refinancing was undertaken to reduce total debt payments over the next 20 years and resulted in a savings of approximately \$800,000. On June 30, 2022, \$4,080,000 of certificates of participation is considered defeased.

OWASA's long-term debt as of June 30, 2022 consists of the following:

Revenue Bonds:

Revenue bonds payable, Series 2021 Water and Sewer System Revenue Bonds, in the amount of \$18,840,000, issued April 8, 2021, with coupon rates of 5.0%; final maturity June 2046; net of unamortized premium of \$1,611,608 at June 30, 2021	\$ 18,840,000
Revenue bonds payable, Series 2020 Revenue Bonds, in the amount of \$9,500,000, issued April 7, 2020, with a coupon rate of 5.0%; final maturity June 2026, net of unamortized premium of \$821,835 at June 30, 2021	6,325,000
Revenue bonds payable, Series 2019 Revenue Bonds, in the amount of \$16,640,000, issued November 15, 2019, with coupon rates of 3.0% and 5.0%; final maturity June 2044; net of unamortized premium of \$1,877,575 at June 30, 2021	15,840,000
Revenue bonds payable, Series 2018 Refunding Revenue Serial Bonds, in the amount of \$18,075,000, issued April 10, 2018, with a coupon rate of 2.3%; final maturity July 2029; net of unamortized premium of \$1,309,010 at June 30, 2021	17,000,000
Revenue bonds payable, Series 2014 Refunding Revenue Serial Bonds, in the amount of \$15,965,000, issued December 18, 2014, with coupon rates of 3.0% and 5.0%, final maturity July 2031; net of unamortized premium of \$812,604 at June 30, 2021	11,630,000
	\$ 69,635,000

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

Notes Payable - Direct Borrowings:

Note payable to NCDEQ in the amount of \$6,560,000 issued October 4, 2014, interest at 0%, Federal Revolving Loan, beginning May 2015, payable in annual installments of \$328,000 with a final payment due in May 2034	\$ 3,936,000
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	790,847
Note payable to NCDEQ in the amount of \$3,028,700 issued June 17, 2019, interest at 1.53%, DWSRF loan, beginning November 2020, payable in annual installments, varying, with final payment due in May 2040	2,529,063

Note payable to NCDEQ in the amount of \$1,658,000 issued September 12, 2017, interest at 1.53%, State Reserve Loan, beginning May 2021, due in annual installments, varying, with a final payment due in May 2040	191,659
Note payable to NCDEQ in the amount of \$1,525,000 issued August 1, 2017, interest at 1.53%, State Reserve Loan, beginning November 2020, due in annual installments, varying, with a final payment due in May 2040	753,186
Note payable to NCDEQ in the amount of \$670,156 issued April 7, 2020, interest at 1.42%, DWSRF loan, beginning May 2021, due in annual installments, varying, with a final payment due in May 2040	603,140
Note payable to NCDEQ in the amount of \$6,132,000 issued June 3, 2019, interest at 1.53%, Federal Revolving Loan, beginning May 2020, payable in annual installments of \$266,429 with a final payment due in May 2039	4,529,299
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	727,272
	\$ 14,060,466

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
2023	\$ 5,005,000	\$ 939,784	\$ 5,944,784	\$ 2,663,512
2024	5,320,000	812,507	6,132,507	2,408,513
2025	5,645,000	673,572	6,318,572	2,137,638
2026	5,980,000	522,601	6,502,601	1,850,512
2027	4,495,000	421,307	4,916,307	1,578,051
2028-2032	20,090,000	1,103,437	21,193,437	5,143,125
2033-2037	7,975,000	345,485	8,320,485	2,560,388
2038-2042	9,125,000	155,353	9,280,353	1,410,088
2043-2045	6,000,000	37,602	6,037,602	301,242
Total	\$ 69,635,000	\$ 5,011,648	\$ 74,646,648	\$ 20,053,069

OWASA notes payable maturities are as follows:

Fiscal Year	Maturities	Interest	Total
2023	\$ 1,019,800	\$ 139,446	\$ 1,159,246
2024	993,409	144,453	1,137,862
2025	947,867	130,351	1,078,218
2026	921,480	121,248	1,042,728
2027	922,900	112,334	1,035,234
2028-2032	4,636,557	427,242	5,063,799
2033-2037	3,348,291	211,078	3,559,369
2038-2042	1,216,239	32,888	1,249,127
2043	53,923	-	53,923
Total	\$ 14,060,466	\$ 1,319,040	\$ 15,379,506

Advance Refundings:

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

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

OWASA's long-term liability activity for the year ended June 30, 2022 is as follows:

	July 1, 2021	Additions	Reductions	June 30, 2022	Due Within One Year
Direct Borrowings	\$ 14,315,726	\$ 732,069	\$ 987,329	\$ 14,060,466	\$ 1,019,800
Bonds payable:					
Revenue bonds	73,410,000	-	3,775,000	69,635,000	5,005,000
For issuance premiums	6,432,633	-	1,105,080	5,327,553	974,885
Lease liabilities	-	686,460	63,733	622,727	59,555
Compensated absences	725,045	612,031	646,767	690,309	517,732
Net pension liability (LGRS)	4,542,897	-	2,667,614	1,875,283	-
Total OPEB liability	16,637,731	-	1,355,873	15,281,858	-
Total bonds payable	\$ 116,064,032	\$ 2,030,560	\$ 10,601,396	\$ 107,493,196	\$ 7,576,972

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

Principal and interest on the bonds are payable through 2046, solely from the water and sewer customer net revenues. The total principal and interest remaining to be paid on the bonds is \$96,344,326. Principal and interest paid in the year ended June 30, 2022 was \$6,656,257 and total customer net revenues for the year ended June 30, 2022 was \$37,995,260. There is no unused line of credit.

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

The debt service coverage ratio calculation for the year ended June 30, 2022, is as follows:

Operating revenues	\$ 37,995,260
Operating expenses *	<u>22,281,269</u>
Income available for debt service	<u>\$ 15,713,991</u>
Debt service on parity indebtedness, principal and interest paid	<u>\$ 6,656,257</u>
Debt service coverage ratio for parity debt	<u>236%</u>
Subordinated indebtedness debt service - principal and interest paid	<u>\$ 1,185,925</u>
Debt Service coverage ratio - parity and subordinated indebtedness	<u>200%</u>

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

J. Deferred Outflows and Inflows of Resources

Deferred outflows of resources is comprised of the following:

Source	Amount
Contributions to pension plan in current year	\$ 4,941,239
Pension deferral	9,761,033
OPEB deferral	1,147,365
Deferred charge on refunding	481,044
	<u>\$ 16,330,681</u>

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

Source	Amount
Prepaid taxes (General Fund)	\$ 10,045
Leases (General Fund)	256,392
Pension deferral	12,852,701
OPEB deferral	14,108,131
	<u>\$ 27,227,269</u>

K. 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	\$ 36,300,291
Less:	
Inventories	3,439
Leases	383
Stabilization by State Statute	10,293,383
Inspections	83,089
Parks projects	36,603
Streets projects	483,622
Public safety	178,347
Workforce development	263,029
Economic development	53,737
Appropriated in FY23 budget	2,663,390
Working capital fund balance reserve	8,484,168
Remaining fund balance	13,757,101

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

Encumbrances	
Major funds:	
General Fund	\$ 1,326,306
Capital Projects Ordinance Fund	35,415,862
Non-major funds	10,097,296

L. Interfund Receivables, Payables and Transfers

Interfund receivables and payables. At June 30, 2022, the statements of the Town include a net of balances due to/from other funds in the amount of \$2,765,085 as detailed below. The payable in the Housing fund represents the borrowing of cash to cover expenditures not yet reimbursed by grants at year-end. The Parking facility fund payable represents the payment by the Debt service fund of the initial debt service costs on the East Rosemary Deck prior to revenue generation and initial project costs supplanted by the General Fund. The payable from the Grants Fund, Housing Capital Grants Fund, and Transit Capital Grants Fund to the General Fund represents the borrowing of cash to cover expenditures not yet reimbursed by grants at year-end.

Governmental funds to Business-type funds:

Receivable Fund	Payable Fund	Amount
General fund	Housing fund	466,397
General fund	Parking facility fund	424,475
Debt service fund	Parking facility fund	1,874,213
		<u>\$ 2,765,085</u>

Between governmental funds:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Fund - Grants Fund	97,395
General Fund	Nonmajor Fund - Housing Capital Grants Fund	108,015
General Fund	Nonmajor Fund - Transit Capital Grants Fund	483,662
		<u>\$ 689,072</u>

Interfund transfers. A schedule of interfund transfers for the year ended June 30, 2022 is as follows:

Interfund transfers to/(from) governmental funds

From General Fund to Stormwater Fund	(9,229)
From Transit Fund to Nonmajor Fund	<u>1,139,759</u>
Total transfers to governmental funds from proprietary funds	<u>\$ 1,130,530</u>

Transfers between governmental funds:

From Nonmajor Fund to General Fund	45,000
From General Fund to Internal Service Fund	900,000
From General Fund to Nonmajor Fund	3,757,484
From General Fund to Debt Fund	445,100
From Capital Projects Ordinance Fund to Debt Fund	3,399,950

The Town uses transfers to move funds between various programs that must be accounted for in other funds in accordance with budgetary authorization, including amounts to provide matching funds for grants. The transfer of \$9,229 from the General Fund to the Stormwater Fund is to pay the of stormwater fee exemption. Transit made a transfer of matching funds to the Transit Grants Fund for transit capital grants. The Library Gift Fund transfers \$45,000 annually to the General Fund to help offset the cost of book purchases. The General Fund transferred funds to the Vehicle Replacement Fund for the purchase of vehicles replacements, Affordable Housing Development Reserve Fund and the Climate Action Fund for its annual contribution to the funds, to the Grants Fund for grant matches, to the Capital Projects Fund to fund pay-go capital, and to the Debt Fund for the incremental tax value increase in the Blue Hill District for the debt payment for Ephesus Fordham. The transfer from the Capital Project Ordinance Fund to the Debt Fund represents reimbursement of preliminary East Rosemary Deck and Elliott Road Reconstruction expenditures that occurred prior to the issuance of the 2021 Limited Obligation Bonds.

M. Employees' Retirement System

I. North Carolina Local Governmental Employees' Retirement System

Plan Description. The Town of Chapel Hill and OWASA are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina, 27699-1410 or by calling (919) 981-5454, or at www.osc.nc.gov.

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town and OWASA employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2022, was 12.04% of compensation for law enforcement officers and 11.41% 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 11.39%. The Town's contributions to the pension for the year ended June 30, 2022, were \$4,696,807 and OWASA's contributions were \$1,042,033.

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, 2022, the Town reported a liability of \$8,559,919 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 (measurement date), the Town's proportion was 0.55816%, which was a decrease of 0.0156% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Town recognized pension expense of \$3,560,878. At June 30, 2022, 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	\$ 2,723,218	\$ -
Changes of assumptions	5,377,816	-
Net difference between projected and actual earnings on pension plan investments	-	12,229,554
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	448,746
Town contributions subsequent to measurement date	4,696,807	-
Total	<u>\$ 12,797,841</u>	<u>\$ 12,678,300</u>

\$4,696,807 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2023	\$	620,455
2024		(421,661)
2025		(1,033,743)
2026		(3,742,317)
2027		-
Thereafter		-
	<u>\$</u>	<u>(4,577,266)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: (a) inflation rate of 2.5 percent, (b) salary increases of 3.25% to 8.25%, including inflation and a productivity factor, (c) investment rate of return of 6.50%, net of pension plan investment expense, including inflation.

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections.

Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary as part of a study conducted in 2016, and is part of the asset, liability and investment policy of the North Carolina Retirement Systems. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.05%. Return projections do not include any excess return expectations over benchmark averages. All rates of return and inflation are annualized.

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

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 33,228,895	\$ 8,559,919	\$ (11,741,214)

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

2. Law Enforcement Officers’ Special Separation Allowance

Plan Description. The Town of Chapel Hill administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service.

The Separation Allowance is equal to .85% of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. A separate report was not issued for the plan.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	25
Terminated plan members entitled to but not yet receiving benefits	0
Active Plan members	95
	<hr/>
	120
	<hr/> <hr/>

Summary of Significant Accounting Policies:

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

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

Actuarial Assumptions. The entry age normal actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: (a) inflation rate of 2.5 percent, (b) salary increases of 3.25% to 7.75%, including inflation and a productivity factor, (c) discount rate of 2.25%. The discount rate is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020. Mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$457,529 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, 2022, the Town reported a total pension liability of \$7,312,232. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$981,303.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 467,266	\$ 1,564
Changes of assumptions	1,192,733	172,837
Town benefit payments and plan administrative expense made subsequent to the measurement date	244,432	-
Total	<u>\$ 1,904,431</u>	<u>\$ 174,401</u>

\$244,432 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as:

Year ending June 30:

2023	\$	515,630
2024		482,998
2025		421,923
2026		64,996
2027		51
Thereafter		-
	<u>\$</u>	<u>1,485,598</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 2.25%, 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 (1.25%) or one percentage point higher (3.25%) than the current rate:

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability	\$ 7,836,871	\$ 7,312,232	\$ 6,827,427

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

	<u>2022</u>
Total Pension Liability as of December 31, 2020	\$ 7,320,909
Changes for the year:	
Service Cost at End of Year	309,333
Interest on the total pension liability	136,878
Changes in benefit terms	-
Differences between expected and actuarial experience in the measurement of the total pension liability	166,095
Changes of assumptions and other inputs	(163,454)
Benefit payments	(457,529)
Other changes	-
Net Changes	<u>(8,677)</u>
Total Pension Liability as of December 31, 2021	<u>\$ 7,312,232</u>

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period as of December 31, 2019.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 3,560,878	\$ 981,303	\$ 4,542,181
Pension Liability	8,559,919	7,312,232	15,872,151
Proportionate Share of the Net Pension Liability	0.55816%	n/a	

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$ 2,723,218	\$ 467,266	\$ 3,190,484
Changes of assumptions	5,377,816	1,192,733	6,570,549
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	4,696,807	244,432	4,941,239
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$ -	\$ 1,564	\$ 1,564
Changes of assumptions	-	172,837	172,837
Net difference between projected and actual earnings on plan investments	12,229,554	-	12,229,554
Changes in proportion and differences between Town contributions and proportionate share of contributions	448,746	-	448,746

3. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 were \$501,957 which consisted of \$318,055 from the Town and \$183,902 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, 2022 were \$2,659,990, which consisted of \$1,714,555 from the Town and \$945,435 from employees. No amounts were forfeited.

N. Other Post-Employment Benefits

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

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

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

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

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

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

Contributions. The Town Council established the contribution requirements of plan members which may be amended by the Council. The Council establishes rates based on an actuarially determined rate. For the year ended June 30, 2022, the Town contributed \$35 per biweekly pay period (\$910 annually) on behalf of each employee in the defined contribution plan.

Per a Town resolution, the Town is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the board. For the fiscal year ended June 30, 2022, the Town made payments for post-retirement health benefit premiums of \$1,776,994 and the retirees made payments of \$156,243 for dependent care and for the employee's share of coverage according to the schedule above. For the fiscal year ended June 30, 2022, the Town also contributed \$454,700 to the trust fund.

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

Investments

Investment policy. The HCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Town Council by a majority vote of its members. It is the policy of the Council to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value. The following was the Council's adopted asset allocation policy as of June 30, 2022:

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, 2022, 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, 2022 were as follows:

Total OPEB Liability	\$	39,886,821
Plan fiduciary net position		<u>7,029,969</u>
Town's net OPEB liability	\$	<u><u>32,856,852</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability		17.62%

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

The total OPEB liability was rolled forward to June 30, 2022, utilizing update procedures incorporating the actuarial assumptions.

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

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

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

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

Sensitivity of the net OPEB liability to changes in the discount rate. At June 30 2022, the following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current discount rate:

	<u>1% Decrease (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net OPEB liability	\$ 37,577,379	\$ 32,856,852	\$ 28,914,552

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

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 28,023,569	\$ 32,856,852	\$ 38,706,802

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2022, the Town reported a net OPEB liability of \$32,856,852. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2022, the components of the net OPEB liability of the Town were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability (a)</u>	<u>Plan Fiduciary Net Position (b)</u>	<u>Net OPEB Liability (a)-(b)</u>
Balances at June 30, 2021	\$ 38,716,130	\$ 6,564,151	\$ 32,151,979
Changes for the Year:			
Service Cost	531,090	-	531,090
Interest	2,543,143	-	2,543,143
Difference between Expected and Actual experience	210,852	-	210,852
Changes of assumptions	-	-	-
Contributions	-	2,569,094	(2,569,094)
Net Investment Income	-	11,118	(11,118)
Benefit Payments	(2,114,394)	(2,114,394)	-
Net Changes	1,170,691	465,818	704,873
Balances at June 30, 2022	<u>\$ 39,886,821</u>	<u>\$ 7,029,969</u>	<u>\$ 32,856,852</u>

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

For the year ended June 30, 2022, the Town recognized OPEB expense (income) of (\$5,698,951). At June 30, 2022, 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	\$ 284,209	\$ 13,525,987
Changes of assumptions	80,086	582,144
Net difference between projected and actual earnings on plan investments	783,070	-
Total	<u>\$ 1,147,365</u>	<u>\$ 14,108,131</u>

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

Year Ending June 30:	
2023	\$ (8,089,426)
2024	(5,173,900)
2025	213,150
2026	89,410
2027	-
Thereafter	-

O. 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.

P. Commitments and Contingencies

The Town has commitments related to capital improvements, capital purchases and town-wide development projects at June 30, 2022 for the following:

East Rosemary Deck Project	\$	25,317,350
Vehicle/Bus/Truck Purchases		10,585,346
Estes Drive Project		5,186,103
Transit Projects		3,227,569
Elliott Road Ext Project		3,151,198
Streets, Paving, Drainage and Sidewalks		1,586,759
Miscellaneous Projects		981,805
Affordable Housing Projects		524,393
Parks & Recreation Projects		236,984
Technology Projects		171,292
Parking Projects		96,893
Bolin Creek Trail		29,200
Ephesus - Fordham Project		25,943
	\$	<u>51,120,835</u>

OWASA is committed under various contracts for the completion of water and wastewater treatment facilities and other water and sewer projects. OWASA's management estimates the cost to complete these contracts to be approximately \$15,562,056 at June 30, 2022.

Q. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town protects itself from

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

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

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

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

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

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

The Town currently reports its risk management activities and insurance costs by operating fund. Claims expenditures falling within the retention coverage are generally reported when amounts are paid or, in the event of significant losses, when such amounts are probable and the amounts can be determined. The amounts due at June 30, 2022 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.

R. Change in Accounting Principle

For the year ended June 30, 2022, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

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

Exhibit 14

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Chapel Hill's proportion of the net pension liability (asset) (%)	0.55816%	0.57376%	0.58506%	0.61249%	0.60097%	0.59862%	0.60393%	0.60203%	0.60950%
Chapel Hill's proportion of the net pension liability (asset) (\$)	\$ 8,559,919	\$ 20,502,889	\$ 15,977,532	\$ 14,530,358	\$ 9,181,157	\$ 12,704,722	\$ 2,710,402	\$ (3,550,448)	\$ 7,346,815
Chapel Hill's covered payroll	\$ 40,095,018	\$ 41,416,643	\$ 41,035,819	\$ 40,092,466	\$ 38,271,235	\$ 36,637,712	\$ 34,697,974	\$ 33,509,249	\$ 32,468,101
Chapel Hill's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	21.35%	49.50%	38.94%	36.24%	23.99%	34.68%	7.81%	-10.60%	22.63%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. 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 GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
Last Nine Fiscal Years***

Exhibit 15

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,696,807	\$ 4,119,308	\$ 3,757,640	\$ 3,226,999	\$ 3,054,299	\$ 2,827,073	\$ 2,483,084	\$ 2,451,541	\$ 2,360,129
Contributions in relation to the contractually required contribution	<u>4,696,807</u>	<u>4,119,308</u>	<u>3,757,640</u>	<u>3,226,999</u>	<u>3,054,299</u>	<u>2,827,073</u>	<u>2,483,084</u>	<u>2,451,541</u>	<u>2,360,129</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Chapel Hill's covered payroll	\$ 41,011,892	\$ 40,095,018	\$ 41,416,643	\$ 41,035,819	\$ 40,092,466	\$ 38,271,235	\$ 36,637,712	\$ 34,697,974	\$ 33,509,249
Contributions as a percentage of covered payroll	11.45%	10.27%	9.07%	7.86%	7.62%	7.39%	6.78%	7.07%	7.04%

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

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

Exhibit 16

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 7,320,909	\$ 5,341,805	\$ 5,042,365	\$ 4,945,342	\$ 4,798,949	\$ 4,897,799
Service Cost	309,333	170,917	157,834	172,847	143,418	171,252
Interest on the total pension liability	136,878	167,000	176,130	150,129	177,648	168,819
Changes of benefit items	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	166,095	245,731	238,153	333,831	(32,879)	-
Changes of assumptions or other inputs	(163,454)	1,833,662	134,564	(170,913)	251,543	(100,964)
Benefit payments	(457,529)	(438,206)	(407,241)	(388,871)	(393,337)	(337,957)
Other changes	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 7,312,232</u>	<u>\$ 7,320,909</u>	<u>\$ 5,341,805</u>	<u>\$ 5,042,365</u>	<u>\$ 4,945,342</u>	<u>\$ 4,798,949</u>

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

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

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

Exhibit 17

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 7,312,232	\$ 7,320,909	\$ 5,341,805	\$ 5,042,365	\$ 4,945,342	\$ 4,798,949
Covered employee payroll	6,692,878	6,179,795	6,290,273	6,319,119	5,958,879	6,658,279
Total pension liability as a percentage of covered employee payroll	109.25%	118.47%	84.92%	79.80%	82.99%	72.07%

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

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

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

Exhibit 18

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability						
Service Cost	\$ 531,090	\$ 1,070,335	\$ 1,034,141	\$ 1,163,364	\$ 1,324,222	\$ 1,246,561
Interest	2,543,143	4,325,413	4,134,185	3,846,813	3,636,345	3,457,733
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	210,852	(29,507,839)	(273,944)	814,769	100,626	-
Changes of assumptions	-	(224,110)	-	544,350	(4,415,924)	-
Benefit payments	<u>(2,114,394)</u>	<u>(2,022,687)</u>	<u>(2,098,826)</u>	<u>(2,124,615)</u>	<u>(1,928,442)</u>	<u>(1,775,352)</u>
Net change in total OPEB liability	\$ 1,170,691	\$ (26,358,888)	\$ 2,795,556	\$ 4,244,681	\$ (1,283,173)	\$ 2,928,942
Total OPEB liability - beginning	38,716,130	65,075,018	62,279,462	58,034,781	59,317,954	56,389,012
Total OPEB liability - ending	<u>\$ 39,886,821</u>	<u>\$ 38,716,130</u>	<u>\$ 65,075,018</u>	<u>\$ 62,279,462</u>	<u>\$ 58,034,781</u>	<u>\$ 59,317,954</u>
Plan fiduciary net position						
Contributions - employer	\$ 2,569,094	\$ 2,477,387	\$ 2,765,226	\$ 2,964,615	\$ 2,768,442	\$ 4,733,352
Net investment income	11,118	1,172	73,508	100,313	325,262	306,647
Benefit payments	(2,114,394)	(2,022,687)	(2,098,826)	(2,124,615)	(1,928,442)	(1,775,352)
Administrative expense	-	-	-	-	-	(1,851)
Net change in plan fiduciary net position	\$ 465,818	\$ 455,872	\$ 739,908	\$ 940,313	\$ 1,165,262	\$ 3,262,796
Plan fiduciary net position - beginning	6,564,151	6,108,279	5,368,371	4,428,058	3,262,796	-
Plan fiduciary net position - ending	<u>\$ 7,029,969</u>	<u>\$ 6,564,151</u>	<u>\$ 6,108,279</u>	<u>\$ 5,368,371</u>	<u>\$ 4,428,058</u>	<u>\$ 3,262,796</u>
Town's net OPEB liability - ending	<u>\$ 32,856,852</u>	<u>\$ 32,151,979</u>	<u>\$ 58,966,739</u>	<u>\$ 56,911,091</u>	<u>\$ 53,606,723</u>	<u>\$ 56,055,158</u>
Plan fiduciary net position as a percentage of the total OPEB liability	17.62%	16.95%	9.39%	8.62%	7.63%	5.50%
Covered payroll	\$ 18,537,729	\$ 18,537,729	\$ 22,647,789	\$ 22,647,789	\$ 25,569,357	\$ 25,569,357
Town's net OPEB liability as a percentage of covered payroll	177.24%	173.44%	260.36%	251.29%	209.65%	219.23%

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

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

Exhibit 19

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 3,144,362	\$ 5,414,195	\$ 5,414,195	\$ 5,418,919	\$ 5,418,919	\$ 6,484,071
Contributions in relation to the actuarially determined contribution	2,569,094	2,477,387	2,765,226	2,964,615	2,768,442	4,733,352
Contribution deficiency (excess)	<u>\$ 575,268</u>	<u>\$ 2,936,808</u>	<u>\$ 2,648,969</u>	<u>\$ 2,454,304</u>	<u>\$ 2,650,477</u>	<u>\$ 1,750,719</u>
Covered payroll	\$ 18,537,729	\$ 18,537,729	\$ 22,647,789	\$ 22,647,789	\$ 25,569,537	\$ 25,569,357
Contributions as a percentage of covered payroll	13.86%	13.36%	12.21%	13.09%	10.83%	18.51%

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

Methods and assumptions used to determine contribution rates:

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

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

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

Exhibit 20

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

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

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

CAPITAL PROJECTS FUNDS

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

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

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

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

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

OTHER GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2022

	Total Capital Projects Funds	Total Special Revenue Funds	Total
ASSETS			
Cash and cash equivalents	\$ 2,689,834	\$ 4,185,534	\$ 6,875,368
Receivables:			
Governmental units and agencies	660,514	426,639	1,087,153
Property taxes, net	-	2,164	2,164
Inventories	-	16,538	16,538
Restricted cash and cash equivalents	295,582	413,895	709,477
TOTAL ASSETS	\$ 3,645,930	\$ 5,044,770	\$ 8,690,700
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other funds	\$ 591,677	\$ 97,395	\$ 689,072
Accounts payable	434,393	761,463	1,195,856
Accrued liabilities	-	36,486	36,486
Unearned revenue	-	38,191	38,191
Accounts payable from restricted assets	76,146	69,046	145,192
Other payables from restricted assets	1,347	40,124	41,471
Total liabilities	1,103,563	1,042,705	2,146,268
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	-	2,164	2,164
FUND BALANCES			
Nonspendable			
Inventories	-	16,538	16,538
Restricted			
Stabilization by State Statute	905,986	420,237	1,326,223
Public housing	14,702	113,836	128,538
Public safety	-	-	-
Library	-	250,989	250,989
Transit capital purchases	76,146	-	76,146
Infrastructure capital projects	218,089	-	218,089
Committed			
Municipal buildings capital projects	701,812	-	701,812
Infrastructure capital projects	163,380	-	163,380
Fire capital projects	44,480	-	44,480
Public housing	-	2,880,698	2,880,698
Climate action	-	390,933	390,933
Economic development	-	80,899	80,899
Assigned			
Subsequent year's expenditures	-	7,315	7,315
Municipal buildings capital projects	147,210	-	147,210
Parks capital projects	96,647	-	96,647
Technology capital projects	51,615	-	51,615
Public housing	198,446	-	198,446
Unassigned	(76,146)	(161,544)	(237,690)
Total fund balances	2,542,367	3,999,901	6,542,268
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,645,930	\$ 5,044,770	\$ 8,690,700

TOWN OF CHAPEL HILL, NORTH CAROLINA

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2022

	Community Development Entitlement	Affordable Housing	Transitional Housing	Land Trust Fund	Grants Fund
ASSETS					
Cash and cash equivalents	\$ -	\$ 2,066,553	\$ 115,133	\$ 30,895	\$ -
Receivables:					
Governmental units and agencies	213,581	-	-	-	173,265
Property taxes, net	-	-	-	-	-
Inventories	-	-	-	16,538	-
Restricted cash and cash equivalents	44,792	-	40,124	-	-
TOTAL ASSETS	\$ 258,373	\$ 2,066,553	\$ 155,257	\$ 47,433	\$ 173,265
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 97,395
Accounts payable	94,013	223,014	13,410	-	6,443
Accrued liabilities	5,732	-	-	-	20,006
Unearned revenue	-	-	-	-	32,100
Accounts payable from restricted assets	44,792	-	-	-	-
Other payables from restricted assets	-	-	40,124	-	-
Total liabilities	144,537	223,014	53,534	-	155,944
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	-	-	-	-	-
FUND BALANCES					
Nonspendable					
Inventories	-	-	-	16,538	-
Restricted					
Stabilization by State Statute	-	-	-	-	178,865
Public housing	113,836	-	-	-	-
Public safety	-	-	-	-	-
Library	-	-	-	-	-
Committed					
Public housing	-	1,843,539	101,723	30,895	-
Climate action	-	-	-	-	-
Economic development	-	-	-	-	-
Assigned					
Subsequent year's expenditures	-	-	-	-	-
Unassigned	-	-	-	-	(161,544)
Total fund balances	113,836	1,843,539	101,723	47,433	17,321
TOTAL LIABILITIES AND FUND BALANCES	\$ 258,373	\$ 2,066,553	\$ 155,257	\$ 47,433	\$ 173,265

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2022

	Downtown Service District	Affordable Housing Development Reserve Fund	Climate Action Fund	Library Gift Fund	Total
ASSETS					
Cash and cash equivalents	\$ 95,644	\$ 1,395,420	\$ 481,889	\$ -	\$ 4,185,534
Receivables:					
Governmental units and agencies	18,843	-	-	20,950	426,639
Property taxes, net	2,164	-	-	-	2,164
Inventories	-	-	-	-	16,538
Restricted cash and cash equivalents	-	-	-	328,979	413,895
TOTAL ASSETS	\$ 116,651	\$ 1,395,420	\$ 481,889	\$ 349,929	\$ 5,044,770
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ 97,395
Accounts payable	8,153	363,733	52,697	-	761,463
Accrued liabilities	3,195	-	6,759	794	36,486
Unearned revenue	-	-	-	6,091	38,191
Accounts payable from restricted assets	-	-	-	24,254	69,046
Other payables from restricted assets	-	-	-	-	40,124
Total liabilities	11,348	363,733	59,456	31,139	1,042,705
DEFERRED INFLOWS OF RESOURCES					
Property taxes receivable	2,164	-	-	-	2,164
FUND BALANCES					
Nonspendable					
Inventories	-	-	-	-	16,538
Restricted					
Stabilization by State Statute	18,843	127,146	31,500	63,883	420,237
Public housing	-	-	-	-	113,836
Public safety	-	-	-	-	-
Library	-	-	-	250,989	250,989
Committed					
Public housing	-	904,541	-	-	2,880,698
Climate action	-	-	390,933	-	390,933
Economic development	80,899	-	-	-	80,899
Assigned					
Subsequent year's expenditures	3,397	-	-	3,918	7,315
Unassigned	-	-	-	-	(161,544)
Total fund balances	103,139	1,031,687	422,433	318,790	3,999,901
TOTAL LIABILITIES AND FUND BALANCES	\$ 116,651	\$ 1,395,420	\$ 481,889	\$ 349,929	\$ 5,044,770

OTHER GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2022

	Capital Projects	Capital Reserve	Transit Grants	Public Housing Projects	Total
ASSETS					
Cash and cash equivalents	\$ 2,689,834	\$ -	\$ -	\$ -	\$ 2,689,834
Due from governmental units and agencies	-	-	483,662	176,852	660,514
Restricted cash and cash equivalents	1,347	218,089	-	76,146	295,582
TOTAL ASSETS	\$ 2,691,181	\$ 218,089	\$ 483,662	\$ 252,998	\$ 3,645,930
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ -	\$ -	\$ 483,662	\$ 108,015	\$ 591,677
Accounts payable	380,258	-	-	54,135	434,393
Accounts payable from restricted assets	-	-	-	76,146	76,146
Other payables from restricted assets	1,347	-	-	-	1,347
Total liabilities	381,605	-	483,662	238,296	1,103,563
FUND BALANCES					
Restricted					
Stabilization by State Statute	905,986	-	-	-	905,986
Public housing	-	-	-	14,702	14,702
Transit capital purchases	-	-	76,146	-	76,146
Infrastructure capital projects	-	218,089	-	-	218,089
Committed					
Municipal buildings capital projects	701,812	-	-	-	701,812
Infrastructure capital projects	163,380	-	-	-	163,380
Fire capital projects	44,480	-	-	-	44,480
Assigned					
Municipal buildings capital projects	147,210	-	-	-	147,210
Parks capital projects	96,647	-	-	-	96,647
Technology capital projects	51,615	-	-	-	51,615
Infrastructure capital projects	198,446	-	-	-	198,446
Unassigned	-	-	(76,146)	-	(76,146)
Total fund balances	2,309,576	218,089	-	14,702	2,542,367
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,691,181	\$ 218,089	\$ 483,662	\$ 252,998	\$ 3,645,930

OTHER GOVERNMENTAL FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022

	Total Capital Projects Funds	Total Special Revenue Funds	Total
REVENUES			
Taxes	\$ -	\$ 391,648	\$ 391,648
Intergovernmental revenues			
Federal government	2,202,126	904,251	3,106,377
State government	-	35,341	35,341
Other	390,677	240,935	631,612
Interest on investments	131	512	643
Franchise rental fees	69,979	-	69,979
Program income	37,984	57,367	95,351
Donations	-	315,061	315,061
Revenue in lieu	-	1,250,000	1,250,000
Other	4,886	-	4,886
	<u>2,705,783</u>	<u>3,195,115</u>	<u>5,900,898</u>
Total revenues			
EXPENDITURES			
Environment and development	-	3,058,509	3,058,509
Public safety	-	109,751	109,751
Leisure activities	-	202,654	202,654
Capital projects	4,598,853	-	4,598,853
	<u>4,598,853</u>	<u>3,370,914</u>	<u>7,969,767</u>
Total expenditures			
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,893,070)	(175,799)	(2,068,869)
OTHER FINANCING SOURCES (USES)			
Transfer from other funds	3,562,759	1,334,484	4,897,243
Transfer to other funds	-	(45,000)	(45,000)
	<u>3,562,759</u>	<u>1,289,484</u>	<u>4,852,243</u>
Total other financing sources (uses)			
NET CHANGE IN TOTAL FUND BALANCES	1,669,689	1,113,685	2,783,374
FUND BALANCES, BEGINNING	<u>872,678</u>	<u>2,886,216</u>	<u>3,758,894</u>
FUND BALANCES, ENDING	<u>\$ 2,542,367</u>	<u>\$ 3,999,901</u>	<u>\$ 6,542,268</u>

TOWN OF CHAPEL HILL, NORTH CAROLINA

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

**COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022**

	Community Development Entitlement	Affordable Housing	Transitional Housing	Land Trust Fund	Grants Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues					
Federal government	548,595	-	-	-	324,641
State government	-	-	-	-	14,444
Other	-	-	-	-	30,744
Interest on investments	-	405	20	6	-
Program income	12,817	-	44,550	-	-
Donations	-	4,925	-	-	-
Revenue in lieu	-	1,250,000	-	-	-
Total revenues	561,412	1,255,330	44,570	6	369,829
EXPENDITURES					
Environment and development	561,412	490,697	53,424	-	386,257
Public safety	-	-	-	-	109,751
Leisure activities	-	-	-	-	-
Total expenditures	561,412	490,697	53,424	-	496,008
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	764,633	(8,854)	6	(126,179)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	50,000	-	126,089
Transfers to other funds	-	-	-	-	-
Total other financing sources (uses)	-	-	50,000	-	126,089
NET CHANGE IN TOTAL FUND BALANCES	-	764,633	41,146	6	(90)
FUND BALANCES, BEGINNING	113,836	1,078,906	60,577	47,427	17,411
FUND BALANCES, ENDING	\$ 113,836	\$ 1,843,539	\$ 101,723	\$ 47,433	\$ 17,321

OTHER GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022

	Downtown Service District	Affordable Housing Development Reserve Fund	Climate Action Fund	Library Gift Fund	Total
REVENUES					
Taxes	\$ 391,648	\$ -	\$ -	\$ -	\$ 391,648
Intergovernmental revenues					
Federal government	-	-	-	31,015	904,251
State government	-	-	18,000	2,897	35,341
Other	73,500	-	123,912	12,779	240,935
Interest on investments	19	-	-	62	512
Program income	-	-	-	-	57,367
Donations	-	-	-	310,136	315,061
Revenue in lieu	-	-	-	-	1,250,000
Total revenues	465,167	-	141,912	356,889	3,195,115
EXPENDITURES					
Environment and development	487,434	889,806	189,479	-	3,058,509
Public safety	-	-	-	-	109,751
Leisure activities	-	-	-	202,654	202,654
Total expenditures	487,434	889,806	189,479	202,654	3,370,914
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	(22,267)	(889,806)	(47,567)	154,235	(175,799)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	688,395	470,000	-	1,334,484
Transfers to other funds	-	-	-	(45,000)	(45,000)
Total other financing sources (uses)	-	688,395	470,000	(45,000)	1,289,484
NET CHANGE IN TOTAL FUND BALANCES					
	(22,267)	(201,411)	422,433	109,235	1,113,685
FUND BALANCES, BEGINNING					
	125,406	1,233,098	-	209,555	2,886,216
FUND BALANCES, ENDING					
	\$ 103,139	\$ 1,031,687	\$ 422,433	\$ 318,790	\$ 3,999,901

OTHER GOVERNMENTAL FUNDS - CAPITAL PROJECTS FUNDS

COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2022

	Capital Projects	Capital Reserve	Transit Grants	Public Housing Projects	Total
REVENUES					
Intergovernmental revenues					
Federal government	\$ -	\$ -	\$ 1,543,330	\$ 658,796	\$ 2,202,126
Other	-	-	390,677	-	390,677
Interest on investments	91	40	-	-	131
Franchise rental fees	69,979	-	-	-	69,979
Program income	37,984	-	-	-	37,984
Other	-	-	-	4,886	4,886
Total revenues	108,054	40	1,934,007	663,682	2,705,783
EXPENDITURES					
Capital projects:					
Municipal facilities	616,328	-	-	658,796	1,275,124
Street improvements and sidewalks	154,500	-	-	-	154,500
Parks, recreation and open space	59,064	-	-	-	59,064
Technology and communications	36,399	-	-	-	36,399
Transit equipment and improvements	-	-	3,073,766	-	3,073,766
Total expenditures	866,291	-	3,073,766	658,796	4,598,853
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(758,237)	40	(1,139,759)	4,886	(1,893,070)
OTHER FINANCING SOURCES					
Transfer from other funds	2,423,000	-	1,139,759	-	3,562,759
NET CHANGE IN TOTAL FUND BALANCES	1,664,763	40	-	4,886	1,669,689
FUND BALANCES, BEGINNING	644,813	218,049	-	9,816	872,678
FUND BALANCES, ENDING	\$ 2,309,576	\$ 218,089	\$ -	\$ 14,702	\$ 2,542,367

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, 2022

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Computer Equipment Replacement Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,007,753	\$ 484,237	\$ 122,139	\$ 1,614,129
Accounts receivable	-	13,833	-	13,833
Inventories	-	55,047	-	55,047
Total current assets	1,007,753	553,117	122,139	1,683,009
NONCURRENT ASSETS				
Capital assets, net of depreciation	2,019,003	43,266	-	2,062,269
Total noncurrent assets	2,019,003	43,266	-	2,062,269
TOTAL ASSETS	3,026,756	596,383	122,139	3,745,278
DEFERRED OUTFLOWS OF RESOURCES				
Pension and OPEB deferrals	-	174,244	-	174,244
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	1,717	165,979	70,916	238,612
Accrued liabilities	-	35,626	-	35,626
Compensated absences	-	40,154	-	40,154
Total current liabilities	1,717	241,759	70,916	314,392
NONCURRENT LIABILITIES				
Compensated absences	-	686	-	686
Net other postemployment liability	-	420,334	-	420,334
Net pension liability	-	78,384	-	78,384
Total noncurrent liabilities	-	499,404	-	499,404
TOTAL LIABILITIES	1,717	741,163	70,916	813,796
DEFERRED INFLOWS OF RESOURCES				
Pension and OPEB deferrals	-	312,622	-	312,622
NET POSITION				
Net investment in capital assets	2,019,003	43,266	-	2,062,269
Unrestricted	1,006,036	(326,424)	51,223	730,835
TOTAL NET POSITION	\$ 3,025,039	\$ (283,158)	\$ 51,223	\$ 2,793,104

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2022

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Computer Equipment Replacement Fund	Total
OPERATING REVENUES				
Charges for services	\$ 344,660	\$ 1,521,025	\$ 177,750	\$ 2,043,435
OPERATING EXPENSES				
Depreciation and amortization	793,540	9,135	-	802,675
Personnel	-	552,325	-	552,325
Operations	1,893	898,401	170,868	1,071,162
Total operating expenses	795,433	1,459,861	170,868	2,426,162
OPERATING INCOME (LOSS)	(450,773)	61,164	6,882	(382,727)
NONOPERATING REVENUES				
Insurance recovery	-	25,096	-	25,096
Interest on investments	32	75	20	127
Gain on sale of capital assets	48,307	-	-	48,307
Total nonoperating revenues	48,339	25,171	20	73,530
CHANGE IN NET ASSETS BEFORE TRANSFERS	(402,434)	86,335	6,902	(309,197)
TRANSFERS				
Transfers in	900,000	-	-	900,000
CHANGE IN NET POSITION	497,566	86,335	6,902	590,803
NET POSITION, BEGINNING	2,527,473	(369,493)	44,321	2,202,301
NET POSITION, ENDING	\$ 3,025,039	\$ (283,158)	\$ 51,223	\$ 2,793,104

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Computer Equipment Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 344,660	\$ 1,517,475	\$ 177,750	\$ 2,039,885
Payments to employees	-	(652,921)	-	(652,921)
Payments to suppliers	(176)	(885,238)	(101,530)	(986,944)
Net cash provided by (used in) operating activities	<u>344,484</u>	<u>(20,684)</u>	<u>76,220</u>	<u>400,020</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers from other funds	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>900,000</u>
Net cash provided by noncapital financing activities	<u>900,000</u>	<u>-</u>	<u>-</u>	<u>900,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from sale of capital assets	48,307	-	-	48,307
Proceeds from insurance recovery	-	25,096	-	25,096
Acquisition and construction of capital assets	<u>(387,481)</u>	<u>(23,057)</u>	<u>-</u>	<u>(410,538)</u>
Net cash provided by (used in) capital and related financing activities	<u>(339,174)</u>	<u>2,039</u>	<u>-</u>	<u>(337,135)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	<u>32</u>	<u>75</u>	<u>20</u>	<u>127</u>
Net cash provided by investing activities	<u>32</u>	<u>75</u>	<u>20</u>	<u>127</u>

Continued

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Computer Equipment Replacement Fund	Total
NET INCREASE (DECREASE) IN CASH AND INVESTMENTS	905,342	(18,570)	76,240	963,012
CASH AND INVESTMENTS, BEGINNING	102,411	502,807	45,899	651,117
CASH AND INVESTMENTS, ENDING	<u>\$ 1,007,753</u>	<u>\$ 484,237</u>	<u>\$ 122,139</u>	<u>\$ 1,614,129</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (450,773)	\$ 61,164	\$ 6,882	\$ (382,727)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	793,540	9,135	-	802,675
Changes in assets and liabilities:				
Receivables	-	(3,551)	-	(3,551)
Inventories	-	739	-	739
Accounts payable	1,717	12,424	69,338	83,479
Accrued liabilities	-	22,145	-	22,145
Compensated absences	-	(5,608)	-	(5,608)
Accrued OPEB liability	-	9,017	-	9,017
Deferred outflows of resources for pensions	-	(126,149)	-	(126,149)
Net cash provided (used) by operating activities	<u>\$ 344,484</u>	<u>\$ (20,684)</u>	<u>\$ 76,220</u>	<u>\$ 400,020</u>

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GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Ad valorem taxes - current year	\$ 34,980,000	\$ 34,980,000	\$ 35,093,824	\$ 113,824
Ad valorem taxes - prior years	102,500	102,500	126,849	24,349
Interest on delinquent taxes	65,000	65,000	95,639	30,639
Interest on state held taxes	-	-	271	271
Local option sales taxes	16,560,488	16,560,488	18,843,327	2,282,839
Occupancy tax	750,000	750,000	1,297,315	547,315
Other taxes	78,500	78,500	95,800	17,300
Total taxes	<u>52,536,488</u>	<u>52,536,488</u>	<u>55,553,025</u>	<u>3,016,537</u>
Licenses and permits				
Motor vehicles	450,000	450,000	436,577	(13,423)
Privilege licenses	5,000	5,000	4,945	(55)
Building permits	2,040,000	2,040,000	2,386,938	346,938
Special use permits	75,000	75,000	406,445	331,445
Work zone traffic permits	40,000	40,000	62,750	22,750
Engineering permits	20,000	20,000	58,201	38,201
Fire inspection fees	99,000	99,000	105,415	6,415
Traffic impact study and fees	100,500	100,500	156,155	55,655
Police permits	35,000	35,000	3,705	(31,295)
Fire permits	32,000	32,000	33,900	1,900
Total licenses and permits	<u>2,896,500</u>	<u>2,896,500</u>	<u>3,655,031</u>	<u>758,531</u>
Fines and forfeitures				
Garbage citations	750	750	-	(750)
Parking tickets and towing fees	17,500	17,500	5,805	(11,695)
False alarm fees	17,000	17,000	11,574	(5,426)
Total fines and forfeitures	<u>35,250</u>	<u>35,250</u>	<u>17,379</u>	<u>(17,871)</u>

Continued

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Intergovernmental revenues				
State of North Carolina				
Beer and wine tax	\$ 260,000	\$ 260,000	\$ 246,383	\$ (13,617)
Fuel tax (Powell Bill) funds	1,430,186	1,430,186	1,644,298	214,112
State fire protection	1,106,256	1,106,256	1,037,969	(68,287)
Utility franchise tax	4,175,000	4,175,000	4,154,557	(20,443)
Video programming tax	625,000	625,000	586,408	(38,592)
Supplemental PEG support	82,000	82,000	77,424	(4,576)
Solid waste disposal tax	39,000	39,000	46,807	7,807
State library aid	30,098	30,098	29,681	(417)
UNC contributions	-	75,000	75,000	-
State Equitable Sharing - Drug	3,000	3,000	13,946	10,946
Total State of North Carolina	<u>7,750,540</u>	<u>7,825,540</u>	<u>7,912,473</u>	<u>86,933</u>
Other				
Orange County recreational support	83,760	83,760	84,760	1,000
Orange County library contribution	568,139	568,139	568,139	-
Orange County bail bond justice	-	6,000	6,000	-
Carrboro contribution	-	-	6,796	6,796
Total other	<u>651,899</u>	<u>657,899</u>	<u>665,695</u>	<u>7,796</u>
Total intergovernmental revenues	<u>8,402,439</u>	<u>8,483,439</u>	<u>8,578,168</u>	<u>94,729</u>

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
Charges for services				
Library fines and fees	\$ 50,000	\$ 50,000	\$ 44,380	\$ (5,620)
Street cuts and right of way	130,385	130,385	136,918	6,533
Traffic signals	354,700	354,700	312,658	(42,042)
Rent revenue	405,000	405,000	314,301	(90,699)
Cemetery staking	2,000	2,000	(5,350)	(7,350)
Fire districts	275,386	275,386	276,009	623
Solid waste collection	352,500	352,500	299,017	(53,483)
Planning review	268,210	268,210	119,870	(148,340)
Engineering review	37,000	37,000	46,903	9,903
Recreation	688,650	688,650	815,753	127,103
Charges to other funds	1,608,371	1,608,371	1,398,596	(209,775)
Total charges for services	4,172,202	4,172,202	3,759,055	(413,147)
Interest on investments	25,000	25,000	6,414	(18,586)
Other				
Sales - planning and documents	23,700	23,700	20,708	(2,992)
Sales - capital assets	10,000	10,000	13,911	3,911
Sales - fuel	5,000	5,000	5,775	775
Sales - miscellaneous	15,500	15,500	20,305	4,805
Cemetery lot sales	10,000	10,000	27,800	17,800
Court fees	20,000	20,000	5,450	(14,550)
Mutual aid reimbursements	100,000	100,000	492,897	392,897
Gifts and donations	45,000	100,864	104,177	3,313
Revenue in lieu	-	-	64,916	64,916
Miscellaneous	147,700	147,700	239,510	91,810
Total other revenues	376,900	432,764	995,449	562,685
TOTAL REVENUES	68,444,779	68,581,643	72,564,521	3,982,878

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXPENDITURES				
General government				
Mayor/Council	\$ 492,520	\$ 492,520	\$ 462,818	\$ 29,702
Manager/CaPA	3,145,778	3,617,889	3,240,451	377,438
Human Resources	1,766,539	2,009,707	1,543,670	466,037
Business Management	2,419,766	2,595,541	2,167,336	428,205
Technology Solutions	2,456,616	2,547,572	2,456,098	91,474
Attorney	577,687	577,687	439,610	138,077
Total general government	<u>10,858,906</u>	<u>11,840,916</u>	<u>10,309,983</u>	<u>1,530,933</u>
Environment and development				
Planning	1,865,219	2,413,422	1,775,066	638,356
Building and Development Services	2,424,868	2,518,666	2,011,914	506,752
Affordable Housing & Community Connections	843,694	1,293,694	877,132	416,562
Public Works	12,797,644	13,598,800	12,397,690	1,201,110
Total environment and development	<u>17,931,425</u>	<u>19,824,582</u>	<u>17,061,802</u>	<u>2,762,780</u>
Public safety				
Police	13,346,550	13,660,687	13,650,516	10,171
Fire	10,004,565	10,203,486	10,182,985	20,501
Total public safety	<u>23,351,115</u>	<u>23,864,173</u>	<u>23,833,501</u>	<u>30,672</u>
Leisure activities				
Parks and recreation	7,374,790	7,414,518	6,509,743	904,775
Library	3,888,890	3,885,064	3,799,557	85,507
Total leisure activities	<u>11,263,680</u>	<u>11,299,582</u>	<u>10,309,300</u>	<u>990,282</u>
Nondepartmental				
Liability insurance	350,000	350,000	403,677	(53,677)
Supplemental PEG expense	175,000	175,000	164,790	10,210
Economic development incentives	1,085,446	1,085,446	258,524	826,922
Contributions to agencies	1,323,419	1,562,199	1,313,974	248,225
Contribution to OPEB liability	250,000	250,000	250,000	-
Retiree medical insurance	1,460,000	1,460,000	1,569,624	(109,624)
Reserve for pay adjustments	400,000	554,600	-	554,600
General government	268,064	224,123	114,408	109,715
Total nondepartmental	<u>5,311,929</u>	<u>5,661,368</u>	<u>4,074,997</u>	<u>1,586,371</u>
Total expenditures	<u>68,717,055</u>	<u>72,490,621</u>	<u>65,589,583</u>	<u>6,901,038</u>

Continued

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(272,276)	(3,908,978)	6,974,938	10,883,916
OTHER FINANCING SOURCES (USES)				
Insurance recovery	20,000	20,000	29,840	9,840
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 Climate Action Fund	(470,000)	(470,000)	(470,000)	-
Transfer to Vehicle Replacement Fund	-	(900,000)	(900,000)	-
Transfer to Stormwater Fund	(12,000)	(12,000)	(9,229)	2,771
Transfer to Debt Service Fund	(445,100)	(445,100)	(445,100)	-
Transfer to Capital Projects Fund	(600,000)	(2,423,000)	(2,423,000)	-
Transfer to Transitional Housing Fund	-	(50,000)	(50,000)	-
Transfer to Grants Fund	(87,450)	(135,762)	(126,089)	9,673
Appropriated fund balance	<u>2,510,221</u>	<u>8,968,235</u>	<u>-</u>	<u>(8,968,235)</u>
Total other financing sources (uses)	<u>272,276</u>	<u>3,908,978</u>	<u>(5,036,973)</u>	<u>(8,945,951)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	1,937,965	<u>\$ 1,937,965</u>
FUND BALANCE, BEGINNING			<u>34,362,326</u>	
FUND BALANCE, ENDING			<u>\$ 36,300,291</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes - current year	\$ 8,280,000	\$ 8,280,000	\$ 8,301,869	\$ 21,869
Ad valorem taxes - prior years	13,000	13,000	28,218	15,218
Interest on investments	10,000	10,000	22,138	12,138
Total revenues	<u>8,303,000</u>	<u>8,303,000</u>	<u>8,352,225</u>	<u>49,225</u>
EXPENDITURES				
Debt service:				
Principal	5,556,000	5,847,000	5,847,000	-
Interest and fiscal charges	<u>1,954,975</u>	<u>2,786,109</u>	<u>2,786,108</u>	<u>1</u>
Total expenditures	<u>7,510,975</u>	<u>8,633,109</u>	<u>8,633,108</u>	<u>1</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	792,025	(330,109)	(280,883)	49,226
OTHER FINANCING SOURCES (USES)				
Proceeds from refunding bond issuance	-	11,980,062	12,047,000	66,938
Premium from refunding bond issuance	-	266,191	275,881	9,690
Payment to refunding bond escrow agent	-	(12,241,044)	(12,241,044)	-
Transfer from other funds	1,361,932	4,830,100	3,845,050	(985,050)
Transfer to other funds	-	(1,558,976)	-	1,558,976
Contribution to reserve	<u>(2,153,957)</u>	<u>(2,946,224)</u>	<u>-</u>	<u>2,946,224</u>
Total other financing sources (uses)	<u>(792,025)</u>	<u>330,109</u>	<u>3,926,887</u>	<u>3,596,778</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	3,646,004	<u>\$ 3,646,004</u>
FUND BALANCES, BEGINNING			<u>7,264,168</u>	
FUND BALANCES, ENDING			<u>\$ 10,910,172</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL PROJECTS ORDINANCE FUND
FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	Project	Actual		
	Authorization	Prior Years	Current Year	Total to Date
REVENUES				
Interest on investments	\$ 981,041	\$ 1,097,246	\$ 27,481	\$ 1,124,727
Federal Bridge Replacement Grant	212,865	268,730	-	268,730
Federal Transit Administration Grants	4,773,137	2,796,376	-	2,796,376
Federal Highway Administration Grants	3,686,618	213,433	724,480	937,913
Other Federal Grants	1,542,077	961,222	-	961,222
North Carolina Clean Water Grant	200,000	200,000	-	200,000
North Carolina Department of Transportation Grants	3,836,678	2,947,395	21,831	2,969,226
Parks and Recreation Trust Fund	500,000	500,000	-	500,000
Other State Grants	573,121	521,814	-	521,814
Orange County parks bonds	8,337,520	8,337,520	-	8,337,520
Other Grants	1,462,493	1,138,743	-	1,138,743
Charges for services	258,005	258,005	-	258,005
Donations	1,613,193	1,613,193	-	1,613,193
Revenue in lieu	280,489	724,304	207,675	931,979
Other	1,883,484	1,886,680	-	1,886,680
Total revenues	30,140,721	23,464,661	981,467	24,446,128
EXPENDITURES				
Parks, recreation, library and open space capital improvements	35,644,964	36,415,765	186,521	36,602,286
Public safety capital improvements	1,748,029	891,663	592,898	1,484,561
Parking deck	39,446,214	2,336,418	12,965,969	15,302,387
Public safety facility	2,059,575	1,621,542	109,559	1,731,101
Municipal facilities	8,365,702	7,921,276	92,217	8,013,493
Affordable housing	5,213,966	90,562	1,255,692	1,346,254
Sewer capital improvements	1,458,000	831,311	204,947	1,036,258
Software development	300,000	274,798	-	274,798
Street and sidewalk improvements	37,305,166	18,621,085	5,489,633	24,110,718
Debt service:				
Principal	4,300,000	4,300,000	-	4,300,000
Interest and fiscal charges	64,500	64,500	-	64,500
Total expenditures	135,906,116	73,368,920	20,897,436	94,266,356
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(105,765,395)	(49,904,259)	(19,915,969)	(69,820,228)

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, 2022**

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
OTHER FINANCING SOURCES (USES)				
Proceeds from bond issuance	84,103,466	48,857,528	39,479,000	88,336,528
Proceeds from financing	4,145,472	4,142,276	-	4,142,276
Premium on debt	8,310,230	1,860,518	6,440,021	8,300,539
Transfer from General Fund	7,257,485	7,257,485	-	7,257,485
Transfer from Capital Projects Fund	1,565,614	1,565,614	-	1,565,614
Transfer from Debt Service Fund	-	3,399,950	(3,399,950)	-
Transfer from Library Gift Fund	454,475	454,475	-	454,475
Transfer to Capital Projects Fund	(94,428)	(84,928)	-	(84,928)
Appropriated fund balance	23,081	-	-	-
	<u>105,765,395</u>	<u>67,452,918</u>	<u>42,519,071</u>	<u>109,971,989</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ 17,548,659</u>	22,603,102	<u>\$ 40,151,761</u>
FUND BALANCE, BEGINNING			<u>17,548,659</u>	
FUND BALANCE, ENDING			<u>\$ 40,151,761</u>	

**SCHEDULE OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - AMERICAN RESCUE PLAN ACT FUND
 FROM PROJECT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>
REVENUES				
Intergovernmental revenues - federal	\$ 5,334,248	\$ -	\$ 431,945	\$ 431,945
EXPENDITURES				
Environment and development	5,334,248	-	431,945	431,945
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, BEGINNING			-	
FUND BALANCE, ENDING			<u>\$ -</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ 1,000	\$ 1,000	\$ 91	\$ (909)
Franchise rental fees	60,000	60,000	69,979	9,979
Program income	36,241	36,241	37,984	1,743
Total revenues	<u>97,241</u>	<u>97,241</u>	<u>108,054</u>	<u>10,813</u>
EXPENDITURES				
Capital projects:				
Municipal facilities	486,241	1,647,254	616,328	1,030,926
Street improvements and sidewalks	61,000	311,000	154,500	156,500
Parks, recreation and open space	150,000	155,711	59,064	96,647
Technology and communications	-	88,014	36,399	51,615
Public safety	-	750,000	-	750,000
Total expenditures	<u>697,241</u>	<u>2,951,979</u>	<u>866,291</u>	<u>2,085,688</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(600,000)</u>	<u>(2,854,738)</u>	<u>(758,237)</u>	<u>2,096,501</u>
OTHER FINANCING SOURCES				
Transfer from other funds	600,000	2,423,000	2,423,000	-
Appropriated fund balance	-	431,738	-	(431,738)
Total other financing sources	<u>600,000</u>	<u>2,854,738</u>	<u>2,423,000</u>	<u>(431,738)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>1,664,763</u>	<u>\$ 1,664,763</u>
FUND BALANCE, BEGINNING			<u>644,813</u>	
FUND BALANCE, ENDING			<u>\$ 2,309,576</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CAPITAL RESERVE FUND
 YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Interest on investments	\$ -	\$ -	\$ 40	\$ 40
Total revenues	-	-	40	40
EXPENDITURES				
Environment and development	-	-	-	-
NET CHANGE IN TOTAL FUND BALANCE	\$ -	\$ -	40	\$ 40
FUND BALANCE, BEGINNING			218,049	
FUND BALANCE, ENDING			<u>\$ 218,089</u>	

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
TRANSIT GRANT PROJECTS ORDINANCE FUND
FROM GRANT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	Project Authorization	Prior Years	Actual	
			Current Year	Total to Date
REVENUES				
Intergovernmental revenue				
Federal government	\$ 9,028,367	\$ 1,300,641	\$ 1,543,330	\$ 2,843,971
State government	2,198,913	140,839	-	140,839
Other	2,940,606	2,545,220	390,677	2,935,897
	<u>14,167,886</u>	<u>3,986,700</u>	<u>1,934,007</u>	<u>5,920,707</u>
Total revenues				
	<u>14,167,886</u>	<u>3,986,700</u>	<u>1,934,007</u>	<u>5,920,707</u>
EXPENDITURES				
Bus & vehicle purchases	14,920,920	4,106,708	2,871,426	6,978,134
Equipment and improvements	1,335,154	191,377	136,950	328,327
Administration	486,678	331,136	65,390	396,526
	<u>16,742,752</u>	<u>4,629,221</u>	<u>3,073,766</u>	<u>7,702,987</u>
Total expenditures				
	<u>16,742,752</u>	<u>4,629,221</u>	<u>3,073,766</u>	<u>7,702,987</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(2,574,866)</u>	<u>(642,521)</u>	<u>(1,139,759)</u>	<u>(1,782,280)</u>
OTHER FINANCING SOURCES				
Transfer from other funds	2,574,866	642,521	1,139,759	1,782,280
	<u>2,574,866</u>	<u>642,521</u>	<u>1,139,759</u>	<u>1,782,280</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
PUBLIC HOUSING PROJECTS - CAPITAL FUND GRANTS
FROM GRANT INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2022**

	Project Authorization	Actual		Total to Date
		Prior Year	Current Year	
REVENUES				
Intergovernmental revenues				
Capital Grant 2016	\$ 521,212	\$ 521,212	\$ -	521,212
Capital Grant 2017	549,598	268,743	269,752	538,495
Capital Grant 2018	789,318	362,130	226,728	588,858
Capital Grant 2019	825,913	80,373	60,840	141,213
Capital Grant 2020	891,521	5,333	67,726	73,059
Capital Grant 2021	935,260	-	33,750	33,750
Capital Grant 2022	935,260	-	-	-
Total federal government	5,448,082	1,237,791	658,796	1,896,587
Other revenues	48,750	48,750	4,886	53,636
 Total revenues	 5,496,832	 1,286,541	 663,682	 1,950,223
EXPENDITURES				
Environment and development	5,496,832	1,276,725	658,796	1,935,521
 NET CHANGE IN TOTAL FUND BALANCE	 \$ -	 \$ 9,816	 4,886	 \$ 14,702
 FUND BALANCE, BEGINNING			 9,816	
 FUND BALANCE, ENDING			 \$ 14,702	

**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, 2022**

	Project Authorization	Actual		Total to Date
		Prior Years	Current Year	
REVENUES				
Intergovernmental revenues				
Block Grant 16	\$ 387,702	\$ 387,702	\$ -	\$ 387,702
Block Grant 17	380,825	380,825	-	380,825
Block Grant 18	418,344	418,344	-	418,344
Block Grant 19	386,584	386,584	-	386,584
Block Grant 20 CV-1	245,693	245,692	-	245,692
Block Grant 20	417,591	164,265	235,330	399,595
Block Grant 21 CV-3	290,902	169,679	118,211	287,890
Block Grant 21	418,300	-	195,054	195,054
Block Grant 22	421,755	-	-	-
Program income	<u>94,656</u>	<u>81,840</u>	<u>12,817</u>	<u>94,657</u>
Total revenues	<u>3,462,352</u>	<u>2,234,931</u>	<u>561,412</u>	<u>2,796,343</u>
EXPENDITURES				
Public improvement	89,911	89,096	-	89,096
Neighborhood revitalization	1,714,113	876,114	250,830	1,126,944
Administration	570,382	376,779	84,638	461,417
Community services	215,829	194,007	7,123	201,130
Public Services	<u>872,117</u>	<u>585,099</u>	<u>218,821</u>	<u>803,920</u>
Total expenditures	<u>3,462,352</u>	<u>2,121,095</u>	<u>561,412</u>	<u>2,682,507</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, 2022**

	Project Authorization	Prior Years	Actual Current Year	Total to Date
REVENUES				
Interest on investments	\$ 54,612	\$ 60,418	\$ 405	\$ 60,823
Program income	650,799	650,800	-	650,800
Donations	52,607	52,907	4,925	57,832
Revenue in lieu	<u>4,802,576</u>	<u>3,552,576</u>	<u>1,250,000</u>	<u>4,802,576</u>
Total revenues	<u>5,560,594</u>	<u>4,316,701</u>	<u>1,255,330</u>	<u>5,572,031</u>
EXPENDITURES				
Environment and development	<u>5,716,372</u>	<u>3,393,574</u>	<u>490,697</u>	<u>3,884,271</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(155,778)</u>	<u>923,127</u>	<u>764,633</u>	<u>1,687,760</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>\$ 1,078,906</u>	<u>764,633</u>	<u>\$ 1,843,539</u>
FUND BALANCE, BEGINNING			<u>1,078,906</u>	
FUND BALANCE, ENDING			<u>\$ 1,843,539</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, 2022**

	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	1,413	20	1,433
Program income	192,885	219,114	44,550	263,664
Other	393	393	-	393
	<u>434,907</u>	<u>461,696</u>	<u>44,570</u>	<u>506,266</u>
EXPENDITURES				
Environment and development	<u>502,407</u>	<u>418,619</u>	<u>53,424</u>	<u>472,043</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(67,500)</u>	<u>43,077</u>	<u>(8,854)</u>	<u>34,223</u>
OTHER FINANCING SOURCES				
Transfer from other funds	<u>67,500</u>	<u>17,500</u>	<u>50,000</u>	<u>67,500</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ 60,577</u>	41,146	<u>\$ 101,723</u>
FUND BALANCE, BEGINNING			<u>60,577</u>	
FUND BALANCE, ENDING			<u>\$ 101,723</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, 2022**

	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	2,252	6	2,258
Program income	<u>249,389</u>	<u>249,390</u>	-	<u>249,390</u>
Total revenues	<u>482,178</u>	<u>482,300</u>	<u>6</u>	<u>482,306</u>
EXPENDITURES				
Environment and development	<u>482,178</u>	<u>434,873</u>	-	<u>434,873</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ 47,427</u>	6	<u>\$ 47,433</u>
FUND BALANCE, BEGINNING			<u>47,427</u>	
FUND BALANCE, ENDING			<u>\$ 47,433</u>	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GRANTS FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues				
Federal government	\$ 283,826	\$ 398,988	\$ 324,641	\$ (74,347)
State government	17,150	17,150	14,444	(2,706)
Other	6,426	69,820	30,744	(39,076)
Total revenues	<u>307,402</u>	<u>485,958</u>	<u>369,829</u>	<u>(116,129)</u>
EXPENDITURES				
Environment and development	394,852	394,852	386,257	8,595
Public safety	-	234,683	109,751	124,932
Total expenditures	<u>394,852</u>	<u>629,535</u>	<u>496,008</u>	<u>133,527</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(87,450)</u>	<u>(143,577)</u>	<u>(126,179)</u>	<u>17,398</u>
OTHER FINANCING SOURCES				
Transfer from other funds	87,450	135,762	126,089	(9,673)
Appropriated fund balance	-	7,815	-	(7,815)
Total other financing sources	<u>87,450</u>	<u>143,577</u>	<u>126,089</u>	<u>(17,488)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	(90)	<u>\$ (90)</u>
FUND BALANCE, BEGINNING			<u>17,411</u>	
FUND BALANCE, ENDING			<u>\$ 17,321</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - DOWNTOWN SERVICE DISTRICT FUND
 YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 391,000	\$ 391,000	\$ 390,940	\$ (60)
Interest on delinquent taxes	1,000	1,000	708	(292)
Intergovernmental revenues - other	73,500	73,500	73,500	-
Interest on investments	-	-	19	19
Total revenues	<u>465,500</u>	<u>465,500</u>	<u>465,167</u>	<u>(333)</u>
EXPENDITURES				
Environment and development	<u>465,500</u>	<u>492,491</u>	<u>487,434</u>	<u>5,057</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES				
	<u>-</u>	<u>(26,991)</u>	<u>(22,267)</u>	<u>4,724</u>
OTHER FINANCING SOURCES				
Appropriated fund balance	<u>-</u>	<u>26,991</u>	<u>-</u>	<u>(26,991)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(22,267)</u>	<u>\$ (22,267)</u>
FUND BALANCE, BEGINNING			<u>125,406</u>	
FUND BALANCE, ENDING			<u>\$ 103,139</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - AFFORDABLE HOUSING DEVELOPMENT RESERVE FUND
 YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
EXPENDITURES				
Environment and development	\$ 688,395	\$ 1,921,493	\$ 889,806	\$ 1,031,687
DEFICIENCY OF REVENUES OVER EXPENDITURES	<u>(688,395)</u>	<u>(1,921,493)</u>	<u>(889,806)</u>	<u>1,031,687</u>
OTHER FINANCING SOURCES				
Transfer from other funds	688,395	688,395	688,395	-
Appropriated fund balance	<u>-</u>	<u>1,233,098</u>	<u>-</u>	<u>(1,233,098)</u>
Total other financing sources	<u>688,395</u>	<u>1,921,493</u>	<u>688,395</u>	<u>(1,233,098)</u>
NET CHANGE IN TOTAL FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>(201,411)</u>	<u>\$ (201,411)</u>
FUND BALANCE, BEGINNING			<u>1,233,098</u>	
FUND BALANCE, ENDING			<u>\$ 1,031,687</u>	

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - CLIMATE ACTION FUND
 YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues:				
State government	\$ -	\$ 18,000	\$ 18,000	\$ -
Other	-	186,557	123,912	(62,645)
Total revenues	-	204,557	141,912	(62,645)
EXPENDITURES				
Environment and development	-	674,557	189,479	485,078
DEFICIENCY OF REVENUES OVER EXPENDITURES				
	-	(470,000)	(47,567)	422,433
OTHER FINANCING SOURCES				
Transfer from other funds	-	470,000	470,000	-
NET CHANGE IN TOTAL FUND BALANCE	\$ -	\$ -	422,433	\$ 422,433
FUND BALANCE, BEGINNING			-	
FUND BALANCE, ENDING			\$ 422,433	

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - LIBRARY GIFT FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental revenues				
Federal government	\$ 84,600	\$ 244,101	\$ 31,015	\$ (213,086)
State government	-	3,405	2,897	(508)
Other	-	18,870	12,779	(6,091)
Interest on investments	341	341	62	(279)
Library donations	122,500	374,400	310,136	(64,264)
	<u>207,441</u>	<u>641,117</u>	<u>356,889</u>	<u>(284,228)</u>
EXPENDITURES				
Leisure activities	<u>171,400</u>	<u>634,320</u>	<u>202,654</u>	<u>431,666</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	<u>36,041</u>	<u>6,797</u>	<u>154,235</u>	<u>147,438</u>
OTHER FINANCING SOURCES (USES)				
Transfer to other funds	(45,000)	(45,000)	(45,000)	-
Contribution to reserve	(441)	(115)	-	115
Appropriated fund balance	9,400	38,318	-	(38,318)
	<u>(36,041)</u>	<u>(6,797)</u>	<u>(45,000)</u>	<u>(38,203)</u>
NET CHANGE IN TOTAL FUND BALANCE				
	<u>\$ -</u>	<u>\$ -</u>	109,235	<u>\$ 109,235</u>
FUND BALANCE, BEGINNING				
			<u>209,555</u>	
FUND BALANCE, ENDING				
			<u>\$ 318,790</u>	

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(MODIFIED ACCRUAL BASIS) - TRANSIT FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services:				
Tarheel Express	\$ 306,238	\$ 306,238	\$ 96,825	\$ (209,413)
Bus advertising	200,000	200,000	73,661	(126,339)
Other	605,949	605,949	367,538	(238,411)
Total charges for services	1,112,187	1,112,187	538,024	(574,163)
OPERATING EXPENSES				
Personnel	15,887,358	14,959,072	14,058,468	900,604
Fuel and tires	1,686,237	1,189,716	852,187	337,529
Indirect costs	1,392,621	1,392,621	1,225,351	167,270
Building maintenance	546,032	1,468,373	949,217	519,156
Vehicle maintenance	1,916,992	2,245,693	1,170,999	1,074,694
Insurance	433,369	433,369	363,495	69,874
Advertising and marketing	63,500	67,200	34,531	32,669
Tarheel Express	284,438	284,438	191,821	92,617
Uniforms and supplies	160,745	176,745	154,787	21,958
Professional services	98,734	940,196	384,760	555,436
Contracted services	2,575,178	7,012,347	2,837,433	4,174,914
Other	518,732	855,464	608,316	247,148
Total operating expenses	25,563,936	31,025,234	22,831,365	8,193,869
OPERATING LOSS	(24,451,749)	(29,913,047)	(22,293,341)	7,619,706
NONOPERATING REVENUES (EXPENSES)				
Federal Operating Assistance Grant	1,960,178	11,519,585	11,814,211	294,626
State Operating Assistance Grant	2,629,698	3,631,704	3,631,704	-
Operating assistance-UNC Chapel Hill	8,519,147	8,519,147	7,338,447	(1,180,700)
Operating assistance-Town of Carrboro	1,900,088	1,900,088	1,900,088	-
Operating assistance - TTA Vehicle Fees	4,074,423	4,074,423	5,447,427	1,373,004
Vehicle licenses	450,034	450,034	435,776	(14,258)
Ad valorem taxes	5,093,702	5,093,702	5,113,815	20,113
Interest on investments	25,595	25,595	6,160	(19,435)
Insurance recovery	48,000	48,000	23,293	(24,707)
Capital outlay	(20,000)	(1,399,378)	(762,659)	636,719
Gain (Loss) from sale of capital assets	14,000	14,000	153,484	139,484
Debt service	(716,110)	(716,110)	(716,619)	(509)
Contribution to reserve	-	(6,559,446)	-	6,559,446
Revenue in lieu	26,500	26,500	15,000	(11,500)
Appropriated fund balance	446,494	3,416,734	-	(3,416,734)
Total nonoperating revenues (expenses), net	24,451,749	30,044,578	34,400,127	4,355,549
INCOME BEFORE TRANSFERS	-	131,531	12,106,786	11,975,255

Continued

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(MODIFIED ACCRUAL BASIS) - TRANSIT FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
TRANSFERS				
Transfers out	-	(131,531)	(1,139,759)	(1,008,228)
EXCESS OF REVENUES OVER EXPENSES AND TRANSFERS	\$ -	\$ -	10,967,027	\$ 10,967,027
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			22,496	
Accrued OPEB liability			(170,381)	
Pension Expense			2,441,539	
Debt service principal			636,000	
Capital outlay			762,659	
Depreciation and amortization			(4,216,474)	
Capital contributions			2,871,426	
Change in net position			\$ 13,314,292	

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BASIS) - PARKING FACILITIES FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 2,184,700	\$ 2,534,670	\$ 2,086,574	\$ (448,096)
OPERATING EXPENSES				
Personnel	946,160	756,502	614,529	141,973
Maintenance and repairs	39,500	9,500	1,284	8,216
Credit card fees	148,575	148,575	116,320	32,255
Parking lots	648,754	678,754	645,595	33,159
Indirect costs	84,019	84,019	52,230	31,789
Contracted services	173,128	151,021	84,629	66,392
Other	252,774	277,954	174,855	103,099
Total operating expenses	2,292,910	2,106,325	1,689,442	416,883
OPERATING INCOME (LOSS)	(108,210)	428,345	397,132	(31,213)
NONOPERATING REVENUES (EXPENSES)				
Federal grant operating assistance	1,147,288	6,065	-	(6,065)
Interest on investments	2,000	2,000	-	(2,000)
Insurance recovery	2,000	2,000	-	(2,000)
Lease revenue	-	-	54,019	54,019
Debt service	-	(1,874,213)	-	1,874,213
Lease expense	(111,246)	(111,246)	(111,246)	-
Capital outlay	(15,000)	(138,632)	(72,845)	65,787
Appropriated fund balance	-	126,705	-	(126,705)
Total nonoperating revenues (expenses), net	1,025,042	(1,987,321)	(130,072)	1,857,249
INCOME (LOSS) BEFORE TRANSFERS	916,832	(1,558,976)	267,060	1,826,036
TRANSFERS				
Transfers in	-	1,558,976	-	(1,558,976)
Transfers out	(916,832)	-	-	-
Total transfers	(916,832)	1,558,976	-	(1,558,976)
EXCESS OF REVENUES OVER EXPENSES AND TRANSFERS	\$ -	\$ -	267,060	\$ 267,060

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BASIS) - PARKING FACILITIES FUND
YEAR ENDED JUNE 30, 2022**

Reconciliation of modified accrual basis to
full accrual basis:

Accrued vacation payable	2,480
Accrued OPEB liability	(8,246)
Pension expense	116,331
Lease principal	110,745
Capital outlay	72,845
Depreciation	(75,246)
Lease amortization	<u>(102,875)</u>
Change in net position	<u>\$ 383,094</u>

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL -
(MODIFIED ACCRUAL BASIS) - HOUSING OPERATING FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 1,029,248	\$ 1,029,248	\$ 1,093,693	\$ 64,445
OPERATING EXPENSES				
Personnel	1,213,455	1,242,471	999,540	242,931
Maintenance and repairs	116,000	130,998	143,658	(12,660)
Contracted services	411,664	478,658	436,969	41,689
Utilities	213,400	213,400	218,589	(5,189)
Other	222,237	225,512	208,382	17,130
Total operating expenses	2,176,756	2,291,039	2,007,138	283,901
OPERATING LOSS	(1,147,508)	(1,261,791)	(913,445)	348,346
NONOPERATING REVENUES (EXPENSES)				
Federal Operating Assistance Grant	1,145,793	1,259,715	1,406,215	146,500
Interest on investments	1,715	1,715	517	(1,198)
Insurance recovery	-	-	119,348	119,348
Loss on sale of capital assets	-	-	(4,618)	(4,618)
Appropriated fund balance	-	361	-	(361)
Total nonoperating revenues (expenses), net	1,147,508	1,261,791	1,521,462	259,671
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ -	608,017	\$ 608,017
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			4,769	
Accrued OPEB liability			(13,331)	
Pension Expense			192,424	
Depreciation			(650,455)	
Capital contribution			15,580	
Change in net position			\$ 157,004	

PUBLIC HOUSING FINANCIAL DATA SCHEDULE

Schedule 30

Line Item #	Account Description	Low Rent 14.850	CARES 14.PHC	CGP 14.872	TOTAL
ASSETS:					
CURRENT ASSETS:					
111	Cash - unrestricted	\$ 5,601,503	\$ -	\$ -	5,601,503
113	Cash - other restricted	-	-	76,146	76,146
114	Cash - tenant security deposits	80,456	-	-	80,456
100	Total cash	5,681,959	-	76,146	5,758,105
124	Accounts receivable - Other Governmental	-	-	176,852	176,852
125	Accounts receivable - Miscellaneous	-	-	-	-
126	Accounts receivable - Tenants dwelling rents	95,947	-	-	95,947
126.1	Allowance for doubtful accounts - Tenants dwelling rents	(7,412)	-	-	(7,412)
120	Total receivables, net allowances for uncollectibles	88,535	-	176,852	265,387
143	Inventories	26,267	-	-	26,267
143.1	Allowance for Obsolete Inventories	(1,461)	-	-	(1,461)
	Total inventories	24,806	-	-	24,806
150	TOTAL CURRENT ASSETS	5,795,300	-	252,998	6,048,298
NONCURRENT ASSETS:					
Capital assets:					
161	Land	2,096,831	-	-	2,096,831
162	Building	23,521,258	-	-	23,521,258
164	Furniture, Equipment, & Machinery -Administration	753,684	-	-	753,684
166	Accumulated depreciation	(19,712,366)	-	-	(19,712,366)
167	Construction in progress	299,014	-	-	299,014
160	Total capital assets, net of accumulated depreciation	6,958,421	-	-	6,958,421
180	TOTAL NONCURRENT ASSETS	6,958,421	-	-	6,958,421
190	TOTAL ASSETS	12,753,721	-	252,998	13,006,719
DEFERRED OUTFLOWS OF RESOURCES:					
200	Contributions to pension plan	264,875	-	-	264,875
290	TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 13,018,596	\$ -	\$ 252,998	\$ 13,271,594
LIABILITIES:					
CURRENT LIABILITIES:					
312	Accounts payable ≤ 90 days	\$ 545,718	\$ -	\$ 238,296	\$ 784,014
321	Accrued wage/payroll taxes payable	49,685	-	-	49,685
322	Accrued compensated absences - current portion	49,092	-	-	49,092
341	Tenant security deposits	80,456	-	-	80,456
310	TOTAL CURRENT LIABILITIES	724,951	-	238,296	963,247
357	Accrued pension and OPEB liabilities	793,681	-	-	793,681
350	TOTAL NON-CURRENT LIABILITIES	793,681	-	-	793,681
300	TOTAL LIABILITIES	1,518,632	-	238,296	1,756,928
DEFERRED INFLOWS OF RESOURCES:					
400	Pension deferrals	527,450	-	-	527,450
EQUITY:					
508.4	Net investment in capital assets	6,958,421	-	-	6,958,421
511.4	Restricted net position	-	-	14,702	14,702
512.4	Unrestricted net position	4,014,093	-	-	4,014,093
513	TOTAL EQUITY	10,972,514	-	14,702	10,987,216
600	TOTAL LIABILITIES, DEFERRED INFLOWS AND EQUITY	\$ 13,018,596	\$ -	\$ 252,998	\$ 13,271,594

PUBLIC HOUSING FINANCIAL DATA SCHEDULE

Schedule 30

Line Item #	Account Description	Low Rent 14.850	CARES 14.PHC	CGP 14.872	TOTAL
REVENUE:					
Tenant revenues:					
703	Net tenant rental revenue	\$ 1,093,693	\$ -	\$ -	\$ 1,093,693
705	Total tenant revenue	1,093,693	-	-	1,093,693
Other revenues:					
706	HUD PHA grants	1,292,293	113,922	658,796	2,065,011
711	Investment income - unrestricted	517	-	-	517
715	Other revenue	119,348	-	4,886	124,234
716	Gain or loss on sale of capital assets	(4,618)	-	-	(4,618)
	Total other revenue	1,407,540	113,922	663,682	2,185,144
700	TOTAL REVENUE	2,501,233	113,922	663,682	3,278,837
EXPENSES:					
OPERATING EXPENSES:					
Administrative:					
911	Administrative salaries	308,959	45,532	53,515	408,006
915	Employee benefit contributions - administrative	(5,951)	3,483	15,838	13,370
919	Other operating - administrative	123,464	649	-	124,113
Tenant services:					
924	Tenant services-other	4,073	62,559	-	66,632
Utilities:					
931	Water	185,519	-	-	185,519
932	Electricity	27,071	-	-	27,071
933	Gas	5,999	-	-	5,999
Ordinary maintenance & operations:					
941	Ordinary maintenance and operations - labor	312,959	-	-	312,959
942	Ordinary maintenance and operations - materials	112,677	1,699	-	114,376
943	Ordinary maintenance and operations - contract costs	387,974	-	-	387,974
945	Employee benefit contributions - ordinary maintenance	155,465	-	-	155,465
General expenses:					
961	Insurance premiums	87,300	-	-	87,300
962	Other general expenses	-	-	-	-
962.1	Compensated Absences	(4,769)	-	-	(4,769)
964	Bad debt - tenant rents	8,614	-	-	8,614
969	TOTAL OPERATING EXPENSES	1,709,354	113,922	69,353	1,892,629
970	EXCESS OF OPERATING REVENUE OVER OPERATING EXPENSES	791,879	-	594,329	1,386,208
NON-OPERATING EXPENSES:					
971	Extraordinary maintenance	-	-	589,443	589,443
974	Depreciation Expense	650,455	-	-	650,455
900	TOTAL NON-OPERATING EXPENSES	650,455	-	589,443	1,239,898
1000	EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	141,424	-	4,886	146,310
1104	Capital Outlays Enterprise Fund	15,580	-	-	15,580
	CHANGE IN NET POSITION	157,004	-	4,886	161,890
1103	BEGINNING EQUITY	10,815,510	-	9,816	10,825,326
	ENDING EQUITY	\$ 10,972,514	\$ -	\$ 14,702	\$ 10,987,216

**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(MODIFIED ACCRUAL BASIS) - STORMWATER MANAGEMENT FUND
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 2,988,000	\$ 2,988,000	\$ 3,142,759	\$ 154,759
OPERATING EXPENSES				
Personnel	1,467,359	1,467,359	1,357,990	109,369
Drainage maintenance	159,415	159,415	111,697	47,718
Indirect costs	131,731	131,731	121,015	10,716
Professional services	397,000	428,999	79,515	349,484
Contracted services	260,800	300,000	282,462	17,538
Other	66,841	68,864	45,448	23,416
Total operating expenses	2,483,146	2,556,368	1,998,127	558,241
OPERATING INCOME	504,854	431,632	1,144,632	713,000
NONOPERATING REVENUES (EXPENSES)				
Operating assistance - Town of Carrboro	7,500	7,500	7,500	-
Interest on investments	2,000	2,000	953	(1,047)
Capital outlay	(248,119)	(753,442)	-	753,442
Debt service	(216,844)	(216,844)	(216,844)	-
Lease expense	(61,391)	(61,391)	(61,391)	-
Appropriated fund balance	-	578,545	-	(578,545)
Total nonoperating revenues (expenses), net	(516,854)	(443,632)	(269,782)	173,850
INCOME (LOSS) BEFORE TRANSFERS	(12,000)	(12,000)	874,850	886,850
TRANSFERS				
Transfers In	12,000	12,000	9,229	(2,771)
EXCESS OF REVENUES OVER EXPENSES AND TRANSFERS	\$ -	\$ -	884,079	\$ 884,079
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			16,522	
Accrued OPEB liability			(11,187)	
Pension Expense			165,128	
Debt service principal			135,000	
Amortization of bond premium			6,478	
Lease principal			61,227	
Depreciation			(249,135)	
Lease Amortization			(61,152)	
Change in net position			\$ 946,960	

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN
(MODIFIED ACCRUAL BASIS) - VEHICLE REPLACEMENT FUND
YEAR ENDED JUNE 30, 2022**

	Financial Plan		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 344,660	\$ 344,660	\$ 344,660	\$ -
OPERATING EXPENSES				
Operations	-	-	1,893	(1,893)
OPERATING INCOME	344,660	344,660	342,767	(1,893)
NONOPERATING REVENUES (EXPENSES)				
Interest on investments	-	-	32	32
Proceeds from sale of capital assets	-	-	48,307	48,307
Capital outlay	(344,660)	(1,244,660)	(387,481)	857,179
Total nonoperating revenues (expenses), net	(344,660)	(1,244,660)	(339,142)	905,518
INCOME (LOSS) BEFORE TRANSFERS	-	(900,000)	3,625	903,625
TRANSFERS				
Transfers in	-	900,000	900,000	-
EXCESS OF REVENUES OVER EXPENSES	\$ -	\$ -	903,625	\$ 903,625
Reconciliation of modified accrual basis to full accrual basis:				
Depreciation and amortization			(793,540)	
Capital outlay			387,481	
Change in net position			\$ 497,566	

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN
(MODIFIED ACCRUAL BASIS) - VEHICLE MAINTENANCE FUND
YEAR ENDED JUNE 30, 2022**

	Financial Plan		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 1,559,100	\$ 1,559,100	\$ 1,521,025	\$ (38,075)
OPERATING EXPENSES				
Personnel	705,003	705,003	675,065	29,938
Operations	900,219	993,277	898,401	94,876
Total operating expenses	1,605,222	1,698,280	1,573,466	124,814
OPERATING (LOSS)	(46,122)	(139,180)	(52,441)	86,739
NONOPERATING REVENUES (EXPENSES)				
Insurance recovery	18,000	18,000	25,096	7,096
Interest on investments	-	-	75	75
Capital outlay	-	(29,406)	(23,057)	6,349
Appropriated net position	28,122	150,586	-	(150,586)
Total nonoperating revenues (expenses)	46,122	139,180	2,114	(137,066)
DEFICIENCY OF REVENUES OVER EXPENSES	\$ -	\$ -	(50,327)	\$ (50,327)
Reconciliation of modified accrual basis to full accrual basis:				
Accrued vacation payable			5,608	
Accrued OPEB liability			126,149	
Pension Expense			(9,017)	
Capital outlay			23,057	
Depreciation and amortization			(9,135)	
Change in net position			\$ 86,335	

**SCHEDULE OF REVENUES AND EXPENDITURES - FINANCIAL PLAN
(MODIFIED ACCRUAL BASIS) - COMPUTER EQUIPMENT REPLACEMENT FUND
YEAR ENDED JUNE 30, 2022**

	Financial Plan		Actual	Variance - Positive (Negative)
	Original	Final		
OPERATING REVENUES				
Charges for services	\$ 177,750	\$ 177,750	\$ 177,750	\$ -
OPERATING EXPENSES				
Operations	177,750	177,750	170,868	6,882
OPERATING INCOME	-	-	6,882	6,882
NONOPERATING REVENUES				
Interest on investments	-	-	20	20
Change in net position	\$ -	\$ -	\$ 6,902	\$ 6,902

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TOWN OF CHAPEL HILL, NORTH CAROLINA
Schedule of Ad Valorem Taxes Receivable
June 30, 2022

Fiscal Year	Uncollected Balance 07/01/21	Additions	Collections and Credits	Uncollected Balance 06/30/22
2021-2022	\$ -	\$ 48,632,356	a \$ 48,492,226	b \$ 140,130
2020-2021	168,467 **	-	102,457	66,010
2019-2020	103,580	-	45,870	57,710
2018-prior	<u>254,666</u>	-	<u>25,095</u>	<u>229,571</u>
Totals	<u>\$ 526,713</u>		<u>\$ 48,665,648</u>	493,421
				<u>313,515</u>
				<u>\$ 179,906</u>
Reconciliation with revenues:				
Ad Valorem taxes - General Fund				\$ 35,316,583
Ad Valorem taxes - Debt Fund				8,330,087
Ad Valorem taxes - Transit Fund				<u>5,113,814</u>
Ad Valorem taxes				\$ 48,760,484
Reconciling item				
Taxes written off				1,074
Interest collected				(95,639)
Interest on state held taxes				<u>(271)</u>
Total collections and credits				<u>\$ 48,665,648</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, 2022

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Real & Personal property at current rate	\$ 9,461,547,860	0.00514	\$ 48,632,356	\$ 45,013,957	\$ 3,618,399
Uncollected taxes at June 30, 2022			140,130 c	118,300	21,830
Current year's taxes collected			\$ 48,492,226 b	\$ 44,895,657	\$ 3,596,569
Current levy collection percentage			99.71%	99.74%	99.40%

STATISTICAL SECTION

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

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

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

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

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

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

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

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

Table I

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 71,955,972	\$ 73,079,773	\$ 74,223,378	\$ 67,839,566	\$ 75,389,626	\$ 75,357,987	\$ 78,789,668	\$ 76,894,871	\$ 78,071,289	\$ 74,079,252
Restricted	21,675,839	21,880,495	21,386,268	29,921,596	20,754,657	19,404,651	19,549,718	24,300,123	14,956,269	14,364,711
Unrestricted	1,169,561	(253,331)	(267,812)	(2,196,665)	(6,638,186)	(27,258,231)	(29,239,538)	(34,061,415)	(19,730,487)	(6,407,590)
Total governmental activities net position	\$ 94,801,372	\$ 94,706,937	\$ 95,341,834	\$ 95,564,497	\$ 89,506,097	\$ 67,504,407	\$ 69,099,848	\$ 67,133,579	\$ 73,297,071	\$ 82,036,373
Business-type activities										
Net investment in capital assets	\$ 53,612,945	\$ 50,976,684	\$ 46,845,360	\$ 43,422,690	\$ 47,315,951	\$ 40,360,967	\$ 39,067,845	\$ 40,492,920	\$ 37,340,846	\$ 36,630,532
Unrestricted	7,003,344	8,802,655	9,100,051	8,298,160	2,469,000	6,782,796	10,947,357	12,701,601	21,250,840	36,762,504
Total business-type activities net position	\$ 60,616,289	\$ 59,779,339	\$ 55,945,411	\$ 51,720,850	\$ 49,784,951	\$ 47,143,763	\$ 50,015,202	\$ 53,194,521	\$ 58,591,686	\$ 73,393,036
Primary government										
Net investment in capital assets	\$ 125,568,917	\$ 124,056,457	\$ 121,068,738	\$ 111,262,256	\$ 122,705,577	\$ 115,718,954	\$ 117,857,513	\$ 117,387,791	\$ 115,412,135	\$ 110,709,784
Restricted	21,675,839	21,880,495	21,386,268	29,921,596	20,754,657	19,404,651	19,549,718	24,300,123	14,956,269	14,364,711
Unrestricted	8,172,905	8,549,324	8,832,239	6,101,495	(4,169,186)	(20,475,435)	(18,292,181)	(21,359,814)	1,520,353	30,354,914
Total primary government net position	\$ 155,417,661	\$ 154,486,276	\$ 151,287,245	\$ 147,285,347	\$ 139,291,048	\$ 114,648,170	\$ 119,115,050	\$ 120,328,100	\$ 131,888,757	\$ 155,429,409
Component unit										
Net investment in capital assets	\$ 206,109,733	\$ 219,522,714	\$ 218,421,756	\$ 224,969,584	\$ 236,928,712	\$ 255,136,679	\$ 266,060,335	\$ 270,044,238	\$ 263,554,194	\$ 268,947,944
Restricted	151,600	187,910	222,470	260,978	171,013	206,053	241,332	276,217	310,538	323,721
Unrestricted	25,876,182	18,686,692	26,899,507	29,327,642	26,560,322	9,495,342	6,068,016	5,839,587	15,645,655	14,203,346
Total component unit net position	\$ 232,137,515	\$ 238,397,316	\$ 245,543,733	\$ 254,558,204	\$ 263,660,047	\$ 264,838,074	\$ 272,369,683	\$ 276,160,042	\$ 279,510,387	\$ 283,475,011

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Expenses										
General government	\$ 10,074,521	\$ 10,010,914	\$ 10,195,729	\$ 11,336,963	\$ 14,470,841	\$ 13,114,734	\$ 14,062,125	\$ 13,540,168	\$ 14,509,659	\$ 14,187,218
Environment and development	32,680,272	23,481,833	20,231,149	21,105,842	22,928,377	28,204,380	26,619,126	28,656,379	26,281,322	30,158,640
Public safety	21,357,911	21,303,785	21,007,366	21,565,795	21,302,314	24,843,607	22,286,773	24,550,231	19,640,367	21,946,099
Leisure activities	11,191,585	11,131,488	11,239,822	12,324,889	12,526,906	12,511,883	12,743,540	13,074,746	12,520,360	11,888,593
Interest	2,880,837	2,300,475	2,168,703	2,007,653	2,025,209	2,247,661	2,410,040	2,186,743	1,696,386	2,447,780
Total expenses	78,185,126	68,228,495	64,842,769	68,341,142	73,253,647	80,922,265	78,121,604	82,008,267	74,648,094	80,628,330
Program Revenues										
Charges for services:										
General government	\$ 1,707,833	\$ 1,874,861	\$ 1,747,363	\$ 1,703,045	\$ 1,776,434	\$ 1,805,955	\$ 1,844,457	\$ 1,834,873	\$ 1,787,355	\$ 1,840,118
Environment and development	2,801,220	2,960,803	2,838,720	3,249,840	3,409,760	3,755,047	4,280,212	3,777,149	3,922,097	4,145,836
Public safety	100,112	368,938	413,873	477,315	534,893	536,244	502,416	505,806	399,466	436,408
Leisure activities	1,031,436	1,044,868	1,045,413	1,078,897	1,120,649	1,385,957	1,408,235	981,286	504,481	1,174,433
Operating grants and contributions:										
General government	-	-	-	-	-	-	-	-	-	-
Environment and development	2,474,971	2,888,753	2,343,069	2,029,052	2,148,374	2,494,215	2,155,799	2,401,934	4,459,539	3,182,538
Public safety	1,165,774	1,374,748	1,158,731	1,159,227	1,245,009	1,185,178	1,165,123	1,239,331	1,180,817	1,167,252
Leisure activities	531,466	595,494	711,614	782,546	773,574	742,834	798,843	754,274	898,883	729,271
Capital grants and contributions:										
Environment and development	10,246,880	2,671,685	346,064	790,803	525,538	4,754,718	3,701,042	3,659,420	1,800,911	3,339,114
Public safety	-	-	-	-	559,365	852,297	-	-	-	-
Leisure activities	182,507	797,386	476,120	170,149	402,981	180,252	170,449	122,138	-	-
Total program revenues	20,242,199	14,577,536	11,080,967	11,440,874	12,496,577	17,692,697	16,026,576	15,276,211	14,953,549	16,014,970
Total governmental activities net program expense	\$ (57,942,927)	\$ (53,650,959)	\$ (53,761,802)	\$ (56,900,268)	\$ (60,757,070)	\$ (63,229,568)	\$ (62,095,028)	\$ (66,732,056)	\$ (59,694,545)	\$ (64,613,360)
General revenues and other changes in net position										
Property taxes	\$ 33,306,516	\$ 34,876,543	\$ 35,617,280	\$ 36,022,725	\$ 35,944,762	\$ 37,167,334	\$ 38,880,336	\$ 40,424,574	\$ 41,436,248	\$ 44,038,318
Sales tax	10,049,247	10,548,129	11,444,089	12,040,383	12,673,856	13,364,922	14,048,261	14,562,458	16,844,132	18,843,327
Occupancy tax	981,716	1,044,856	1,100,478	1,202,806	1,187,510	1,281,711	1,349,003	986,298	611,769	1,297,315
Other taxes	58,492	59,698	65,384	74,988	77,403	85,932	88,524	79,557	71,860	95,800
Grants and contributions not restricted										
restricted	3,990,640	4,000,460	5,344,082	5,435,534	5,236,898	5,217,442	5,339,666	5,181,112	5,135,158	5,111,579
Investment earnings	91,575	34,491	39,476	56,872	92,371	253,870	472,755	283,172	15,581	56,676
Miscellaneous	2,486,465	1,792,297	3,307,397	1,381,867	2,685,239	2,808,749	2,151,266	1,911,226	1,752,601	2,779,117
Transfers	728,692	1,200,050	946,753	907,756	927,575	1,004,202	1,360,658	1,337,390	(9,312)	1,130,530
Total general revenues and other changes in net position	51,693,343	53,556,524	57,864,939	57,122,931	58,825,614	61,184,162	63,690,469	64,765,787	65,858,037	73,352,662
Total governmental activities changes in net position	\$ (6,249,584)	\$ (94,435)	\$ 4,103,137	\$ 222,663	\$ (1,931,456)	\$ (2,045,406)	\$ 1,595,441	\$ (1,966,269)	\$ 6,163,492	\$ 8,739,302

Continued

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

Table 2

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities:										
Expenses										
Transportation	\$ 21,819,683	\$ 21,286,421	\$ 21,803,767	\$ 22,264,181	\$ 23,389,971	\$ 22,376,827	\$ 26,560,258	\$ 26,422,046	\$ 23,390,455	\$ 24,834,804
Parking	1,940,918	2,101,226	1,901,853	1,708,178	1,830,551	1,677,166	1,883,893	1,736,615	1,229,514	1,757,499
Housing	2,380,410	3,016,395	2,514,173	2,616,234	2,460,709	2,591,141	2,534,614	2,584,785	2,623,304	2,478,349
Stormwater	1,765,150	1,799,370	1,649,076	2,113,562	2,185,428	2,266,475	1,954,820	2,185,848	2,412,559	2,213,481
Total expenses	27,906,161	28,203,412	27,868,869	28,702,155	29,866,659	28,911,609	32,933,585	32,929,294	29,655,832	31,284,133
Program Revenues										
Charges for services:										
Transportation	\$ 1,354,987	\$ 1,565,824	\$ 1,499,429	\$ 1,413,865	\$ 1,295,107	\$ 1,430,935	\$ 1,404,184	\$ 1,245,737	\$ 1,250,113	\$ 973,800
Parking	2,125,253	2,395,883	2,500,498	2,597,035	2,541,380	2,494,701	2,590,653	2,132,355	1,142,563	2,086,574
Housing	800,165	882,363	910,630	940,223	944,681	997,741	1,017,155	998,645	955,804	1,093,693
Stormwater	1,932,991	2,152,429	2,139,161	2,181,361	2,297,155	2,841,275	2,884,075	3,158,285	3,044,115	3,142,759
Operating grants and contributions:										
Transportation	15,385,447	13,985,562	14,327,136	13,048,352	16,799,895	16,394,598	19,766,735	20,617,969	22,074,649	30,131,877
Housing	1,150,068	1,231,670	1,183,160	1,169,986	956,462	1,229,562	1,193,827	1,224,531	1,207,112	1,406,215
Stormwater	-	-	-	-	-	7,500	7,500	7,500	41,800	7,500
Capital grants and contributions:										
Transportation	8,952,435	176,358	5,429	-	98,334	3,174,767	2,695,405	2,736,954	191,377	2,871,426
Housing	-	2,077,462	-	59,118	-	-	349,106	164,858	-	15,580
Total program revenues	31,701,346	24,467,551	22,565,443	21,409,940	24,933,014	28,571,079	31,908,640	32,286,834	29,907,533	41,729,424
Total business-type activities net program expense	\$ 3,795,185	\$ (3,735,861)	\$ (5,303,426)	\$ (7,292,215)	\$ (4,933,645)	\$ (340,530)	\$ (1,024,945)	\$ (642,460)	\$ 251,701	\$ 10,445,291
General revenues and other changes in net position										
Property taxes	\$ 2,987,412	\$ 3,794,976	\$ 3,798,723	\$ 3,842,964	\$ 3,835,838	\$ 4,012,875	\$ 4,918,809	\$ 4,954,584	\$ 5,072,837	\$ 5,113,815
Investment earnings	10,765	15,644	18,067	19,812	34,592	66,767	151,448	115,810	11,534	7,630
Miscellaneous	(930,194)	288,341	117,907	112,634	54,891	140,116	186,785	88,775	51,781	365,144
Transfers	(728,692)	(1,200,050)	(946,753)	(907,756)	(927,575)	(1,004,202)	(1,360,658)	(1,337,390)	9,312	(1,130,530)
Total general revenues and other changes in net position	1,339,291	2,898,911	2,987,944	3,067,654	2,997,746	3,215,556	3,896,384	3,821,779	5,145,464	4,356,059
Total business-type activities changes in net position	\$ 5,134,476	\$ (836,950)	\$ (2,315,482)	\$ (4,224,561)	\$ (1,935,899)	\$ 2,875,026	\$ 2,871,439	\$ 3,179,319	\$ 5,397,165	\$ 14,801,350
Total primary government changes in net position	\$ (1,115,108)	\$ (931,385)	\$ 1,787,655	\$ (4,001,898)	\$ (3,867,355)	\$ 829,620	\$ 4,466,880	\$ 1,213,050	\$ 11,560,657	\$ 23,540,652

Continued

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

Table 2

	Fiscal Year									
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Component unit activities:										
Expenses	\$ 31,664,425	\$ 31,648,089	\$ 31,716,920	\$ 30,740,470	\$ 32,243,695	\$ 33,340,716	\$ 34,672,592	\$ 36,157,921	\$ 36,397,777	\$ 37,430,675
Program Revenues										
Charges for services	35,457,613	35,843,032	36,960,842	36,369,370	35,740,394	37,543,243	36,185,840	36,306,194	35,514,821	37,995,260
Capital grants and contributions	420,251	849,325	1,374,711	1,846,475	2,363,076	1,509,516	4,035,076	1,992,762	1,365,144	876,715
Total component unit revenues	<u>35,877,864</u>	<u>36,692,357</u>	<u>38,335,553</u>	<u>38,215,845</u>	<u>38,103,470</u>	<u>39,052,759</u>	<u>40,220,916</u>	<u>38,298,956</u>	<u>36,879,965</u>	<u>38,871,975</u>
Total component unit net (expense)/revenue	\$ <u>4,213,439</u>	\$ <u>5,044,268</u>	\$ <u>6,618,633</u>	\$ <u>7,475,375</u>	\$ <u>5,859,775</u>	\$ <u>5,712,043</u>	\$ <u>5,548,324</u>	\$ <u>2,141,035</u>	\$ <u>482,188</u>	\$ <u>1,441,300</u>
General revenues and other changes in net position										
Investment earnings	15,664	14,755	15,133	20,663	32,802	56,524	64,842	63,207	1,291	17,689
Miscellaneous	1,885,640	1,200,778	1,429,244	1,518,433	3,209,266	1,682,884	1,918,443	1,586,117	2,866,866	2,511,716
Total general revenues and other changes in net position	<u>1,901,304</u>	<u>1,215,533</u>	<u>1,444,377</u>	<u>1,539,096</u>	<u>3,242,068</u>	<u>1,739,408</u>	<u>1,983,285</u>	<u>1,649,324</u>	<u>2,868,157</u>	<u>2,529,405</u>
Total component unit activities changes in net position	\$ <u>6,114,743</u>	\$ <u>6,259,801</u>	\$ <u>8,063,010</u>	\$ <u>9,014,471</u>	\$ <u>9,101,843</u>	\$ <u>7,451,451</u>	\$ <u>7,531,609</u>	\$ <u>3,790,359</u>	\$ <u>3,350,345</u>	\$ <u>3,970,705</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund				
Nonspendable				
Inventories	2,698	2,670	1,599	840
Prepaid expenses	19,863	350	49,357	7,551
Leases	-	-	-	-
Restricted				
Stabilization by State Statute	6,697,509	9,994,453	8,825,428	10,706,650
Employee appreciation	96,179	94,489	93,049	-
Inspections	-	-	-	-
Parks capital projects	28,776	139,757	89,712	117,123
Streets capital projects	122,215	213,788	233,158	323,008
Public safety	181,091	372,598	217,530	213,023
Committed				
Economic development	121,811	72,513	-	-
Assigned				
Subsequent years' expenditures	1,986,150	2,654,093	2,705,364	2,706,550
Other post employment benefits	1,200,000	1,200,000	1,758,000	2,258,000
Workforce development	60,566	89,750	242,528	253,860
Economic development	126,927	161,223	233,377	166,980
Unassigned	<u>12,883,997</u>	<u>11,143,807</u>	<u>13,374,946</u>	<u>15,990,195</u>
Total General Fund	\$ <u>23,527,782</u>	\$ <u>26,139,491</u>	\$ <u>27,824,048</u>	\$ <u>32,743,780</u>
All Other Governmental Funds				
Nonspendable				
Inventories	16,538	16,538	16,538	16,538
Prepaid expenses	-	6,110	-	-
Restricted				
Stabilization by State Statute	11,300,288	8,941,889	8,830,715	12,493,165
Parks capital projects	5,156,807	3,237,033	3,081,580	2,148,256
Streets capital projects	3,455,873	2,546,208	2,042,742	5,642,501
Municipal buildings projects	1,887,561	1,605,667	5,280,387	4,506,614
Affordable housing projects	-	-	-	-
Public housing	113,836	594,147	127,623	129,839
Public safety	8,179	8,180	522,436	65,058
Transit capital purchases	-	60,529	18,317	20,538
Infrastructure capital projects	-	214,756	214,996	215,226
Development	26,874	-	-	-
Library	740,208	443,476	253,462	193,174
Committed				
Debt service payments	5,340,180	4,803,926	5,452,410	6,615,510
Parks capital projects	-	-	-	-
Municipal buildings projects	-	475,687	119,300	549,273
Infrastructure capital projects	241,783	-	-	-
Technology projects	-	776,339	805,203	25,202
Fire capital projects	844,189	20,353	637,093	502,675
Public housing	336,614	353,843	599,938	480,562
Climate action	-	-	-	-
Economic development	160,896	85,117	128,109	76,836
Assigned				
Subsequent year's expenditures	12,151	28,841	135,237	56,414
Parks capital projects	91,388	85,538	506,877	110,193
Streets capital projects	-	7,209	-	-
Municipal buildings projects	583,292	318,978	612,849	721,282
Fire capital projects	-	-	-	-
Technology projects	68,768	4,464	43,800	43,800
Public housing	-	-	-	-
Unassigned	<u>(10,121,221)</u>	<u>(8,047,445)</u>	<u>(7,709,975)</u>	<u>(11,670,556)</u>
Total other governmental funds	\$ <u>20,264,204</u>	\$ <u>16,587,383</u>	\$ <u>21,719,637</u>	\$ <u>22,942,100</u>

Table 3

	2017	2018	2019	2020	2021	2022
	1,697	1,135	1,528	1,283	3,206	3,439
	76,121	99,820	40,568	8,519	4,756	-
	-	-	-	-	-	383
	7,234,759	6,955,024	7,961,838	8,780,909	9,643,814	10,293,382
	-	-	-	-	-	-
	-	-	425,387	216,250	321,808	83,089
	46,899	27,411	27,411	27,411	27,411	36,603
	382,723	389,435	412,427	423,439	427,898	483,622
	147,578	156,618	139,618	138,951	167,542	178,347
	-	-	-	-	-	-
	2,684,006	3,096,886	3,355,766	2,388,512	2,510,221	2,663,390
	-	-	-	-	-	-
	111,281	205,249	105,457	133,013	196,029	263,029
	163,246	127,994	157,494	139,642	70,202	53,737
	13,661,662	13,621,925	13,630,629	15,075,943	20,989,439	22,241,270
	<u>\$ 24,509,972</u>	<u>\$ 24,681,497</u>	<u>\$ 26,258,123</u>	<u>\$ 27,333,872</u>	<u>\$ 34,362,326</u>	<u>\$ 36,300,291</u>
	16,538	16,538	16,538	16,538	16,538	16,538
	-	399	-	-	-	-
	9,376,741	6,683,531	8,018,324	11,857,913	2,094,011	3,237,414
	7,467,623	8,266,327	4,257,229	3,806,154	4,304,913	4,326,067
	2,009,609	7,703,224	5,919,897	4,956,112	6,075,182	6,817,891
	3,172,394	2,435,373	2,195,933	1,707,136	1,364,398	25,052,227
	-	-	-	-	5,123,403	3,867,711
	124,771	300,117	146,765	122,862	113,836	128,538
	1,612,295	97,785	55,765	50,103	672,969	62,660
	16,926	12,377	5,682	1,782	59,005	76,146
	215,525	216,186	217,195	217,969	218,049	218,089
	-	-	-	-	-	-
	337,500	268,456	165,679	185,844	102,434	250,989
	7,048,523	7,189,658	7,494,829	9,565,682	7,264,168	10,237,345
	166,572	18,103	53,791	-	-	-
	129,969	98,729	47,375	48,750	155,195	701,812
	115,000	-	-	-	-	163,380
	425,202	48,586	25,202	25,202	25,202	25,202
	1,013,367	-	4,825	-	-	44,480
	1,929,871	2,087,281	2,310,074	1,993,060	2,094,759	2,880,698
	-	-	-	-	-	390,933
	115,469	114,948	133,710	132,897	107,952	80,902
	-	-	-	-	-	680,142
	296,962	358,174	102,448	63,212	5,363	96,647
	-	-	-	-	-	-
	259,633	217,982	394,122	499,890	182,660	147,210
	-	154,700	17,762	-	-	-
	-	56,616	41,916	117,166	88,014	51,615
	-	-	-	-	9,816	198,446
	<u>(8,967,961)</u>	<u>(6,674,748)</u>	<u>(7,936,715)</u>	<u>(11,718,663)</u>	<u>(1,506,146)</u>	<u>(2,148,881)</u>
	<u>\$ 26,882,529</u>	<u>\$ 29,670,342</u>	<u>\$ 23,688,346</u>	<u>\$ 23,649,609</u>	<u>\$ 28,571,721</u>	<u>\$ 57,604,201</u>

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

	2013	2014	2015	2016
Revenues				
Taxes	\$ 44,395,971	\$ 46,529,226	\$ 48,227,231	\$ 49,340,902
Intergovernmental	18,592,238	12,328,526	10,379,680	10,367,311
Charges for services	3,133,935	3,435,270	3,475,157	3,632,627
Licenses and permits	2,369,155	2,683,188	2,392,108	2,710,159
Interest on investments	91,575	34,491	39,476	56,872
Other	2,623,976	1,923,309	3,485,501	1,548,178
Total Revenues	<u>71,206,850</u>	<u>66,934,010</u>	<u>67,999,153</u>	<u>67,656,049</u>
Expenditures				
General government	9,493,289	9,541,046	9,589,280	10,729,883
Environment and development	14,398,580	14,745,265	15,340,737	15,762,311
Public safety	19,547,468	19,946,007	20,362,042	20,333,988
Leisure activities	8,719,780	8,449,100	8,772,826	9,556,022
Capital projects	29,185,322	9,313,279	3,696,507	7,685,753
Debt Service:				
Principal	4,995,000	4,904,000	4,594,000	4,330,000
Interest	2,294,854	2,300,475	2,168,703	2,007,653
Advance refunding escrow	344,867	-	-	-
Bond issuance costs	241,116	-	-	-
Total Expenditures	<u>89,220,276</u>	<u>69,199,172</u>	<u>64,524,095</u>	<u>70,405,610</u>
Excess of revenues over (under) expenditures	<u>(18,013,426)</u>	<u>(2,265,162)</u>	<u>3,475,058</u>	<u>(2,749,561)</u>
Other Financing Sources (Uses)				
Transfers in	3,348,562	3,744,153	3,989,863	4,878,505
Transfers out	(2,619,870)	(2,544,103)	(3,043,110)	(3,970,749)
Proceeds from bonds	1,700,000	-	-	-
Advance refunding	3,050,000	-	-	-
Premium on debt	(2,700,000)	-	-	-
Lease liabilities issued	-	-	-	-
Proceeds from installment notes	-	-	2,395,000	7,984,000
Total other financing sources (uses)	<u>2,778,692</u>	<u>1,200,050</u>	<u>3,341,753</u>	<u>8,891,756</u>
Net change in fund balances	<u>\$ (15,234,734)</u>	<u>\$ (1,065,112)</u>	<u>\$ 6,816,811</u>	<u>\$ 6,142,195</u>
Debt service as a percentage of non capital expenditures	10.25%	11.31%	10.94%	9.94%

Table 4

Fiscal Year						
	2017	2018	2019	2020	2021	2022
\$	49,883,531	\$ 51,899,899	\$ 54,366,124	\$ 56,052,887	\$ 58,964,009	\$ 64,274,760
	10,891,739	15,426,936	13,330,922	13,358,209	13,475,308	13,529,754
	4,190,130	3,990,342	4,610,116	4,003,574	3,132,740	3,759,055
	2,485,929	3,322,598	3,246,115	2,925,728	3,321,503	3,655,031
	92,371	253,870	472,755	283,172	15,581	56,676
	2,130,432	2,459,468	2,307,186	1,925,030	1,911,757	2,961,826
	<u>69,674,132</u>	<u>77,353,113</u>	<u>78,333,218</u>	<u>78,548,600</u>	<u>80,820,898</u>	<u>88,237,102</u>
	14,147,529	12,898,095	13,884,472	13,760,788	12,468,122	14,384,980
	18,778,116	19,175,142	18,157,985	18,584,377	19,264,337	20,552,256
	20,645,476	21,063,210	21,187,156	21,993,688	21,492,830	23,943,252
	10,023,953	10,300,116	10,169,809	9,999,649	9,669,807	10,499,954
	19,725,287	12,545,297	10,294,241	6,833,473	7,502,044	25,496,289
	5,030,000	7,488,000	7,995,000	5,572,000	5,224,000	5,858,871
	2,025,209	2,247,661	2,433,752	2,261,011	1,965,577	2,786,237
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>90,375,570</u>	<u>85,717,521</u>	<u>84,122,415</u>	<u>79,004,986</u>	<u>77,586,717</u>	<u>103,521,839</u>
	(20,701,438)	(8,364,408)	(5,789,197)	(456,386)	3,234,181	(15,284,737)
	8,287,269	3,159,729	3,579,357	3,188,910	4,329,309	8,787,293
	(7,359,694)	(2,155,527)	(2,218,699)	(1,851,520)	(4,338,621)	(8,556,763)
	9,000,000	9,800,000	-	-	7,960,000	51,526,000
	-	-	-	(1,917,928)	-	(12,241,044)
	-	519,544	-	2,073,936	765,697	6,715,902
	-	-	-	-	-	23,794
	5,760,000	-	-	-	-	-
	<u>15,687,575</u>	<u>11,323,746</u>	<u>1,360,658</u>	<u>1,493,398</u>	<u>8,716,385</u>	<u>46,255,182</u>
\$	<u>(5,013,863)</u>	<u>\$ 2,959,338</u>	<u>\$ (4,428,539)</u>	<u>\$ 1,037,012</u>	<u>\$ 11,950,566</u>	<u>\$ 30,970,445</u>
	9.94%	12.38%	13.39%	10.19%	9.95%	10.18%

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

Table 5

<u>Fiscal Year</u>	<u>Property Tax</u> (1)	<u>Sales Tax</u>	<u>Occupancy Tax</u>	<u>Other Tax</u>	<u>Total</u>
2013	33,306,516	10,049,247	981,716	58,492	44,395,971
2014	34,876,543	10,548,129	1,044,856	59,698	46,529,226
2015	35,617,280	11,444,089	1,100,478	65,384	48,227,231
2016	36,022,725	12,040,383	1,202,806	74,988	49,340,902
2017	35,944,762	12,673,856	1,187,510	77,403	49,883,531
2018	37,167,334	13,364,922	1,281,711	85,932	51,899,899
2019	38,880,336	14,048,261	1,349,003	88,524	54,366,124
2020	40,424,574	14,562,458	986,298	79,557	56,052,887
2021	41,436,248	16,844,132	611,769	71,860	58,964,009
2022	44,038,318	18,843,327	1,297,315	95,800	64,274,760

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
2013		*	*	6,701,285,738	536,958,587
2014		*	*	6,823,181,920	573,309,679
2015		*	*	6,862,576,184	519,383,543
2016		*	*	6,913,283,131	541,047,846
2017		*	*	6,902,832,865	546,117,755
2018	(1)	*	*	7,399,771,971	550,409,864
2019		*	*	7,529,444,369	613,170,831
2020		*	*	7,601,209,365	598,051,765
2021		*	*	7,805,662,760	576,246,878
2022	(1)	*	*	8,754,178,419	618,604,665

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

Notes:

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

Table 6

Public Service Companies	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Ratio of Assessed Value to Estimated Actual Value
(2)		(3)	(4)	(5)
66,253,143	7,304,497,468	0.494	7,035,732,487	103.82%
66,762,306	7,463,253,905	0.514	7,421,692,427	100.56%
65,246,662	7,447,206,389	0.524	7,606,952,389	97.90%
85,443,691	7,539,774,668	0.524	7,599,047,236	99.22%
83,768,622	7,532,719,242	0.524	7,562,971,127	99.60%
84,467,574	8,034,649,409	0.508	8,062,060,414	99.66%
80,677,065	8,223,292,265	0.528	8,263,784,811	99.51%
84,003,208	8,283,264,338	0.544	8,318,200,781	99.58%
83,305,619	8,465,215,257	0.544	8,496,652,873	99.63%
88,764,776	9,461,547,860	0.514	9,489,066,152	99.71%

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

Year Taxes Payable	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Chapel Hill within Orange County:				
<u>Town Direct Rates:</u>				
General Fund	0.378	0.388	0.388	0.388
Transit	0.041	0.051	0.051	0.051
Debt Service	0.075	0.075	0.085	0.085
Total outside Downtown Service District	0.494	0.514	0.524	0.524
Downtown Service District	0.071	0.071	0.071	0.071
Total Direct Rates	0.565	0.585	0.595	0.595
 <u>Overlapping Rates:</u>				
Orange County	0.858	0.858	0.878	0.878
Chapel Hill - Carrboro School District	0.188	0.208	0.208	0.208
Total Overlapping Rates	1.046	1.066	1.086	1.086
Total Direct and Overlapping Rates	1.611	1.651	1.681	1.681
 Chapel Hill within Durham County:				
<u>Town Direct Rates:</u>				
General Fund	0.378	0.388	0.388	0.388
Transit	0.041	0.051	0.051	0.051
Debt Service	0.075	0.075	0.085	0.085
Total Direct Rates	0.494	0.514	0.524	0.524
 <u>Overlapping Rates:</u>				
Durham County	0.744	0.744	0.744	0.793
Total Direct and Overlapping rates	1.238	1.258	1.268	1.317

* Revaluation year

Source: North Carolina State Department of Revenue.

Table 7

Fiscal Year					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
	*				*
0.388	0.376	0.386	0.386	0.386	0.372
0.051	0.050	0.060	0.060	0.060	0.054
0.085	0.082	0.082	0.098	0.098	0.088
0.524	0.508	0.528	0.544	0.544	0.514
0.071	0.070	0.070	0.070	0.070	0.064
0.595	0.578	0.598	0.614	0.614	0.578
0.878	0.838	0.850	0.868	0.868	0.819
0.208	0.202	0.202	0.202	0.202	0.183
1.086	1.040	1.052	1.070	1.070	1.002
1.681	1.618	1.650	1.684	1.684	1.580
0.388	0.376	0.386	0.386	0.386	0.372
0.051	0.050	0.060	0.060	0.060	0.054
0.085	0.082	0.082	0.098	0.098	0.088
0.524	0.508	0.528	0.544	0.544	0.514
0.740	0.768	0.778	0.712	0.712	0.722
1.264	1.276	1.306	1.256	1.256	1.236

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

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

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

Totals

Total assessed valuation

Sources:

- (1) 2012-2013 Comprehensive Annual Financial Report.
- (2) Orange County Department of Revenue.

Table 8

Fiscal Year 2022			Fiscal Year 2013		
Assessed Valuation	(2) Rank	Percentage of Total Assessed Valuation	Assessed Valuation	(1) Rank	Percentage of Total Assessed Valuation
110,904,200	1	1.17%			
80,124,700	2	0.85%			
78,192,635	3	0.83%			
68,735,670	4	0.73%			
65,295,200	5	0.69%			
58,524,700	6	0.62%			
50,575,396	7	0.53%	34,242,019	5	0.47%
49,176,513	8	0.52%			
47,940,440	9	0.51%			
45,114,901	10	0.48%	47,361,029	2	0.65%
			49,153,900	1	0.67%
			35,751,416	3	0.49%
			35,399,116	4	0.48%
			34,214,712	6	0.47%
			33,928,285	7	0.46%
			27,665,143	8	0.38%
			26,184,800	9	0.36%
			25,076,719	10	0.34%
<u>\$ 654,584,355</u>		<u>6.92%</u>	<u>\$ 348,977,139</u>		<u>4.78%</u>
<u>\$ 9,461,547,860</u>			<u>\$ 7,304,497,468</u>		

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

Table 9

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy	
2013	36,084,217	35,809,148	99.24%	-	35,809,148	99.24%	275,069
2014	38,361,125	38,115,148	99.36%	-	38,115,148	99.36%	245,977
2015	39,009,200	38,849,950	99.59%	-	38,849,950	99.59%	159,250
2016	39,789,825	39,638,269	99.62%	-	39,638,269	99.62%	151,556
2017	39,471,449	39,314,757	99.60%	-	39,314,757	99.60%	156,692
2018	40,816,019	40,679,175	99.66%	-	40,679,175	99.66%	136,844
2019	43,418,983	43,206,984	99.51%	-	43,206,984	99.51%	211,999
2020	45,060,958	44,871,448	99.58%	-	44,871,448	99.58%	189,510
2021	46,050,771	45,882,304	99.63%	-	45,882,304	99.63%	168,467
2022	48,632,356	48,492,226	99.71%	-	48,492,226	99.71%	140,130

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

Governmental Activities						
Fiscal Year	General Obligation Bonds	Limited Obligation Bonds	Bond Premium	Installment Loans	Orange County Loan	Lease Liability
2013	30,820,000	26,585,000	-	4,172,666	123,146	-
2014	28,141,000	24,465,000	-	3,890,775	123,146	-
2015	25,662,000	22,350,000	-	5,456,766	123,146	-
2016	23,472,000	20,210,000	-	12,592,753	123,146	-
2017	31,741,000	18,045,000	-	15,351,269	123,146	-
2018	38,770,000	16,155,000	470,234	11,895,257	123,146	-
2019	35,528,000	14,235,000	446,522	8,672,083	123,146	-
2020	30,851,000	12,305,000	2,289,552	7,718,365	123,146	-
2021	36,264,000	10,325,000	2,786,058	6,958,000	123,146	-
2022	33,422,000	49,225,000	8,896,975	4,819,000	123,146	11,923

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

(I) See Table I4 for personal income and population data.

Table 10

Business-type Activities							
General Obligation Bonds	Bond Premium	Installment Loans	Lease Liability	Total Primary Government	Per Capita Personal Income	Debt Per Capita	Percentage of Personal Income
						(1)	(1)
-	-	-	-	61,700,812	48,683	1,056	2.17%
-	-	-	-	56,619,921	51,702	955	1.85%
-	-	-	-	53,591,912	52,339	898	1.72%
-	-	-	-	56,397,899	52,989	944	1.78%
-	-	6,408,000	-	71,668,415	55,338	1,203	2.17%
2,700,000	129,554	5,848,000	-	76,091,191	58,438	1,270	2.17%
2,565,000	123,076	5,251,000	-	66,943,827	62,202	1,060	1.70%
2,430,000	116,598	4,641,000	-	60,474,661	67,385	944	1.40%
2,295,000	110,120	4,019,000	-	62,880,324	65,185	988	1.52%
2,160,000	103,642	3,383,000	43,376	102,188,062	67,089	1,651	2.46%

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

Fiscal Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General bonded debt outstanding:				
General obligation bonds	\$ 30,820,000	\$ 28,141,000	\$ 25,662,000	\$ 23,472,000
Bond premium	-	-	-	-
	\$ 30,820,000	\$ 28,141,000	\$ 25,662,000	\$ 23,472,000
Percentage of estimated actual property value (1)	0.42%	0.38%	0.34%	0.31%
Per capita (2)	\$ 633	\$ 544	\$ 490	\$ 443

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

(1) See Table 6 for property value data.

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

Table 11

Fiscal Year						
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	
\$ 31,741,000	\$ 38,770,000	\$ 35,528,000	\$ 30,851,000	\$ 36,264,000	\$ 33,422,000	
<u>-</u>	<u>470,234</u>	<u>446,522</u>	<u>2,289,552</u>	<u>2,786,058</u>	<u>8,896,975</u>	
\$ 31,741,000	\$ 39,240,234	\$ 35,974,522	\$ 33,140,552	\$ 39,050,058	\$ 42,318,975	
0.42%	0.49%	0.44%	0.40%	0.46%	0.45%	
\$ 574	\$ 671	\$ 578	\$ 492	\$ 599	\$ 631	

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**Town of Chapel Hill
Direct and Overlapping Governmental Activities Debt
As of June 30, 2022**

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	\$ 128,250,000	37.34%	\$ 47,894,552
Durham County	220,710,000	1.17%	2,577,380
Total overlapping debt			<u>50,471,932</u>
Total direct debt			<u>96,486,121</u>
Total direct and overlapping debt			<u><u>\$ 146,958,053</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total assessed valuation	\$ 7,304,497,468	\$ 7,463,253,905	\$ 7,447,206,389	\$ 7,539,774,668
Debt limit - 8% of total assessed valuation	584,359,797	597,060,312	595,776,511	603,181,973
General obligation bonds	30,820,000	28,141,000	25,662,000	23,472,000
Bonds authorized but unissued	-	-	-	40,300,000
Net debt applicable to debt limit	<u>30,820,000</u>	<u>28,141,000</u>	<u>25,662,000</u>	<u>63,772,000</u>
Legal debt margin	<u>\$ 553,539,797</u>	<u>\$ 568,919,312</u>	<u>\$ 570,114,511</u>	<u>\$ 539,409,973</u>
Legal debt margin as a percentage of the debt limit	94.73%	95.29%	95.69%	89.43%

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, 2022 totaled \$59,627,000.
This total is less than 1% of the Town's June 30, 2022 tax base (\$9.46 billion).

* Source: The North Carolina Department of Revenue final report of assessed property values for the 2021/2022 fiscal year.

North Carolina G.S §159-55.

Table 13

Fiscal Year					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 7,532,719,242	\$ 8,034,649,409	\$ 8,223,292,265	\$ 8,283,264,338	\$ 8,465,215,257	\$ 9,461,547,860
602,617,539	642,771,953	657,863,381	662,661,147	677,217,221	756,923,829
31,741,000	41,470,000	38,093,000	33,281,000	38,559,000	35,582,000
31,300,000	28,800,000	28,800,000	28,800,000	24,045,000	24,045,000
<u>63,041,000</u>	<u>70,270,000</u>	<u>66,893,000</u>	<u>62,081,000</u>	<u>62,604,000</u>	<u>59,627,000</u>
<u>\$ 539,576,539</u>	<u>\$ 572,501,953</u>	<u>\$ 590,970,381</u>	<u>\$ 600,580,147</u>	<u>\$ 614,613,221</u>	<u>\$ 697,296,829</u>
89.54%	89.07%	89.83%	90.63%	90.76%	92.12%

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

Table 14

<u>Year</u>	<u>Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
	(1)	(2)	(2)	(3)	(3)	(4)	(5)
2013	58,424	6,608,945	48,683	25.6	15.82	41,402	5.6%
2014	59,271	7,131,776	51,702	25.3	15.82	41,242	4.4%
2015	59,653	7,345,876	52,339	25.3	15.82	41,176	4.9%
2016	59,753	7,440,708	52,989	25.8	15.82	41,490	5.2%
2017	59,569	7,822,299	55,338	25.7	15.82	41,199	4.9%
2018	59,903	8,286,315	58,438	26.2	15.82	42,038	4.3%
2019	63,178	9,015,914	62,202	26.4	15.82	42,138	3.9%
2020	64,051	9,840,004	67,385	26.2	15.82	42,295	4.5%
2021	63,634	9,678,411	65,185	25.8	15.82	41,824	4.5%
2022	61,912	10,001,400	67,089	25.2	15.82	42,925	3.2%

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 2022			Fiscal Year 2013		
	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
University of North Carolina at Chapel Hill	10000+	1		16,217	1	42.9%
University of North Carolina Healthcare	10000+	2	Not available	7,964	2	21.1%
Carrboro-Chapel Hill Schools	1000+	3	available	2,138	3	5.7%
Blue Cross Blue Shield of NC	-	-		1,239	4	3.3%
Town of Chapel Hill	650+	4		745	5	2.0%
Aramark Food and Support Services	250+	5				
			<u>Not available</u>	<u>28,303</u>		<u>74.8%</u>
Total Town Employment	<u>Not available</u>			<u>37,831</u>		

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

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

Function/Program	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government:				
Finance				
Purchase orders issued	1,372	1,214	1,279	1,353
Human Resources				
Recruitment for positions	43	68	99	83
Public Works				
Streets resurfaced (miles)	6.0	5.88	5.88	5.88
Refuse collected (tons)	14,711	14,746	14,082	14,331
Economic and development:				
Planning/Inspections				
Building permits issued	884	1,006	967	967
Public safety:				
Police				
Calls for service	36,094	36,088	37,804	38,009
Traffic citations	5,087	5,721	6,709	6,459
Fire				
Emergency responses	4,194	4,109	4,388	4,642
Property losses	\$ 2,449,214	\$ 2,244,585	\$ 1,001,991	\$ 1,145,028
Inspections	761	757	946	1,178
Leisure activities:				
Parks and Recreation				
Pass memberships	5,514	4,195	4,123	4,189
Class registrations	3,797	5,207	4,507	4,524
Daily visits	115,503	108,569	104,728	95,047
Transit				
Service miles	2,467,578	2,614,684	2,372,166	2,303,864
Parking				
Citations issued	12,968	12,970	10,465	12,598

Source: Town of Chapel Hill department representatives.

Table 16

Fiscal Year						
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	
1,318	1,218	1,354	1,542	1,588	1,775	
88	89	77	56	61	102	
4.79	2.74	3.15	2.37	4.14	8.25	
14,339	13,894	13,857	12,947	12,957	13,027	
762	1,069	979	1,921	2,133	2,799	
33,479	31,950	40,379	36,890	33,405	37,058	
5,567	2,601	3,785	2,633	584	922	
4,514	4,928	4,896	4,385	3,737	4,448	
\$ 951,042	\$ 77,060	\$ 325,766	\$ 264,400	\$ 283,000	\$ 1,069,500	
1,562	2,789	4,790	1,971	697	2,960	
4,150	2,385	2,959	1,991	604	1,074	
6,120	7,396	7,529	6,160	6,785	5,322	
82,537	136,401	121,801	76,962	20,370	53,712	
2,150,124	1,849,310	2,128,686	1,488,674	1,801,340	1,567,492	
12,754	8,729	9,330	9,105	7,178	13,014	

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

Function/Program	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Government:				
Public Works				
Streets (miles)	162.7	165.2	165.2	165.2
Street lights	3,422	3,425	3,491	3,522
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	14	14
Library				
Volumes in circulation	200,105	216,985	204,271	199,922
Transportation				
Number of buses	99	98	98	98
Number of vans	17	19	19	6
Parking				
Number of spaces available	1,111	1,189	1,189	1,106
Housing				
Number of units occupied	321	321	321	321

Source: Town of Chapel Hill Department representatives.

Table 17

Fiscal Year					
<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
166.1	166.1	166.1	166.1	166.1	166.1
3,566	3,600	3,605	3,651	4,876	3,734
5	5	5	5	5	3
2	2	5	5	3	3
4	4	4	4	4	3
5	5	5	5	5	5
14	15	15	15	15	15
210,873	339,352	385,880	342,667	477,104	539,451
98	93	95	95	96	101
18	20	19	22	22	22
1,159	1,475	1,475	1,480	1,463	1,185
319	300	290	290	294	287

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

Table 18

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government:										
Mayor and council	1	1	1	1	1	1	1	1	1	1
Town manager's office	7	11.75	11.75	9	9	10	10	11	11	12
Communication and Public Affairs	6.53	7.53	7.53	8.53	7.53	7.53	7.53	7.53	7.53	7.53
Human resources	8	8	7	10	10	10	10	10	10	10
Finance	15	15	16	18	18	18	18	18	18	18
Technology solutions	8	9	9	10	13	13	16	16	16	16
Legal	2	2	2	2	2	2	2	2	2	3
Environment and development:										
Planning & Sustainability (A)	17.75	15.75	15.75	35.65	36.65	22.65	20.65	15.65	15.65	15.65
Housing & Community	-	-	-	6.2	7.2	7.2	7.2	7.2	7.2	7.2
Public Works	65.25	71.25	71.25	72.25	72.55	72.55	70.2	71.2	71.2	71.2
Inspections (A)	8	8	12	-	-	-	-	-	-	-
Engineering	23	23	23	21	20	20	20	20	20	20
Public Safety:										
Police	139	138	136	136	134	150	150	155	155	141
Fire	90	92	92	95	97	96	96	96	96	96
Leisure activities:										
Parks & Recreation	53.51	54.01	54.41	57.83	57.83	57.8	56.5	53.8	53.8	53.8
Library	30.39	26.63	30.09	30.41	29.9	30.3	32.16	34.66	34.66	34.66
Transit	171.73	178.41	183.79	198.29	201.29	203.29	203.29	203.29	203.29	205.66
Parking	11.8	11.8	11.8	10.8	10.8	9	9.8	9.8	9.8	9.8
Housing	16	16	16	16	16	16	16	16	16	16
Stormwater	14	14	14	14	14.7	14.7	15.05	15.05	15.05	15.05
Vehicle Maintenance	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75	7.75
Downtown Service	1	1	1	1	1	1	1	1	1	1
Total	696.71	711.88	723.12	760.71	767.2	769.77	770.13	771.93	771.93	762.3

Notes:

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

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

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Chapel Hill, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Chapel Hill's basic financial statements, and have issued our report thereon dated November 10, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 10, 2022

MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Chapel Hill, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Chapel Hill's major federal programs for the year ended June 30, 2022. The Town of Chapel Hill's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the Town of Chapel Hill complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Town of Chapel Hill and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town of Chapel Hill's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a

federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 10, 2022

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MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Chapel Hill, North Carolina's, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Town of Chapel Hill's major state programs for the year ended June 30, 2022. The Town of Chapel Hill's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses, and Questioned Costs.

In our opinion, the Town of Chapel Hill complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

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

We are required to be independent of the Town of Chapel Hill and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town of Chapel Hill's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency,

or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
November 10, 2022

TOWN OF CHAPEL HILL, NORTH CAROLINA

**SCHEDULE OF FINDINGS, RESPONSES, AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

1. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

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

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

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

Identification of major federal programs:

<u>Program Name</u>	<u>AL#</u>
Federal Transit Cluster	20.507, 20.526, 20.500
CDBG Entitlement Grants	14.218

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, 2022**

State Awards

Internal control over major state programs:

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

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

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

Identification of major state programs:

Program Name

State Maintenance Assistance for Urban and Small Urban Areas

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

None reported

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

None reported

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

None reported

TOWN OF CHAPEL HILL, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

None reported.

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TOWN OF CHAPEL HILL, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures		Pass-through to subrecipients
				Federal	State Local	
FEDERAL ASSISTANCE						
U.S. Department of Transportation						
Federal Transit Administration						
<i>Direct Programs:</i>						
FEDERAL TRANSIT CLUSTER:						
Federal Transit Administration - Federal Transit Formula Grant	20.507		2,700,754	2,700,754	-	-
Federal Transit Administration - COVID-19 Federal Transit Formula Grant	20.507		8,729,446	8,729,446	-	-
Federal Transit Administration - Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		534,037	23,271	-	5,818
Federal Transit Administration - Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		3,130,755	1,382,000	-	1,489,426
Federal Transit Administration - Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		657,654	138,059	-	34,515
Federal Transit Administration - Federal Transit Capital and Investment Grant	20.500		745,000	307,808	-	76,952
<i>Subtotal Direct Federal Transit Cluster</i>			17,863,917	13,281,338	-	1,606,711

TOWN OF CHAPEL HILL, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures			Pass-through to subrecipients
				Federal	State	Local	
<i>Passed-Through City of Durham, North Carolina:</i>							
METROPOLITAN TRANSPORTATION PLANNING / STATE AND NON-METROPOLITAN PLANNING AND RESEARCH PROGRAM:							
Federal Transit Administration - Section 5303	20.505	U-4727	171,500	150,879	14,444	6,076	-
Federal Transit Administration - Section 5303	20.505	STP-DA 133(B)(3)(7)	116,500	93,136	-	23,284	-
<i>Subtotal Pass-Through Metro Transportation Planning Program / State and Non-Metro Planning and Research Program</i>							
				244,015	14,444	29,360	-
TRANSIT SERVICES PROGRAM CLUSTER:							
Federal Transit Administration Job Access and Reverse Commute Program	20.516	JARC - 5316	409,271	76,203	-	76,203	-
<i>Subtotal Pass-Through Transit Services Program Cluster</i>							
				76,203	-	76,203	-
Federal Highway Administration							
<i>Passed-Through NC Department of Transportation:</i>							
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER:							
Highway Planning and Construction Program							
NC DOT CMAQ Grant - Estes Drive Bike Construction	20.205	C-5179	5,972,014	724,481	-	-	-
NC DOT STPGDA Grant - Homestead Road Sidewalk	20.205	U-4726 IK	1,040,000	-	-	-	-
NC DOT-Sidepath	20.205	EB-5721	1,058,000	21,831	-	-	-
<i>Subtotal Pass-Through Highway Planning and Construction Cluster</i>							
				746,312	-	-	-
National Highway Traffic Safety Administration Highway Safety Cluster							
State and Community Highway Safety Program	20.600	PS-21-05-02	64,450	52,945	-	-	-
<i>Subtotal Pass-Through Highway Safety Cluster</i>							
				52,945	-	-	-
Total U.S. Department of Transportation				14,400,813	14,444	1,712,274	-

**TOWN OF CHAPEL HILL, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures		Pass-through to subrecipients
				Federal	State	
U.S. Department of Housing and Urban Development						
Assistant Secretary for Community Planning and Development						
<i>Direct Programs:</i>						
CDBG & ENTITLEMENT GRANTS CLUSTER:						
Community Development Block Grant Entitlement Grants	14.218		2,409,346	548,595	-	442,684
COVID-19 CDBG Coronavirus Relief Fund	14.218		290,902	-	-	151,863
COVID-19 CDBG Coronavirus Relief Fund	14.218		245,693	-	-	245,692
Program income			74,500	-	12,816	-
<i>Subtotal Direct CDBG Entitlement Grants Cluster</i>			548,595	-	12,816	840,239
ASSISTANT SECRETARY FOR PUBLIC & INDIAN HOUSING						
Public and Indian Housing Program -						
Operating	14.850		1,292,293	-	-	-
COVID -19	14.850		162,170	-	-	-
Rental and other income			-	-	1,093,693	-
<i>Subtotal Direct Public Housing Capital Grants</i>			1,406,215	-	1,093,693	-
PUBLIC HOUSING CAPITAL FUND						
Public Housing - Capital Fund						
	14.872		549,598	269,752	-	-
	14.872		782,242	226,728	-	-
	14.872		825,913	60,840	-	-
	14.872		891,521	67,726	-	-
	14.872		935,260	33,750	-	-
<i>Subtotal Direct Public & Indian Housing Capital Grants</i>			658,796	-	-	-

**TOWN OF CHAPEL HILL, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures		Pass-through to subrecipients
				Federal	State	
<i>Passed-Through Orange County, North Carolina:</i>						
HOME INVESTMENT PARTNERSHIP PROGRAM				-	20,755	-
Public and Indian Housing - Program Income				-	20,755	-
<i>Subtotal Pass-Through HOME Program</i>						
Total U.S. Department of Housing and Urban Development				2,613,606	1,127,264	840,239
U.S. Department of Justice						
Office of Justice Programs						
<i>Direct Programs:</i>						
Bulletproof Vest Partnership Program	16.607		26,030	3,204	3,204	-
<i>Subtotal direct programs</i>				3,204	3,204	-
<i>Passed-Through NC Department of Public Safety:</i>						
Governor's Crime Commission						
Project Safe Neighborhood Grant	16.609	2019-GP-BX-0050	20,000	15,600	-	-
<i>Subtotal Passed-Through NC Dept of Public Safety</i>				15,600	-	-
Total U.S. Department of Justice				18,804	3,204	-
U.S. Department of Homeland Security						
<i>Passed-Through NC Department of Public Safety:</i>						
Federal Mediation and Conciliation Services						
Labor Mediation and Conciliation	34.001	FMCS-YICP-05	24,000	48	-	-
Total Federal Mediation and Conciliation Services				48	-	-

TOWN OF CHAPEL HILL, NORTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures		Pass-through to subrecipients
				Federal	State Local	
U.S. Institute of Museum and Library Services						
<i>Passed-Through State Library of North Carolina:</i>						
Grants to States						
LSTA Project Literacy & Lifelong Learning Grant	45.310	LS-00-17-0034-21	1,590	-	-	-
LSTA Project Literacy & Lifelong Learning Grant	45.310	LS-00-17-0034-21	40,000	10,517	-	-
LSTA Project Literacy & Lifelong Learning Grant	45.310	LS-00-17-0034-21	54,000	174	-	-
COVID-19 - National Leadership Grants	45.312	IMLS CARES-21	149,435	18,328	-	-
Total U.S. Institute of Museum and Library Services			30,609	-	-	-
U.S. Department of Treasury						
COVID-19 Coronavirus State & Local Fiscal Recovery Funds	21.027	1505-0271	5,334,248	431,945	-	-
<i>Passed-Through NC Office of Management and Budget, NC Pandemic Recovery Office & Orange County:</i>						
COVID-19 Coronavirus Relief Fund	21.019	02-66-02	1,533,263	3,916	-	-
Total U.S. Department of Treasury			435,861	-	-	-
TOTAL FEDERAL ASSISTANCE			17,499,741	14,444	2,842,742	840,239

**TOWN OF CHAPEL HILL, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	State Pass-Through Grantor's Number	Program or Award Amount	Current Year Expenditures		Pass-through to subrecipients
				Federal	State	
STATE ASSISTANCE						
North Carolina Department of Transportation:						
Powell Bill		5121	1,644,298	-	1,644,302	-
State Maintenance Assistance for Urban and Small Urban Areas		NC-2022-049-00	3,631,704	-	3,631,704	-
NCDOT-19 Urban Regional Bus and Facility Program		36231	-	-	-	-
NCDOT-18 Statewide Contingency Program		50154	-	-	-	-
				-	5,276,006	-
<i>Passed-Through Triangle J Council of Government:</i>						
Transit Demand Grant		2000004447	106,852	-	53,225	45,213
Total North Carolina Department of Transportation				-	5,329,231	45,213
North Carolina Department of Environmental Quality						
Zero Waste Grant		2021	25,650	-	2,897	-
Total NC Department of Environmental Quality				-	2,897	-
North Carolina Department of Natural and Cultural Resources:						
State Library Aid		2021-2022	29,681	-	29,681	-
TOTAL STATE ASSISTANCE				-	5,361,809	45,213
TOTAL FINANCIAL ASSISTANCE				17,499,741	5,376,253	840,239

**TOWN OF CHAPEL HILL, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

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, 2022. 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, 2022. The Town is required to report annually to the NCDOT on the accumulated unspent Powell Bill funds. As of June 30, 2022, 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.