



# Comprehensive Annual Financial Report

For the Year Ended June 30, 2013





# Comprehensive Annual Financial Report

For the Year Ended June 30, 2013

Prepared by  
Michael W. Apple, CPA  
Chief Financial Officer



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**June 30, 2013**

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David S. Cheek  
*City Manager*

Glendel Stephenson  
*Mayor*

106 East Washington Street  
Mebane, North Carolina 27302  
(919) 563-5901

*Council*  
Patty Philipps, *Mayor Pro Tem*  
Tim Bradley  
Everette Greene  
Ed Hooks  
Jill Auditori

October 31, 2013

The Honorable Mayor and  
Members of the City Council  
City of Mebane, North Carolina

The Comprehensive Annual Financial Report of the City of Mebane, North Carolina is submitted for your review and use. This report was prepared by the City's Finance Department, and it is the comprehensive publication of the City's financial position and results of operations as of and for the fiscal year ended June 30, 2013. The City, like all other local governments in the State, is required by state law to publish a complete set of financial statements within four months of the close of each fiscal year. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report is published to fulfill that requirement for the fiscal year ended June 30, 2013, and to provide further accountability to citizens and other interested parties by providing a more comprehensive report in lieu of the minimum basic financial statement requirements.

City management is responsible for both the accuracy of the data and the completeness and fairness of the report. To ensure reliability of the information, City management has established a comprehensive framework of internal controls. Internal controls protect the City's assets from loss, theft and misuse and provide reliable information for the preparation of this report. Because the cost of internal controls should not outweigh their benefits, the City's controls have been designed to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, to the best of our knowledge and belief, this financial report is complete, accurate and reliable in all material respects.

As noted earlier, the City is required by state law to have an annual independent financial audit. Cobb Ezekiel Loy & Company, P.A., Certified Public Accountants, conducted the audit and concluded in an unqualified ("clean") opinion that the financial statements present fairly in conformity with GAAP, in all material respects, the financial position and changes in financial position for the City of Mebane, North Carolina, as of June 30, 2013. The independent auditors' report on the basic financial statements is located at the beginning of the financial section of this report.

Management's discussion and analysis of the basic financial statements (MD&A) immediately follows the independent auditors' report and provides a prescribed narrative introduction, overview, and analysis of the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

## **Profile of the City**

The town was named for Brigadier General Alexander Mebane of the North Carolina Militia and a member of Congress in the 1790's. In 1855, the railroad arrived and Mebane was incorporated in 1881 as the town of Mebanesville. The name was officially changed to Mebane in 1883. The charter was amended to the City of Mebane in February of 1987. Also in 1881, Mebane's industrial growth began with establishment of the former

White Furniture Company, followed by the Mebane Bedding Company (now Kingsdown) in 1904 and the Ridgeville Telephone Company (now Centurylink Communications) in 1907.

The City of Mebane is located in the Piedmont Triad Region of North Carolina, about 45 minutes west of Raleigh, the State capitol and 20 minutes east of Greensboro, the State's third largest city. The City has a land area of approximately eight and one half square miles, and a population of 12,685. Mebane is the third largest of ten municipalities located on the eastern border of Alamance County. The City is located mostly in Alamance County, with about 10% of it in Orange County.

The City is governed by the council-manager form of government. Policy making and legislative authority are vested in the City Council consisting of the mayor and five other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City's manager and attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. Five members of the City Council and the Mayor are elected to four year staggered terms. The Council then selects the Mayor Pro-tem from within the Council membership.

The City provides a full range of services, including police and fire protection; the maintenance of streets and other infrastructure; planning and building inspections; solid waste and recycling services; water and sewer services; recreational and cultural activities; and a library. In the 1970's, the City of Mebane and the City of Graham began a joint venture to develop single water supply for both cities. This intergovernmental cooperation led to the creation of the Graham-Mebane Lake which supplies drinking water to both towns. The City of Graham operates the water treatment plant and manages all lake operations with one-third of the costs paid by the City of Mebane and two-thirds borne by the City of Graham.

The Mebane City Council is required to adopt a budget by July 1 of each year. The City is empowered to levy a property tax on both real estate and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing board. The City's budget ordinance creates a legal limit on spending authorizations, and serves as the foundation for Mebane's financial planning and control. The budget is prepared by fund and department. The City Manager is authorized by the budget ordinance to make certain limited transfers within funds to facilitate budget execution consistent with Council intent.

## **Local Economy**

Nationally, four years into the economic recovery, there is still a considerable amount of uncertainty regarding global economic growth, fiscal policy and the willingness of businesses and households to commit to major capital purchases. In North Carolina, residential investment has swung to a positive in the economic outlook, while government spending remains a drag on economic growth. Throughout the last four years, Mebane has led the county in homebuilding and that trend is expected to continue. Apartments are playing a larger role than in the previous building cycle and with almost full occupancy, it appears that more apartment building will also spur residential development. In 2013, retail sales continued its three year improvement boosted by local consumer spending, a benefit of having a regional shopping destination like the Tanger Outlet. The announcement of Morinaga America Food's \$48 million candy manufacturing plant with 120 jobs is welcome news and will be a significant addition to the tax base and workforce. Additionally, if Project Swordfish, a \$450 million, 450-job distribution facility becomes a reality, Mebane will have established two significant economic development zones to its eastern and western boundaries. This can only enhance its prime location on the Interstate 85/40 corridor that links two of the fastest growing metro areas on the East Coast. At one end, the Research Triangle Park Region of Raleigh, Durham and Chapel Hill; at the other, the Piedmont Triad Region of Greensboro, Winston-Salem and High Point. The City of Mebane is at the heart of this corridor, where the full resources of the region come together to create exceptional opportunities for expanding and relocating companies in the nationally recognized N.C. Industrial Center, the new Buckhorn Economic Development Zone in Orange County, and the newly

established Alamance Interstate Corridor Development Zone. Boasting over 3,000 acres between these three development areas, Mebane is poised for economic growth.

## **Long-Term Financial Planning and Major Initiatives**

The City's 5-year Capital Improvement Plan (CIP) outlines the major capital purchases and capital project expenditures for the next five fiscal years while matching a conservative revenue source for payment. This document also describes the impact of the capital expenditures on the General Fund, Water and Sewer Fund, and the City finances as a whole. The City Council unanimously adopted the 2014-2018 CIP in May of 2013. The City long-range plans are committed to maintaining a strong financial position even in these challenging economic times while providing the necessary capital improvements to continue its historically high level of services. This plan will effectively strengthen the City fiscally and provide the Council and staff a bird's eye view of the City's future major capital initiatives.

Major initiatives of the CIP include the construction of a new south side fire station, an upgrade of the wastewater treatment plant, the replacement of the Forest Ridge Pump Station, and improvements to the Graham-Mebane water plant necessary for to comply with drinking water regulations. Street resurfacing also continues to be a priority for the City with a goal of resurfacing approximately two miles of streets annually to maintain an average surface life-cycle of twenty years.

## **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mebane for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the first year the City participated in the program. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Mebane has received the award for the last two years. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. We believe that by participating in the GFOA's Certificate of Achievement program, we will be improving our transparency and disclosure to the citizens of Mebane.

The preparation of this report would not have been possible without the dedicated efforts of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and the City Council for their unflinching support for maintaining the highest standards of professionalism in the management of the City of Mebane's finances.

Respectfully submitted,

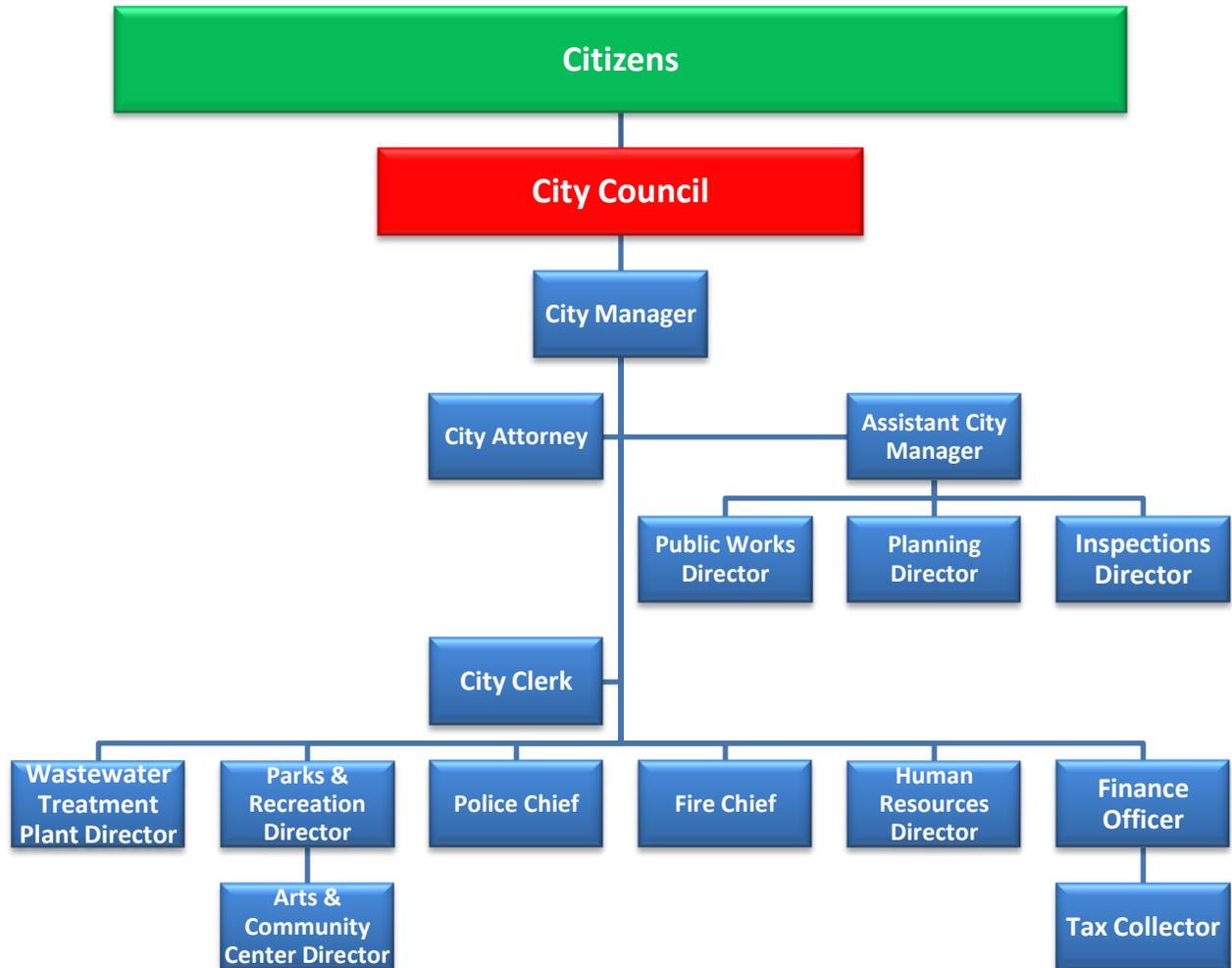
*David S. Cheek*

David S. Cheek, CPA  
City Manager

**Michael W. Apple**

Michael W. Apple, CPA  
Chief Financial Officer





**Elected Officials**

Glendel Stephenson	Mayor
Patricia Philipps	Mayor Pro-Tem
Tim Bradley	Council Member
Ed Hooks	Council Member
Everette Greene	Council Member
Jill Auditori	Council Member

**Appointed Officials**

David Cheek	City Manager
Chris Rollins	Assistant City Manager
Mike Apple	Chief Financial Officer
Charles Bateman	City Attorney
Stephanie Shaw	City Clerk
Terrence Caldwell	Police Chief
Bob Louis	Fire Chief
Wayne Pore	Public Works Director
Montrena Hadley	Planning Director
Cliff Ayscue	Inspections Director
Dean Ray	Recreation and Parks Director
Dennis Hodge	Wastewater Treatment Plant Director
Amy Pendergraph	Arts and Community Center Director
Esther Bennett	Human Resources Director



Government Finance Officers Association

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

Presented to

**City of Mebane  
North Carolina**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO





Independent Auditor's Report

To the Honorable Mayor  
and Members of the City Council  
Mebane, North Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mebane, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

## ***Opinions***

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mebane, North Carolina as of June 30, 2013, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Other Postemployment Benefits' and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Schedules of Employer Contributions be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statement, 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 and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the City of Mebane, North Carolina. The combining and individual fund statements, budgetary schedules and other schedules as required by applicable sections of the *Audits of States and Local Government, and Non-Profit Organizations* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the combining and individual fund statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2013 on our consideration of the City of Mebane's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of the report is 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 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 City of Mebane's internal control over financial reporting and compliance.

Cobb Engelke Soy & Company, PA  
October 31, 2013



**City of Mebane, North Carolina**  
**Management Discussion and Analysis**  
**June 30, 2013**

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As management of the City of Mebane, we offer readers of the financial statements this narrative overview and analysis of the City’s financial activities for the fiscal year ended June 30, 2013. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City’s financial statements, which follow this narrative.

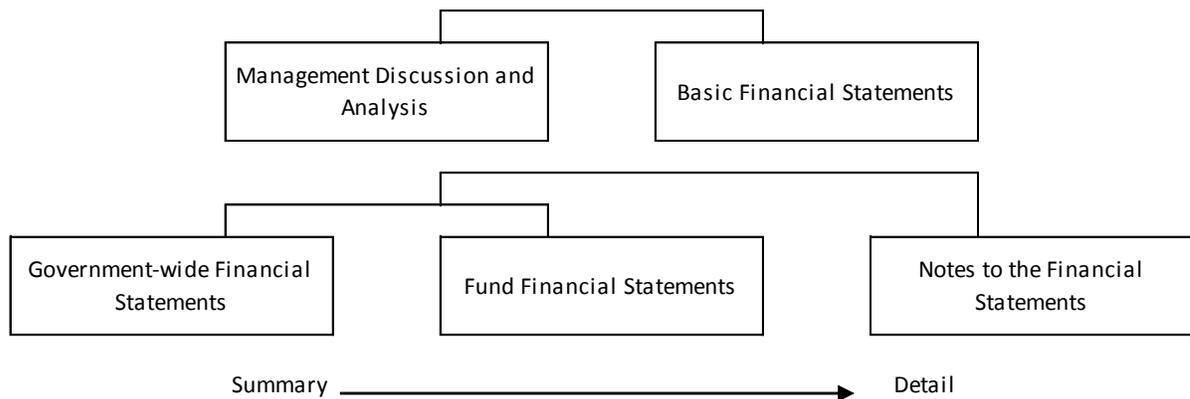
**Financial Highlights**

- The assets and deferred outflows of resources of the City of Mebane exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$77,870,578 (net position).
- The government’s total net position increased by \$4,727,975, due to increases in the government type net position by \$3,343,244 and increases in the business type activities net position by \$1,384,731. These changes in net position included a transfer from the Water and Sewer Fund to the General Fund in the amount of \$330,000 as one of five transfers to pay back funding for the Forest Ridge Pump Station and a transfer from the Water and Sewer Fund, in the amount of \$187,500, to the Southside Fire Station Capital Project fund to begin planning and construction of the new fire station.
- As of the close of the current fiscal year, the City of Mebane’s governmental funds reported combined ending fund balances of \$11,967,598, an increase of \$1,281,540 in comparison with the prior year. Approximately 6.3 percent of this total amount, or \$755,213, is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$9,309,149, or 83.1 percent of total general fund expenditures for the fiscal year.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to City’s basic financial statements. The City’s basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City 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 City of Mebane.

**Required Components of Annual Financial Report (Figure 1)**



**Basic Financial Statements**

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City’s financial status.

**City of Mebane, North Carolina**  
**Management Discussion and Analysis**  
**June 30, 2013**

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The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include the water and sewer services offered by the City of Mebane.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

**Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Mebane, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City of Mebane can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. 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.

The City of Mebane adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City, the management of the City, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is

**City of Mebane, North Carolina**  
**Management Discussion and Analysis**  
**June 30, 2013**

presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – The City of Mebane has one kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Mebane uses enterprise funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Notes to the Financial Statements** – The notes 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 begin on page 22 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Mebane’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 41 of this report.

**Interdependence with Other Entities** – The City depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the City is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

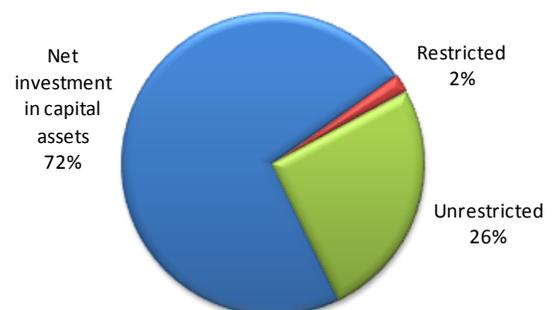
**Government-Wide Financial Analysis**

**City of Mebane’s Net Position (Figure 2)**

	Governmental Activities			Business-Type Activities			Total		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Current and other assets.....	\$ 12,978,047	\$ 11,600,282	\$ 12,954,272	\$ 9,099,032	\$ 11,484,151	\$ 9,810,809	\$ 22,077,079	\$ 23,084,433	\$ 22,765,081
Non-current assets.....	370,000	370,000	370,000	-	-	-	370,000	370,000	370,000
Capital assets.....	32,293,806	30,204,571	29,390,764	33,009,328	29,856,527	30,019,586	65,303,134	60,061,098	59,410,350
Deferred outflows of resources.....	-	-	-	19,510	22,187	24,863	19,510	22,187	24,863
Total assets and deferred outflows of resources.....	<u>45,641,853</u>	<u>42,174,853</u>	<u>42,715,036</u>	<u>42,127,870</u>	<u>41,362,865</u>	<u>39,855,258</u>	<u>87,769,723</u>	<u>83,537,718</u>	<u>82,570,294</u>
Long-term liabilities outstanding.....	5,304,126	5,298,677	5,585,930	3,592,765	4,313,206	5,027,923	8,896,891	9,611,883	10,613,853
Other liabilities.....	383,284	391,158	621,150	486,372	385,657	540,075	869,656	776,815	1,161,225
Deferred inflows of resources.....	132,598	6,417	24,756	-	-	-	132,598	6,417	24,756
Total liabilities and deferred inflows of resources.....	<u>5,820,008</u>	<u>5,696,252</u>	<u>6,231,836</u>	<u>4,079,137</u>	<u>4,698,863</u>	<u>5,567,998</u>	<u>9,899,145</u>	<u>10,395,115</u>	<u>11,799,834</u>
<b>Net position:</b>									
Net investment in capital assets.....	28,863,807	26,347,904	24,920,842	29,700,671	25,760,951	25,132,355	58,564,478	52,108,855	50,053,197
Restricted.....	755,213	497,614	1,110,038	-	-	-	755,213	497,614	1,110,038
Unrestricted.....	<u>10,202,825</u>	<u>9,633,083</u>	<u>10,452,320</u>	<u>8,348,062</u>	<u>10,903,051</u>	<u>9,154,905</u>	<u>18,550,887</u>	<u>20,536,134</u>	<u>19,607,225</u>
Total net position.....	<u>\$ 39,821,845</u>	<u>\$ 36,478,601</u>	<u>\$ 36,483,200</u>	<u>\$ 38,048,733</u>	<u>\$ 36,664,002</u>	<u>\$ 34,287,260</u>	<u>\$ 77,870,578</u>	<u>\$ 73,142,603</u>	<u>\$ 70,770,460</u>

As noted earlier, net position may serve over time as one useful indicator of a government’s financial condition. The assets and deferred outflows of the City of Mebane exceeded liabilities and deferred inflows by \$77,870,578 as of June 30, 2013. The City’s net position increased by \$4,727,975 for the fiscal year ended June 30, 2013. However, the largest portion (75.2%) reflects the City’s net investment in capital assets (e.g. land, buildings, machinery, and equipment). The City of Mebane uses these capital assets to provide services to citizens; consequently, these assets are not available for future

**Allocation of Net Assets**



**City of Mebane, North Carolina  
Management Discussion and Analysis  
June 30, 2013**

spending. Although the City of Mebane’s net 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. An additional portion of the City of Mebane’s net position \$755,213 (1.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$18,550,887 is unrestricted.

Several particular aspects of the City’s financial operations positively influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.2%, which compares favorably with the statewide average of 97.2%.
- Other taxes increased \$324,230 which included an increase in privilege license taxes of \$170,102.
- Increased water and sewer charges for services of \$410,243 due to economic growth in the City and a 7% increase in water and sewer rates.
- Continued low cost of debt due to the City’s high bond rating.

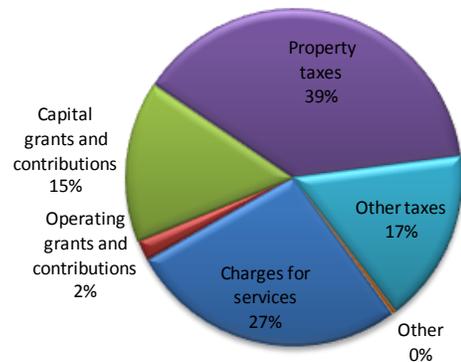
**City of Mebane Changes in Net Position (Figure 3)**

	Governmental Activities			Business-Type Activities			Total		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
<b>Revenues:</b>									
<b>Program revenues:</b>									
Charges for services.....	\$ 580,194	\$ 557,184	\$ 662,197	\$ 4,732,814	\$ 4,322,571	\$ 3,942,483	\$ 5,313,008	\$ 4,879,755	\$ 4,604,680
Operating grants and contributions	397,732	338,677	321,016	-	-	-	397,732	338,677	321,016
Capital grants and contributions.....	2,013,681	858,449	1,698,372	1,051,250	284,300	471,250	3,064,931	1,142,749	2,169,622
<b>General revenues:</b>									
Property taxes.....	7,640,328	7,376,275	6,805,448	-	-	-	7,640,328	7,376,275	6,805,448
Other taxes.....	3,297,348	2,973,118	2,617,082	-	-	-	3,297,348	2,973,118	2,617,082
Grants and contributions not restricted to specific programs.....	4,000	3,045	4,770	-	-	-	4,000	3,045	4,770
Other.....	52,613	24,715	586,449	19,571	32,972	21,267	72,184	57,687	607,716
Total revenues.....	13,985,896	12,131,463	12,695,334	5,803,635	4,639,843	4,435,000	19,789,531	16,771,306	17,130,334
<b>Expenses:</b>									
General government.....	2,143,420	1,854,901	1,753,985	-	-	-	2,143,420	1,854,901	1,753,985
Public safety.....	4,571,950	4,107,505	3,863,952	-	-	-	4,571,950	4,107,505	3,863,952
Public works.....	569,646	464,956	511,015	-	-	-	569,646	464,956	511,015
Transportation.....	1,474,886	1,478,975	1,470,542	-	-	-	1,474,886	1,478,975	1,470,542
Economic development.....	207,551	402,748	202,085	-	-	-	207,551	402,748	202,085
Environmental protection.....	812,163	812,641	794,960	-	-	-	812,163	812,641	794,960
Culture and recreation.....	1,224,727	1,167,086	1,091,761	-	-	-	1,224,727	1,167,086	1,091,761
Other programs.....	22,886	46,302	24,248	-	-	-	22,886	46,302	24,248
Interest on long-term dept.....	132,923	150,948	176,371	-	-	-	132,923	150,948	176,371
Water and sewer.....	-	-	-	3,901,404	3,913,101	3,923,837	3,901,404	3,913,101	3,923,837
Total expenses.....	11,160,152	10,486,062	9,888,919	3,901,404	3,913,101	3,923,837	15,061,556	14,399,163	13,812,756
<b>Increase in net position</b>									
before transfers.....	2,825,744	1,645,401	2,806,415	1,902,231	726,742	511,163	4,727,975	2,372,143	3,317,578
Transfers.....	517,500	(1,650,000)	-	(517,500)	1,650,000	-	-	-	-
Increase in net position.....	3,343,244	(4,599)	2,806,415	1,384,731	2,376,742	511,163	4,727,975	2,372,143	3,317,578
Net position, July 1.....	36,478,601	36,483,200	33,676,785	36,664,002	34,287,260	33,776,097	73,142,603	70,770,460	67,452,882
Net position, June 30.....	\$39,821,845	\$36,478,601	\$36,483,200	\$38,048,733	\$36,664,002	\$34,287,260	\$77,870,578	\$73,142,603	\$70,770,460

**Governmental activities:** Governmental activities prior to transfers increased the City’s net position by \$2,825,744, thereby accounting for 59.8% of the total growth in the net position of the City of Mebane. Key elements of this change in net position are as follows:

- Property taxes increased by \$258,023 over the prior year.
- Other tax revenues increased by \$324,230 over the prior year.

**Revenues by Source - All Activities**



**City of Mebane, North Carolina  
Management Discussion and Analysis  
June 30, 2013**

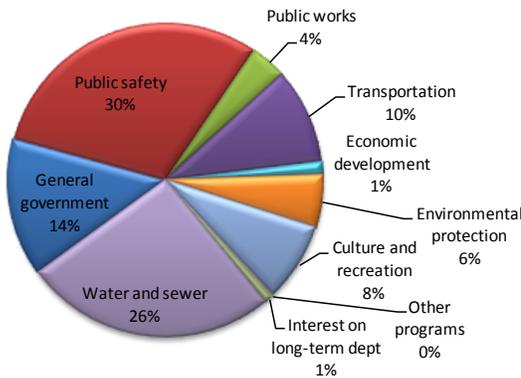
**Business-type activities:** Business-type activities prior to transfers increased the City of Mebane’s net position by \$1,902,231, accounting for 39.2% of the total growth in the government’s net position. Key elements of this change in net position as compared to the prior year are as follows:

- Charges for services increased \$410,243 due to local economic growth in the City and a 7% rate increase.

**Financial Analysis of the City’s Funds**

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

**Expenses by Function - All Activities**



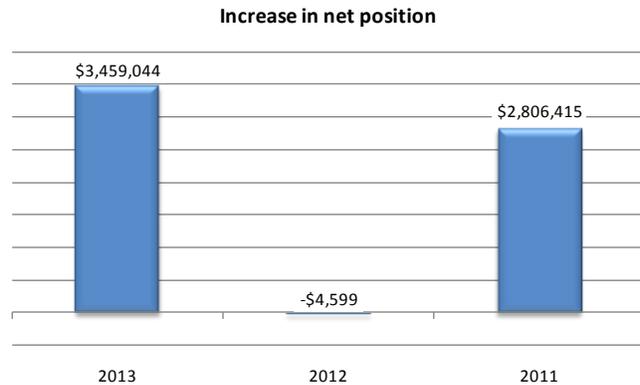
**Governmental Funds:** The focus of the City of Mebane’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Mebane’s financing requirements.

The general fund is the chief operating fund of the City of Mebane. At the end of the current fiscal year, fund balance available in the General Fund was \$9,309,149, while total fund balance reached \$11,650,748. The City currently has an available fund balance of 95.8% of general fund expenditures, while total fund balance represents

102.4% of the same amount.

At June 30, 2013, the governmental funds of the City of Mebane reported a combined fund balance of \$11,967,598, a 12.0 percent increase from last year. This increase in fund balance is due to an increase in the general fund of \$960,190 combined with an overall increase in capital projects of \$321,350.

**General Fund Budgetary Highlights:** During the fiscal year, the City 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 more than the budgeted amounts primarily because tax revenue, restricted intergovernmental revenues, and unrestricted intergovernmental revenues that the City originally had expected to receive were significantly more. Expenditures were held in check to comply with its budgetary requirements.

**Proprietary Funds:** The City’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer fund at the end of the fiscal year amounted to \$8,348,062. The total growth in net position was \$1,384,731.

**City of Mebane, North Carolina**  
**Management Discussion and Analysis**  
**June 30, 2013**

**Capital Asset and Debt Administration**

**Capital assets:** The City of Mebane’s investment in capital assets for its governmental and business–type activities as of June 30, 2013, totals \$65,303,134 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Capital contributions in the general fund in the amount of \$2,011,181 and in the water and sewer fund in the amount of \$1,051,250.
- Construction in progress in the Water and Sewer Capital Project Fund of \$2,644,391 for the construction of the Forest Ridge Pump Stations and Mains.

**City of Mebane’s Capital Assets, Net of Depreciation (Figure 4)**

	Governmental Activities			Business-Type Activities			Total		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Land.....	\$ 5,536,670	\$ 5,498,789	\$ 5,498,789	\$ 13,403	\$ 13,403	\$ 13,403	\$ 5,550,073	\$ 5,512,192	\$ 5,512,192
Buildings and systems.....	10,587,696	10,565,862	10,601,931	11,679,117	12,042,553	12,420,883	22,266,813	22,608,415	23,022,814
Water and sewer systems.....	-	-	-	18,136,671	17,389,760	17,260,315	18,136,671	17,389,760	17,260,315
Improvements other than buildings	3,558,652	3,091,076	2,800,028	-	-	-	3,558,652	3,091,076	2,800,028
Machinery and equipment.....	591,424	602,852	615,101	100,162	105,060	103,871	691,586	707,912	718,972
Computer equipment.....	58,488	93,675	136,829	-	-	-	58,488	93,675	136,829
Infrastructure.....	9,586,454	8,291,497	7,786,310	-	-	-	9,586,454	8,291,497	7,786,310
Vehicles and motorized equipment.	1,929,221	2,045,642	1,946,458	41,232	50,206	59,180	1,970,453	2,095,848	2,005,638
Construction in progress.....	445,201	15,178	5,318	3,038,743	255,545	161,934	3,483,944	270,723	167,252
	<u>\$32,293,806</u>	<u>\$30,204,571</u>	<u>\$29,390,764</u>	<u>\$33,009,328</u>	<u>\$29,856,527</u>	<u>\$30,019,586</u>	<u>\$65,303,134</u>	<u>\$60,061,098</u>	<u>\$59,410,350</u>

Additional information on the City’s capital assets can be found on page 29 of this report.

**Long-term Debt:** As of June 30, 2013, the City of Mebane had total bonded debt outstanding of \$570,000 that is backed by the full faith and credit of the City.

**City of Mebane’s Outstanding Debt - General Obligation and Revenue Bonds (Figure 5)**

	Governmental Activities			Business-Type Activities			Total		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
General obligation bonds	\$ -	\$ -	\$ -	\$570,000	\$680,000	\$785,000	\$570,000	\$680,000	\$785,000

**City of Mebane’s Outstanding Debt**

The City of Mebane’s total debt decreased by \$1,216,264 (15.25%) during the past fiscal year, due to loan payments of \$1,216,264 during the fiscal year.

The City of Mebane has maintained a high bond rating at “AA” with Standard and Poor’s Corporation. Standard & Poor’s Ratings Services stated in an article dated February 28, 2013 that it affirmed the rating, with a stable outlook, on the general obligation (GO) bonds issued by the City of Mebane. They state that the rating reflects their opinion of the City’s favorable location, growing and diverse property base, very strong finances and low direct debt. The City believes this speaks very highly of the stability and sound management practices of the City of Mebane.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for City of Mebane is \$118,517,782.

Additional information regarding the City of Mebane’s long-term debt can be found on page 31 of this report.

**City of Mebane, North Carolina**  
**Management Discussion and Analysis**  
**June 30, 2013**

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**Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth of the City of Mebane:

- The City of Mebane's unemployment rate, while still high compared to the first half of this decade is dropping. The 2013 rate of 6.2% is lower than 2012's rate of 6.5% and still well below the State and County rates of 8.2% and 8.3% respectively.
- Growth in the tax base of the City is expected to continue as a result of Mebane's great location on two major highways and between the Research Triangle and Piedmont Triad region.
- Continued industrial development and expansion at the N.C. Industrial Center (NCIC), as well as Orange County's new economic development efforts and utility infrastructure improvements, will continue to boost the City's tax base.
- Retail sales are expected to continue their strong performance from 2013. Tanger Outlets, in its third full year of operations is expected to sustain much of this growth.

**Budget Highlights for the Fiscal Year Ending June 30, 2014**

**Governmental Activities:** Revenues of the City are expected to increase by 15.5% for 2014, primarily due to loan proceeds used to purchase some equipment. Without these loan proceeds, real growth is projected at 3.2%. This is primarily due to projected increases in property tax, sales tax and increased privilege license revenues. Retail sales will continue their strong growth from 2013 with an expected 7.8% increase. The City updated its privilege license ordinance in 2012 to phase in over two years and is projecting additional revenue of over \$25,000. For 2014, the City maintained the current ad valorem tax rate of \$0.47 per \$100 valuation.

Budgeted operating expenditures in the General Fund are expected to increase 13.9% to \$15,132,636. The increase is mostly due to the purchase of two fire engines for the Fire Department and a street sweeper and garbage truck for public works for a total of \$1,440,000. Most of the other departments are continuing services as usual with no significant change; however, some notable items include the purchase of five replacement police patrol units for \$159,490 and a 3% cost living adjustment for all employees which, along with related benefit cost, will cost about \$350,000. Besides these outlays, the City continues to maintain its commitment to improvements in roads and sidewalks. Major initiatives of the recommended budget include containing operating costs as well as guiding and managing residential and business development.

**Business-type Activities:** Revenue for water and sewer service is projected to increase by 2.5% due to expected increases in usage. There is no increase in rates for 2014. Expenditures are expected to decrease by 24.7% primarily due to the transfer of \$2,187,000 to capital project funds in 2012. Without the impact of these one-time transfers the budget increased by 6%.

**Request for Information**

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or request for additional information should be directed to:

Michael W. Apple, CPA  
Chief Financial Officer  
106 E. Washington Street  
Mebane, NC 27302  
(919) 563-5901  
mapple@cityofmebane.com



**City of Mebane, North Carolina**  
**Statement of Net Position**  
**June 30, 2013**

**Exhibit 1**

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	
<b>Assets</b>			
Current assets:			
Cash and Equivalents.....	\$ 11,872,319	\$ 8,017,979	\$ 19,890,298
Taxes receivables, (net).....	242,309	-	242,309
Accrued interest receivable on taxes.....	35,022	-	35,022
Accounts receivable (net).....	51,871	681,442	733,313
Due from other governments.....	761,124	-	761,124
Prepaid expenses.....	15,402	-	15,402
Inventories.....	-	132,421	132,421
Restricted cash.....	-	267,190	267,190
<b>Total current assets.....</b>	<b>12,978,047</b>	<b>9,099,032</b>	<b>22,077,079</b>
Non-current assets:.....			
Notes receivable - Mebane Mill Lofts, LLC.....	370,000	-	370,000
Capital assets (Note 2):			
Land, non-depreciable improvements, and construction in progress .....	5,981,871	3,052,146	9,034,017
Other capital assets, net of depreciation.....	26,311,935	29,957,182	56,269,117
<b>Total capital assets.....</b>	<b>32,293,806</b>	<b>33,009,328</b>	<b>65,303,134</b>
<b>Total non-current assets.....</b>	<b>32,663,806</b>	<b>33,009,328</b>	<b>65,673,134</b>
<b>Total assets.....</b>	<b>45,641,853</b>	<b>42,108,360</b>	<b>87,750,213</b>
<b>Deferred outflows of resources</b>			
Charge on refunding.....	-	19,510	19,510
<b>Total deferred outflows of resources.....</b>	<b>-</b>	<b>19,510</b>	<b>19,510</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable .....	370,424	188,729	559,153
Accrued interest payable.....	12,860	30,453	43,313
Customer deposits.....	-	267,190	267,190
Current portion of long-term liabilities.....	632,873	843,607	1,476,480
<b>Total current liabilities.....</b>	<b>1,016,157</b>	<b>1,329,979</b>	<b>2,346,136</b>
Long-term liabilities:			
Due in more than one year.....	4,671,253	2,749,158	7,420,411
<b>Total liabilities.....</b>	<b>5,687,410</b>	<b>4,079,137</b>	<b>9,766,547</b>
<b>Deferred inflows of resources</b>			
Prepaid taxes.....	9,605	-	9,605
Prepaid licenses and fees.....	122,993	-	122,993
<b>Total deferred inflows of resources.....</b>	<b>132,598</b>	<b>-</b>	<b>132,598</b>
<b>Net Position</b>			
Net investment in capital assets.....	28,863,807	29,700,671	58,564,478
Restricted for:			
Stabilization by State Statute.....	755,213	-	755,213
Other functions.....	-	-	-
Unrestricted .....	10,202,825	8,348,062	18,550,887
<b>Total net position.....</b>	<b>\$ 39,821,845</b>	<b>\$ 38,048,733</b>	<b>\$ 77,870,578</b>

City of Mebane, North Carolina  
Statement of Activities  
For the Year Ended June 30, 2013

Exhibit 2

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating	Capital Grants	Governmental Activities	Business-type Activities	Total
			Grants & Contributions	and Contributions			
<b>Primary government</b>							
<b>Governmental activities</b>							
General government.....	\$ 2,143,420	\$ 58,381	\$ -	\$ 2,500	\$ (2,082,539)	\$ -	\$ (2,082,539)
Public safety.....	4,571,950	130,897	51,215	-	(4,389,838)	-	(4,389,838)
Public works.....	569,646	14,317	-	-	(555,329)	-	(555,329)
Transportation.....	1,474,886	-	321,024	2,011,181	857,319	-	857,319
Environmental protection.....	812,163	284,531	19,343	-	(508,289)	-	(508,289)
Cultural and recreation.....	1,224,727	74,518	6,150	-	(1,144,059)	-	(1,144,059)
Cemetery.....	22,886	17,550	-	-	(5,336)	-	(5,336)
Economic & physical development.....	207,551	-	-	-	(207,551)	-	(207,551)
Interest on long-term debt.....	132,923	-	-	-	(132,923)	-	(132,923)
<b>Total governmental activities.....</b>	<b>11,160,152</b>	<b>580,194</b>	<b>397,732</b>	<b>2,013,681</b>	<b>(8,168,545)</b>	<b>-</b>	<b>(8,168,545)</b>
<b>Business-type activities:</b>							
Water and sewer.....	3,901,404	4,732,814	-	1,051,250	-	1,882,660	1,882,660
<b>Total business-type activities.....</b>	<b>3,901,404</b>	<b>4,732,814</b>	<b>-</b>	<b>1,051,250</b>	<b>-</b>	<b>1,882,660</b>	<b>1,882,660</b>
<b>Total primary government.....</b>	<b>\$ 15,061,556</b>	<b>\$ 5,313,008</b>	<b>\$ 397,732</b>	<b>\$ 3,064,931</b>	<b>(8,168,545)</b>	<b>1,882,660</b>	<b>(6,285,885)</b>
<b>General revenues:</b>							
Taxes:							
Property taxes, levied for general purposes.....					7,640,328	-	7,640,328
Sales taxes.....					2,333,808	-	2,333,808
Franchise tax.....					694,554	-	694,554
Privilege license tax.....					189,355	-	189,355
Excise Tax.....					79,631	-	79,631
Grants & contributions not restricted to specific programs.....					4,000	-	4,000
Unrestricted investment earnings.....					11,943	9,706	21,649
Miscellaneous.....					40,670	9,865	50,535
Transfers.....					517,500	(517,500)	-
<b>Total general revenues and transfers.....</b>					<b>11,511,789</b>	<b>(497,929)</b>	<b>11,013,860</b>
<b>Change in net position.....</b>					<b>3,343,244</b>	<b>1,384,731</b>	<b>4,727,975</b>
Net position - beginning .....					36,478,601	36,664,002	73,142,603
<b>Net position - ending.....</b>					<b>\$ 39,821,845</b>	<b>\$ 38,048,733</b>	<b>\$ 77,870,578</b>

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

**City of Mebane, North Carolina**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2013**

**Exhibit 3**

	<u>General Fund</u>	<u>Total Non - Major Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents.....	\$ 11,540,049	\$ 332,270	\$ 11,872,319
Restricted cash.....	-	-	-
Taxes receivable, net.....	242,309	-	242,309
Receivable from other governments.....	761,124	-	761,124
Other receivables.....	51,871	-	51,871
Prepaid expenses.....	15,402	-	15,402
<b>Total assets.....</b>	<u>\$ 12,610,755</u>	<u>\$ 332,270</u>	<u>\$ 12,943,025</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable.....	355,008	15,420	370,428
<b>Total liabilities.....</b>	<u>355,008</u>	<u>15,420</u>	<u>370,428</u>
<b>Deferred inflows of resources</b>			
Property taxes receivable.....	230,093	-	230,093
Franchise and other taxes receivable.....	242,308	-	242,308
Prepaid taxes.....	9,605	-	9,605
Prepaid licenses and fees.....	122,993	-	122,993
<b>Total deferred inflows of resources.....</b>	<u>604,999</u>	<u>-</u>	<u>604,999</u>
<b>Fund balances:</b>			
Non Spendable.....	-	-	-
Restricted			
Stabilization by State Statute.....	755,213	-	755,213
Streets.....	-	-	-
Committed.....	-	-	-
Assigned			
Subsequent year's expenditures.....	1,586,386	316,850	1,903,236
Unassigned.....	9,309,149	-	9,309,149
<b>Total fund balances.....</b>	<u>11,650,748</u>	<u>316,850</u>	<u>11,967,598</u>
<b>Total liabilities, deferred inflows of resources and fund balances.....</b>	<u>\$ 12,610,755</u>	<u>\$ 332,270</u>	<u>\$ 12,943,025</u>

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

**City of Mebane, North Carolina**  
**Balance Sheet (continued)**  
**Governmental Funds**  
**June 30, 2013**

**Exhibit 3**

<b>Total fund balance, governmental funds.....</b>		\$ 11,967,598
<b>Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:</b>		
<b>Capital assets used in governmental activities are not current financial resources and therefore not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets:</b>		
Gross capital assets at historical cost.....	39,823,280	
Accumulated depreciation.....	<u>(7,529,470)</u>	32,293,810
<b>Other long-term assets (accrued interest receivable from taxes, note receivable) are not available to pay for current-period expenditures and therefore are unavailable in the fund statements:</b>		
Accrued Interest receivable on taxes.....	35,022	
Notes receivable.....	<u>370,000</u>	405,022
<b>Liabilities for earned revenues considered deferred inflows of resources in fund statements but not the government-wide statements:</b>		
Property taxes receivable.....	230,093	
Franchise and other taxes receivable.....	<u>242,308</u>	472,401
<b>Some liabilities, including bonds payable, notes payable, accrued interest, pension and other postemployment benefits, and compensated absences are not due and payable in the current period and therefore are not reported in the fund statements:</b>		
Accrued interest payable.....	(12,860)	
Notes payable.....	(3,430,002)	
Compensated Absences.....	(306,993)	
Other postemployment benefits.....	(1,291,623)	
Net pension obligation.....	<u>(275,508)</u>	<u>(5,316,986)</u>
<b>Net Position of Governmental Activities.....</b>		<u>\$ 39,821,845</u>

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

**City of Mebane, North Carolina**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**

**Exhibit 4**

	<u>General Fund</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>			
Property taxes.....	\$ 7,322,698	\$ -	\$ 7,322,698
Other taxes and licenses.....	189,355	-	189,355
Unrestricted intergovernmental.....	3,133,530	2,500	3,136,030
Restricted intergovernmental.....	717,539	-	717,539
Permits and fees.....	136,214	-	136,214
Sales and services.....	382,049	-	382,049
Investment earnings.....	11,943	-	11,943
Miscellaneous.....	112,033	-	112,033
<b>Total revenues.....</b>	<u>12,005,361</u>	<u>2,500</u>	<u>12,007,861</u>
<b>Expenditures</b>			
Current:			
General government.....	1,953,527	(3,019)	1,950,508
Public Safety.....	4,180,145	-	4,180,145
Public Works.....	814,417	-	814,417
Transportation.....	1,235,100	-	1,235,100
Environmental Protection.....	732,038	-	732,038
Culture and recreation.....	1,110,864	-	1,110,864
Economic and physical development.....	505,146	-	505,146
Cemetery.....	37,267	-	37,267
Debt Service:			
Principal.....	426,667	-	426,667
Interest and other charges.....	135,000	-	135,000
Capital Outlay.....	-	116,669	116,669
<b>Total Expenditures.....</b>	<u>11,130,171</u>	<u>113,650</u>	<u>11,243,821</u>
<b>Excess (deficiency) of revenues over expenditures.....</b>	<u>875,190</u>	<u>(111,150)</u>	<u>764,040</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in.....	330,000	432,500	762,500
Transfers out.....	(245,000)	-	(245,000)
<b>Total other financing sources and uses.....</b>	<u>85,000</u>	<u>432,500</u>	<u>517,500</u>
Net change in fund balances.....	960,190	321,350	1,281,540
Fund balances - beginning.....	10,690,558	(4,500)	10,686,058
<b>Fund balances - ending.....</b>	<u>\$ 11,650,748</u>	<u>\$ 316,850</u>	<u>\$ 11,967,598</u>

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

**City of Mebane, North Carolina**  
**Statement of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**

**Exhibit 4**

**Amounts reported for Governmental Activities in the Statement of Activities are different because:**

Net change in fund balances - total governmental funds: \$ 1,281,540

**Governmental funds report capital outlays as expenditures; however, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.**

Capital outlay expenditures which were capitalized.....	\$ 993,379	
Depreciation expense for governmental assets.....	(906,338)	87,041

**Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.....** (8,987)

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

Amount of contributed capital.....	2,011,181	
Change in unavailable revenue for tax revenues.....	(25,743)	
Change in deferred inflows of resources-taxes receivable-at year end.....	1,579	1,987,017

**The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.**

New long-term debt issued.....	-	
Principal payments on long-term debt.....	426,666	
Decrease in accrued interest payable.....	2,077	428,743

**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.**

Compensated absences.....	(11,491)	
Net pension obligation.....	(5,270)	
Other postemployment benefits.....	(415,349)	(432,110)

**Total changes in net position of governmental activities .....** \$ 3,343,244

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

**City of Mebane, North Carolina**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual**  
**General Fund**  
**For the Year Ended June 30, 2013**

**Exhibit 5**

	<u>Original</u>	<u>Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues</b>				
Property Taxes.....	\$ 7,157,500	\$ 7,157,500	\$ 7,322,698	\$ 165,198
Other taxes and licenses.....	80,000	80,000	189,355	109,355
Unrestricted intergovernmental.....	2,892,500	2,892,500	3,133,530	241,030
Restricted intergovernmental.....	677,000	677,000	717,539	40,539
Permits and fees.....	118,000	118,000	136,214	18,214
Sales and services.....	370,450	370,450	382,049	11,599
Investment earnings.....	16,000	16,000	11,943	(4,057)
Miscellaneous.....	85,080	85,080	112,033	26,953
<b>Total revenues.....</b>	<b>11,396,530</b>	<b>11,396,530</b>	<b>12,005,361</b>	<b>608,831</b>
<b>Expenditures</b>				
Current:				
General government.....	2,134,960	2,352,566	1,953,527	399,039
Public Safety.....	5,087,664	4,816,864	4,180,145	636,719
Public Works.....	997,438	1,005,938	814,417	191,521
Transportation.....	1,691,444	1,721,144	1,235,100	486,044
Environmental protection.....	941,721	904,976	732,038	172,938
Culture and recreation.....	1,387,177	1,413,527	1,110,864	302,663
Economic and physical development.....	163,699	523,188	505,146	18,042
Cemetery.....	63,500	106,000	37,267	68,733
Debt Service:				
Principal.....	429,000	429,000	426,667	2,333
Interest and other charges.....	141,000	141,000	135,000	6,000
<b>Total expenditures.....</b>	<b>13,037,603</b>	<b>13,414,203</b>	<b>11,130,171</b>	<b>2,284,032</b>
<b>Excess (deficiency) of revenues over expenditures....</b>	<b>(1,641,073)</b>	<b>(2,017,673)</b>	<b>875,190</b>	<b>2,892,863</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in.....	330,000	330,000	330,000	-
Transfers out.....	(245,000)	(245,000)	(245,000)	-
Fund balance appropriated.....	1,556,073	1,932,673	-	1,932,673
<b>Total other financing sources and uses.....</b>	<b>1,641,073</b>	<b>2,017,673</b>	<b>85,000</b>	<b>1,932,673</b>
Net change in fund balances	\$ -	\$ -	960,190	\$ 960,190
Fund balances - beginning			10,690,558	
<b>Fund balances - ending</b>			<b>\$ 11,650,748</b>	

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

**City of Mebane, North Carolina**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2013**

**Exhibit 6**

	<u>Water and</u> <u>Sewer Fund</u>
<b>Assets</b>	
Current assets:	
Cash and equivalents.....	\$ 8,017,979
Accounts receivable (net) - billed.....	489,931
Accounts receivable (net) - unbilled.....	191,511
Inventories.....	132,421
Restricted cash.....	<u>267,190</u>
Total current assets.....	<u>9,099,032</u>
Non-current assets:	
Capital assets:	
Land and other non-depreciable assets.....	3,052,146
Other capital assets, net of depreciation.....	<u>29,957,182</u>
Total capital assets.....	<u>33,009,328</u>
Total non-current assets.....	<u>33,009,328</u>
<b>Total assets.....</b>	<b><u>42,108,360</u></b>
<b>Deferred outflows of resources</b>	
Deferred charge on refunding.....	<u>19,510</u>
<b>Total deferred outflows of resources.....</b>	<b><u>19,510</u></b>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued liabilities.....	188,729
Accrued interest payable.....	30,453
Customer deposits.....	267,190
Compensated absences.....	32,942
Long-term debt - current.....	695,665
General obligation bonds payable - current.....	<u>115,000</u>
Total current liabilities.....	<u>1,329,979</u>
Noncurrent liabilities:	
Other postemployment benefits.....	217,747
Compensated absences.....	13,908
Long-term debt - noncurrent.....	2,062,503
General obligation bonds payable - noncurrent.....	<u>455,000</u>
Total noncurrent liabilities.....	<u>2,749,158</u>
<b>Total liabilities.....</b>	<b><u>4,079,137</u></b>
<b>Net Position</b>	
Net investment in capital assets.....	29,700,671
Unrestricted .....	<u>8,348,062</u>
<b>Total net position.....</b>	<b><u>\$ 38,048,733</u></b>

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

**City of Mebane, North Carolina**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

**Exhibit 7**

	<u>Water and</u> <u>Sewer Fund</u>
<b>Operating Revenues</b>	
Charges for services.....	\$ 4,160,418
Water and sewer taps.....	8,000
Connection fees.....	340,900
Miscellaneous.....	<u>223,496</u>
<b>Total operating revenues.....</b>	<b><u>4,732,814</u></b>
<b>Operating Expenses</b>	
Billing and metering.....	290,712
Distribution and maintenance.....	277,956
Purchase of water.....	535,487
Laboratory.....	205,685
Wastewater treatment plant.....	949,850
Sewer mains and lift stations.....	638,265
Depreciation.....	<u>864,882</u>
<b>Total operating expenses.....</b>	<b><u>3,762,837</u></b>
<b>Operating income (loss).....</b>	<b><u>969,977</u></b>
<b>Nonoperating revenues (expenses)</b>	
Interest and investment revenue.....	9,706
Miscellaneous revenue.....	9,865
Interest expense.....	(135,891)
Amortization of bonds.....	<u>(2,676)</u>
<b>Total nonoperating revenues (expenses).....</b>	<b><u>(118,996)</u></b>
Income (loss) before contributions and transfers.....	850,981
Capital contributions.....	1,051,250
Transfers in.....	2,157,043
Transfers out.....	<u>(2,674,543)</u>
Change in net position.....	1,384,731
Total net position - beginning.....	<u>36,664,002</u>
<b>Total net position - ending.....</b>	<b><u>\$ 38,048,733</u></b>

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

**City of Mebane, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

**Exhibit 8**

	<u>Water and</u> <u>Sewer Fund</u>
<b>Cash Flows from Operating Activities</b>	
Cash received from customers.....	\$ 4,424,404
Cash paid for goods and services.....	(1,628,809)
Cash paid to or on behalf of employees for services.....	(1,140,553)
Customer deposits received.....	50,869
Customer deposits returned.....	(32,959)
Other operating revenues.....	223,496
Other nonoperating revenues.....	<u>9,865</u>
<b>Total cash provided (used) by operating activities.....</b>	<b><u>1,906,313</u></b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Transfers from other funds.....	2,157,043
Transfers to other funds.....	<u>(2,674,543)</u>
<b>Total cash provided (used) by non-capital financing activities.....</b>	<b><u>(517,500)</u></b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Acquisition and construction of capital assets.....	(2,966,433)
Principal paid on bonds and notes payable.....	(789,597)
Interest paid on bonds and notes payable.....	<u>(144,775)</u>
<b>Total cash provided (used) by capital and related financing activities.....</b>	<b><u>(3,900,805)</u></b>
<b>Cash Flows from Investing Activities</b>	
Investment income.....	<u>9,709</u>
<b>Total cash provided (used) by investing activities.....</b>	<b><u>9,709</u></b>
Net increase (decrease) in cash and equivalents.....	(2,502,283)
Balance, beginning.....	10,787,452
<b>Balance, ending.....</b>	<b><u>\$ 8,285,169</u></b>

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

**City of Mebane, North Carolina**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2013**

**Exhibit 8**

	<u>Water and</u> <u>Sewer Fund</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income (loss).....	\$ 969,977
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation.....	864,882
Other nonoperating revenues.....	9,865
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable.....	(98,324)
Increase (decrease) in allowance for doubtful accounts.....	13,410
(Increase) decrease inventories.....	(32,250)
Increase (decrease) accounts payable.....	91,419
Increase (decrease) salaries payable.....	270
Increase (decrease) accrued vacation.....	5,069
Increase (decrease) accrued OPEB.....	64,085
Increase (decrease) in customer deposits.....	<u>17,910</u>
Total adjustments.....	<u>936,336</u>
<b>Net cash provided by operating activities.....</b>	<b><u>\$ 1,906,313</u></b>
<b>Noncash investing, capital, and financing activities:</b>	
Noncash capital contributions of fixed assets.....	<u>\$ 1,051,250</u>
Unrealized gain/loss on investments.....	<u>\$ 4,555</u>

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



**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**1. Summary of Significant Accounting Policies**

The accounting policies of the City of Mebane conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**A. Reporting Entity**

The City of Mebane is a municipal corporation which is governed by an elected mayor and a five-member council. The City is located in the eastern part of Alamance County and the western part of Orange County. Generally accepted accounting principles require that these financial statements present the primary government (i.e. the City) and any component units, legally separate organization for which the elected officials of the City are financially accountable. The City of Mebane has no component units as defined above.

**B. Basis of Presentation**

**Government-wide Statements:** The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are 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 presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. 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 City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor 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. Nonoperating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investments earnings.

The City reports the following major governmental funds:

**General Fund.** The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and general government.

The City reports the following non-major governmental funds:

**Mebane Mills Loft - CDBG Grant Project Fund:** This fund is used to account for the improvements to the Mebane Mills Loft project.

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**West End Housing - CDBG Grant Project Fund:** This fund is used to account for the improvements to the West End Housing project.

**Southside Fire Station Project Fund:** This fund is used to account for the construction of the Southside Fire Station.

The City reports the following major enterprise fund:

**Water and Sewer Fund:** This fund is used to account for the City's water and sewer operations.

**C. Measurement Focus and Basis of Accounting**

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

**Government-wide and Proprietary Fund Financial Statements:** The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements 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.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Governmental Fund Financial Statements:** Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 60 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 are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, 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, Alamance and Orange Counties are responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts in the Counties, including the City of Mebane. For motor vehicles registered

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2013**

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under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, the City's vehicle taxes for vehicles registered in Alamance and Orange Counties from March 2012 through February 2013 apply to the fiscal year ended June 30, 2013. Uncollected taxes which were billed during this period 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 utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City 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 City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

**D. Budgetary Data**

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Special Revenue Funds and the Capital Projects Funds and the enterprise fund Capital Reserve and Capital Projects Funds. The Enterprise Fund projects are consolidated with the operating funds for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity**

**Deposits and Investments**

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

State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United State 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).

In accordance with State law, the City has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

**Cash and Cash Equivalents**

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**Restricted Assets**

Customer deposits held by the City before any services are supplied are restricted for which the deposit was collected. Powell Bill funds are also classified as restricted cash, if applicable, because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

**Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the City levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date), however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2012. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

**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.

**Inventory and Prepaid Items**

The inventories of the City are valued at cost (first-in, first-out), which approximates market. The inventories of the City's enterprise fund consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect 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.

**Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of one year. Minimum capitalization costs are \$5,000 for all items. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant and equipment in the proprietary fund of the City are recorded at original cost at the time of acquisition. The City capitalizes those interest costs which are incurred during the construction period of any major capital projects. Property, plant, and equipment donated to the proprietary fund type operations are recorded at the estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Lives</u></b>
Infrastructure.....	50
Buildings.....	50
Improvements .....	25
Vehicles.....	10
Furniture and equipment .....	10
Computer equipment .....	3

**Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be

**City of Mebane, North Carolina**  
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recognized as an expense or expenditure until then. The City has one item that meets this criterion, an unamortized bond costs for Water and Sewer bonds. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has four items that meet the criterion for this category – prepaid taxes, prepaid licenses and fees, property taxes receivable, and franchise and other taxes receivable.

**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, as well as issuance costs, 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 discount.

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.

**Compensated Absences**

The vacation policy of the City provides for the accumulation of up to 240 hours of earned vacation leave with such leave being fully vested when earned. For the City'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 City has assumed a first-in, first-out method of using accumulated compensated time.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest. Since the City does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

**Net Position/Fund Balances**

**Net Position**

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.

**Fund Balance**

In the governmental fund financial statements, fund balance is composed of 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 (a) not in spendable form or (b) legally or contractually required to be maintained intact. The City of Mebane does not have any nonspendable fund balance this fiscal year.

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

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**Restricted for Stabilization by State Statute** – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

**Restricted for Streets** – portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

**Committed Fund Balance** – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Mebane City Council (highest level of decision-making authority). Any changes or removal of specific purpose requires majority action by the governing body. The City of Mebane does not have any committed fund balance this fiscal year.

**Assigned Fund Balance** – portion of fund balance that the City intends to use for specific purposes.

**Assigned for Southside Fire Station** – portion of fund balance that has been budgeted by the Council for construction of the Southside Fire Station.

**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. The governing body approves the appropriation; however the budget ordinance authorizes the budget officer to modify the appropriations by resource or appropriation within funds without limitation. Any transfer between funds must be approved by the governing board in the budget ordinance as amended.

**Unassigned Fund Balance** – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds.

The City of Mebane 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-city funds, city 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 City.

## **F. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## **2. Stewardship, Compliance, and Accountability**

### **A. Significant Violations of Finance-Related Legal and Contractual Provisions**

#### **Contractual Violations**

For the year ended June 30, 2012, the City failed to timely file the required annual financial information as required by the continuing disclosure terms of bond documents. Upon this discovery, the City filed this report two days past the deadline for filing. Procedures have been implemented that will ensure that the City files this notice on a timely manner in the future.

## **3. Detail Notes on All Funds**

### **A. Assets**

#### **Deposits**

All the deposits of the City 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

**City of Mebane, North Carolina**  
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collateralized with securities held by the City’s agent in the City’s name. 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 City, these deposits are considered to be held by the City’s agent in the City’s name. The amount of the pledged collateral is based on an approved averaging method for non-interest 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 City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City under the Pooling Method, the potential exists for under-collateralization, and 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 City 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 City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2013 the City’s deposits had a carrying amount of \$16,158,777, and a bank balance of \$16,938,604. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. Petty cash on hand at June 30, 2013 was \$400.

**Investments**

As of June 30, 2013, the City had the following investments and maturities.

<b><u>Investment Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Less Than 6</u></b>		
	<b><u>Months</u></b>	<b><u>6 - 12 Months</u></b>	<b><u>1 - 3 Years</u></b>	
Commercial Paper.....	<u>\$ 3,998,311</u>	<u>\$ 3,998,311</u>	<u>\$ -</u>	<u>\$ -</u>

*Interest Rate Risk.* The City has no formal investment policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City’s internal investment policy limits at least half of the City’s investment portfolio to maturities of less than 12 months. Also, the City’s internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

*Credit risk.* The City has no formal policy regarding credit risk, but has internal management procedures that limits the City’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. State law limits investments in commercial paper to the top rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2013, the County’s investments in commercial paper were rated P1 by Standard & Poor’s, F1 by Fitch Ratings, and A1 by Moody’s Investors Service. The City’s investments in US Agencies (Federal Home Loan Bank) are rated AAA by Standard & Poor’s and Aaa by Moody’s Investors Service.

*Concentration of Credit Risk.* The City’s Council places no limit on the amount that the City may invest in any one issuer. Concentration of credit risk for each issuer at June 30, 2013, is as follows:

<b><u>Issuer</u></b>	<b><u>Concentration of Credit Risk</u></b>
Abbey Natl N America LLC.....	<u>50.00%</u>
Deutsche Bank Finl LLC.....	<u>50.00%</u>
Total.....	<u>100.00%</u>

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**Receivables – Allowance for Doubtful Accounts**

The amounts presented in Exhibit 1, the Balance Sheet and the Statements of Net Position, are net of the following allowances for doubtful accounts:

<b><u>Funds</u></b>	<b><u>2013</u></b>
General Fund:	
Taxes Receivable .....	\$ 35,169
Accounts Receivable .....	-
Total .....	<u>35,169</u>
Enterprise Fund.....	<u>185,407</u>
Total .....	<u>\$ 220,576</u>

**Capital Assets**

**Primary Government**

Capital asset activity for the Primary Government for the year ended June 30, 2013, was as follows:

	<b><u>Beginning</u></b>			<b><u>Ending</u></b>
<b>Governmental activities:</b>	<b><u>Balances</u></b>	<b><u>Increases</u></b>	<b><u>Decreases</u></b>	<b><u>Balances</u></b>
<b>Capital assets not being depreciated:</b>				
Land.....	\$ 5,498,789	\$ 37,881	\$ -	\$ 5,536,670
Construction in progress.....	<u>15,178</u>	<u>445,202</u>	<u>15,179</u>	<u>445,201</u>
Total capital assets not being depreciated...	<u>5,513,967</u>	<u>483,083</u>	<u>15,179</u>	<u>5,981,871</u>
<b>Capital assets being depreciated:</b>				
Buildings.....	12,413,229	251,410	-	12,664,639
Other improvements.....	3,372,827	539,748	-	3,912,575
Equipment.....	1,319,804	65,417	-	1,385,221
Computer equipment.....	154,294	8,392	6,578	156,108
Vehicles and motorized equipment.....	5,245,510	216,689	83,281	5,378,918
Infrastructure.....	<u>8,888,949</u>	<u>1,455,000</u>	<u>-</u>	<u>10,343,949</u>
Total capital assets being depreciated.....	<u>31,394,613</u>	<u>2,536,656</u>	<u>89,859</u>	<u>33,841,410</u>
<b>Less accumulated depreciation for:</b>				
Buildings.....	1,847,367	229,576	-	2,076,943
Other improvements.....	281,751	72,172	-	353,923
Equipment.....	716,952	76,845	-	793,797
Computer equipment.....	60,619	42,921	5,920	97,620
Vehicles and motorized equipment.....	3,199,868	324,781	74,952	3,449,697
Infrastructure.....	<u>597,452</u>	<u>160,043</u>	<u>-</u>	<u>757,495</u>
Total accumulated depreciation.....	<u>6,704,009</u>	<u>\$ 906,338</u>	<u>\$ 80,872</u>	<u>7,529,475</u>
Total capital assets being depreciated, net...	<u>24,690,604</u>			<u>26,311,935</u>
<b>Governmental activity capital assets, net.....</b>	<b><u>\$ 30,204,571</u></b>			<b><u>\$ 32,293,806</u></b>

Depreciation was charged to functions/programs of the primary government as follows:

General Government .....	\$ 133,111
Public Safety .....	359,441
Transportation .....	213,631
Environmental protection.....	73,979
Cultural and recreational.....	<u>126,177</u>
Total .....	<u>\$ 906,338</u>

**City of Mebane, North Carolina**  
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**Business-type Activities**

The fixed assets of the Enterprise Fund for the year ended June 30, 2013, was as follows:

	<u>Beginning</u>			<u>Ending</u>
<b>Water and Sewer Fund:</b>	<b>Balances</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balances</b>
<b>Capital assets not being depreciated:</b>				
Land.....	\$ 13,403	\$ -	\$ -	\$ 13,403
Construction in progress.....	255,544	2,783,199	-	3,038,743
Total capital assets not being depreciated.....	<u>268,947</u>	<u>2,783,199</u>	<u>-</u>	<u>3,052,146</u>
<b>Capital assets being depreciated:</b>				
Lagoon.....	25,828	-	-	25,828
Lake Michael and dam.....	265,900	-	-	265,900
Ownership interest in the Graham/Mebane Water Reservoir.....	8,882,684	-	-	8,882,684
Lift stations, pumping stations and tanks.....	4,001,609	38,229	-	4,039,838
Water and sewer lines.....	22,560,213	1,188,274	-	23,748,487
Waste treatment plant & maintenance buildings.....	4,964,890	-	-	4,964,890
Machinery and equipment.....	408,627	7,981	-	416,608
Computer equipment.....	-	-	-	-
Vehicles.....	456,202	-	-	456,202
Total capital assets being depreciated.....	<u>41,565,953</u>	<u>1,234,484</u>	<u>-</u>	<u>42,800,437</u>
<b>Less accumulated depreciation for:</b>				
Lagoon.....	14,743	517	-	15,260
Lake Michael and dam.....	265,900	-	-	265,900
Ownership interest in the Graham/Mebane Water Reservoir.....	2,014,410	171,121	-	2,185,531
Lift stations, pumping stations and tanks.....	1,349,862	126,029	-	1,475,891
Water and sewer lines.....	5,181,541	440,844	-	5,622,385
Waste treatment plant & maintenance buildings.....	2,442,358	104,514	-	2,546,872
Machinery and equipment.....	303,566	12,883	-	316,449
Vehicles.....	405,993	8,974	-	414,967
Total accumulated depreciation.....	<u>11,978,373</u>	<u>\$ 864,882</u>	<u>\$ -</u>	<u>12,843,255</u>
Total capital assets being depreciated, net.....	<u>29,587,580</u>			<u>29,957,182</u>
<b>Governmental activity capital assets, net.....</b>	<b><u>\$ 29,856,527</u></b>			<b><u>\$ 33,009,328</u></b>

**Construction Commitments**

The government has active construction projects as of June 30, 2013. At year end, the government's commitments with contractors are as follows:

<b><u>Project</u></b>	<b><u>Spent to Date</u></b>	<b><u>Remaining Contract</u></b>
New Entrance to Memorial Gardens / Cemetery.....	\$ 12,781	\$ 54,113
Water Line Replacement.....	137,024	53,756
Contract 1: North Regional Pump Station.....	1,045,722	221,133
Contract 2: North Regional 16' Force Main.....	<u>1,411,843</u>	<u>137,275</u>
Total.....	<u>\$2,607,370</u>	<u>\$ 466,277</u>

**City of Mebane, North Carolina**  
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**B. Liabilities**

**Pension Plan and Postemployment Obligations**

**Local Governmental Employees' Retirement System**

**Plan Description.** Effective July 1, 2009, the City of Mebane enrolled 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 provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

**Funding Policy.** Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. For the City, the current rate for employees not engaged in law enforcement and for law enforcement officers is 17.53% (6.74% plus 10.79% accrued liability) and 17.56% (6.77% plus 10.79% accrued liability), respectively, of annual covered payroll. The accrued liability portion of the required contribution covers the liability for past service and is payable for a period of 24 years from initial participation. The contribution requirements of members and of the City of Mebane are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2013, 2012 and 2011 were \$818,681, \$756,455 and \$714,198, respectively. The contributions made by the City equaled the required contributions for each year.

**Law Enforcement Officers' Special Separation Allowance**

**Plan Description.** The City of Mebane administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent 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.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At June 30, 2013 the Separation Allowance's membership consisted of:

Retirees receiving benefits .....	2
Terminated plan members entitled to but not receiving benefits .....	-
Active plan members .....	<u>25</u>
Total .....	<u>27</u>

A separate report was not issued for the plan.

***Summary of Significant Accounting Policies:***

**Basis of Accounting.** The City 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.

**Method Used to Value Investments.** No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**Contributions.** The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations

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made in the General Fund operating budget. The City's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees.

The annual required contribution for the current year was determined as part of the December 31, 2012 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.0% investment rate of return (net of administrative expenses) and (b) projected salary increases of 4.25 – 7.85% per year. Both (a) and (b) included an inflation component of 3.0%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was market value. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2012 was 18 years.

**Annual Pension Cost and Net Pension Obligation.** The City's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Annual required contribution .....	\$ 29,188
Interest on net pension obligation .....	13,512
Adjustment to annual required contribution .....	<u>(16,817)</u>
Annual pension cost .....	25,883
Contributions made .....	<u>(20,613)</u>
Increase (decrease) in net pension obligation.....	5,270
Net pension obligation, beginning of year.....	<u>270,238</u>
Net pension obligation, end of year .....	<u>\$ 275,508</u>

The Entity's annual pension cost, the percentage of annual pension cost contributed to the plan and the net pension obligation for the last three years were as follows:

<u>For the Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2013 .....	\$ 25,883	79.6%	\$275,508
2012 .....	27,256	88.1%	270,238
2011 .....	28,847	142.2%	266,995

**Funded Status and Funding Progress.** As of December 31, 2012, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$226,153. The covered payroll (annual payroll of active employees covered by the plan) was \$931,673, and the ratio of the UAAL to the covered payroll was 24.27 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Supplemental Retirement Income Plan for Non-Law Enforcement Officers**

**Pension Descriptions.** The City contributes to the Supplemental Retirement Income Plan (Plan) a defined contribution pension plan administered by The Prudential Insurance Company of America. The Plan provides retirement benefits to non-law enforcement officers employed by the City. The City Council has the authority for establishing or amending the plan's provisions.

**Funding Policy.** The City contributes an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. Also, the employees may make voluntary contributions to the plan. The City Council has the authority for establishing or amending contribution requirements. Contributions for the year ended June 30, 2013 were \$272,560, which consisted of \$190,056 from the City and \$82,504, respectively, from the employees.

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**Supplemental Retirement Income Plan for Law Enforcement Officers**

**Plan Description.** The City 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 City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue 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 City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2013 were \$66,896, which consisted of \$48,770 from the City and \$18,126, respectively, from the law enforcement officers.

**Firemen's Pension Fund**

**Plan Description.** The State of North Carolina contributes, on behalf of the City of Mebane, to the Firemen's Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the state of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. 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.** Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City is not required to contribute to the Fund; however, as a benefit to the firemen, the City has chosen to fund the member's contributions. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

**Other Post-employment Benefits**

**Healthcare Benefits**

**Plan Description.** Employees who retire under the provisions of the North Carolina Local Government Employees' Retirement System (NCLGERS) and have fifteen (15) or more years of service with the City at the time of retirement are eligible to continue coverage in the City's health plan. Coverage in the health plan will continue until the retiree becomes Medicare eligible, at which time coverage will be converted to a Medicare Supplement Plan. Health care and prescription drug coverage are provided by the City's health plan. A separate stand-alone report is not issued.

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Membership of the Health Care Plan consisted of the following at December 31, 2011, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits .....	8	5
Active plan members .....	75	25

**Dependent Coverage.** The retiree may continue dependent coverage (and pay the full cost of this coverage) if enrolled in dependent coverage at the time of retirement. Dependent coverage terminates upon the retirees' death.

**Funding Policy.** Post retirement health care is provided at no cost to the retiree. The City does not provide a post-employment death benefit.

The current ARC rate is 13.39% of annual covered payroll. For the current year, the City contributed \$90,305 or 15.9% of annual covered payroll. The City obtains healthcare coverage through private insurers. There were no contributions made by employees. The City's obligation to contribute to the plan is established and may be amended by the City Council.

**Summary of Significant Accounting Policies.** Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

**Annual OPEB Cost and Net OPEB Obligation.** The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required amount .....	\$ 567,898
Interest on OPEB obligation.....	41,197
Adjustment to annual required contribution .....	<u>(39,356)</u>
Annual OPEB cost (expense).....	569,739
Contributions made .....	<u>(90,305)</u>
Increase (decrease) in net OPEB obligation.....	479,434
Net OPEB obligation, beginning of year.....	<u>1,029,936</u>
Net OPEB obligation, end of year .....	<u>\$1,509,370</u>

The Entity's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2013 were as follows:

<u>For the Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2013 .....	\$ 569,739	15.9%	\$ 1,509,370
2012 .....	433,028	20.8%	1,029,936
2011 .....	428,986	22.5%	686,813

**Funding Status and Funding Progress.** As of December 31, 2011, the most recent valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2013**

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liability (UAAL) was \$4,973,866. The covered payroll (annual payroll of active employees covered by the plan) was \$4,239,872, and the ratio of the UAAL to the covered payroll was 117.3 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funding status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return (net of administrative expenses), which is the expected long-term investment returns on the employer’s own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 9.50 to 5.00 percent (pre-Medicare) and 7.00 to 5.00 percent (post-Medicare). The investment rate included a 3.00 percent inflation assumption. The UAAL is being amortized at a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2011, was 30 years.

**Deferred Outflows and Inflows of Resources**

Deferred outflows of resources is the deferred amount for bond costs in the Water and Sewer Fund of \$19,510.

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

	<u>Unavailable</u> <u>Revenue</u>	<u>Unearned</u> <u>Revenue</u>
Prepaid taxes and licenses (General Fund).....	\$ -	\$ 132,598
Taxes receivable (General Fund).....	<u>472,401</u>	<u>-</u>
Total.....	<u>\$ 472,401</u>	<u>\$ 132,598</u>

**Risk Management**

The City 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 City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the last four fiscal years.

The City has not been designated as being in a flood zone and thus carries no commercial flood insurance.

In accordance with G.S. 159-29, The City’s employees that have access to \$100 or more at any given time of the City’s funds are performance bonded through a commercial surety bond. The finance officer and tax collector are individually bonded for \$50,000 each and the City Manager for \$25,000. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2013**

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**Claims, Judgments and Contingent Liabilities**

At June 30, 2013, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

**Long-Term Obligations**

**General Obligation Indebtedness**

The general obligation bonds and the notes payable, which were issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources, are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the City. Principal and interest requirements are appropriated on all indebtedness when due.

Bonds and notes payable at June 30, 2013 are comprised of the following individual issues:

***General Obligation Bonds:***

Serviced by the Water and Sewer Fund:

General obligation bonds issued March 1, 1998 in the amount of \$1,940,000 to refinance existing general obligation indebtedness. Principal payments are due annually on June 1, in varying amounts, starting June 1, 1998 and ending June, 2018. Interest payments are due semi-annually starting June 1, 1998 at rates varying from 4.40% to 4.80% of the unpaid principal balance. ....\$ 570,000

***Installment Purchases:***

Serviced by the General Fund:

Note payable to Bank of America, N.A. for the Police Station renovation project construction project. Principal payments of \$30,000 plus interest are due semi-annually starting on September 30, 2005. The note bears interest at the rate of 3.795%. The new Police Station building is security for the loan. .... 300,000

Note payable to Bank of America, N.A. for the Library renovation project. Principal payments of \$76,667 plus interest are due semi-annually starting on September 29, 2005. The note bears interest at the rate of 3.655%. The new Library building is security for the loan. .... 996,667

Note payable to Bank of America, N.A. for the City Hall and Recreation Building renovation projects. Principal payments of \$106,667 plus interest are due semi-annually starting on December 27, 2008. The note bears interest at the rate of 3.52%. The City Hall and Recreation buildings are security for the loan. .... 2,133,335

Serviced by the Water and Sewer Fund:

Loan from the North Carolina Water Pollution Control Fund for wastewater treatment plant improvements. Principal and interest payments on the indebtedness started on May 1, 1995. Interest payments are due semi-annually on May 1 and November 1 at 3.57% of the unpaid principal balance. Principal payments are due annually on May 1. .... 121,839

Loan from the North Carolina Water Pollution Control Revolving Fund for 9th Street Sewer improvements. Principal payments of \$4,806 annually on the indebtedness started on May 1, 2010. The interest rate as established under this program is zero percent. .... 76,890

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2013**

Note payable to Bank of America, N.A. for the water treatment plant upgrade and expansion project. Principal and interest payments of \$241,300 are due semi-annually starting April 10, 2005. The note bears interest at the rate of 3.70%. As of May 10, 2011, this note was refinanced. Principal and interest payments on the new contract start July 15, 2011. The new contract bears interest at the rate of 3.15%. All property, equipment and deposits acquired with these local funds are the security for the loan. .... 1,359,438

Note payable to BB&T for the construction of a Sewer Pump Station, main, outfall and tunnel. Principal payments of \$66,667 plus interest are due semi-annually starting on May 1, 2008. The note bears interest at the rate of 3.85%. .... 1,199,994

Total long-term debt..... 6,758,163

Less: Current portion of long-term debt..... (1,237,332)

Non-current portion of long-term debt .....\$ 5,520,831

At June 30, 2013, the City of Mebane had no authorized but unissued bonds and had a legal debt margin of \$118,517,782.

The following table summarizes the annual requirements to amortize all long-term debt outstanding at June 30, 2013 (excluding vacation pay and any claims or judgments).

	<u>General Obligation Bonds</u>		<u>Other Long-term Indebtedness</u>		<u>Total Debt Due</u>	
<u>Fiscal Year</u>	<u>Principle</u>	<u>Interest</u>	<u>Principle</u>	<u>Interest</u>	<u>Principle</u>	<u>Interest</u>
<b><u>Serviced by General Fund:</u></b>						
2014.....	\$ -	\$ -	\$ 426,667	\$ 119,643	\$ 426,667	\$ 119,643
2015.....	-	-	426,667	104,156	426,667	104,156
2016.....	-	-	350,000	88,732	350,000	88,732
2017.....	-	-	350,000	73,183	350,000	73,183
2018.....	-	-	350,000	57,697	350,000	57,697
2019-2023.....	-	-	1,526,668	111,801	1,526,668	111,801
2024-maturity.....	-	-	-	-	-	-
Total.....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,430,002</u>	<u>\$ 555,212</u>	<u>\$ 3,430,002</u>	<u>\$ 555,212</u>
<b><u>Serviced by Water &amp; Sewer Fund:</u></b>						
2014.....	\$ 115,000	\$ 27,243	\$ 695,665	\$ 89,200	\$ 810,665	\$ 116,443
2015.....	120,000	21,780	590,323	65,672	710,323	87,452
2016.....	120,000	16,080	609,706	43,746	729,706	59,826
2017.....	120,000	10,320	138,139	29,517	258,139	39,837
2018.....	95,000	4,560	138,139	24,383	233,139	28,943
2019-2023.....	-	-	557,362	46,200	557,362	46,200
2024-maturity.....	-	-	28,827	-	28,827	-
Total.....	<u>\$ 570,000</u>	<u>\$ 79,983</u>	<u>\$ 2,758,161</u>	<u>\$ 298,718</u>	<u>\$ 3,328,161</u>	<u>\$ 378,701</u>

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2013**

**Changes in Long-Term Liabilities**

	<u>Balance July</u>			<u>Balance June</u>	<u>Current</u>
	<u>1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>30, 2013</u>	<u>Portion of</u>
					<u>Balance</u>
<b>Governmental activities:</b>					
Notes payable.....	\$ 3,856,669	\$ -	\$ 426,667	\$ 3,430,002	\$ 426,667
Compensated absences.....	295,496	206,206	194,709	306,993	206,206
Other postemployment benefits.....	876,274	415,349	-	1,291,623	-
Net pension obligation.....	<u>270,238</u>	<u>5,270</u>	<u>-</u>	<u>275,508</u>	<u>-</u>
Governmental activity					
long-term liabilities.....	<u>\$ 5,298,677</u>	<u>\$ 626,825</u>	<u>\$ 621,376</u>	<u>\$ 5,304,126</u>	<u>\$ 632,873</u>
<b>Business-type activities:</b>					
Notes payable.....	\$ 3,437,758	\$ -	\$ 679,597	\$ 2,758,161	\$ 695,665
General obligation bonds.....	680,000	-	110,000	570,000	115,000
Compensated absences.....	41,786	32,942	27,871	46,857	32,942
Other postemployment benefits.....	<u>153,662</u>	<u>64,085</u>	<u>-</u>	<u>217,747</u>	<u>-</u>
Business-type activity					
long-term liabilities.....	<u>\$ 4,313,206</u>	<u>\$ 97,027</u>	<u>\$ 817,468</u>	<u>\$ 3,592,765</u>	<u>\$ 843,607</u>

Compensated absences, the net pension obligation, and the net Other Postemployment Benefit obligation for governmental activities have typically been liquidated in the General Fund.

**C. Interfund Balances and Activity**

There are no amounts due to or from within the City's different funds as of June 30, 2013.

**D. Interfund Transfers**

During the year interfund balances result from timing differences between the dates that (1) reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances routinely clear out each month prior to or at year-end.

A summary of interfund transfers for the fiscal year ended June 30, 2013 is as follows:

Transfer from General Fund to:	
Southside Fire Station Capital Project Fund .....	\$ 245,000
Transfer from Water and Sewer Fund to:	
General Fund .....	330,000
Southside Fire Station Capital Project Fund .....	187,500
Wastewater Treatment Plant Upgrade Capital Project Fund .....	2,000,000
Water Treatment Plant Stage 2 Capital Project Fund.....	<u>157,043</u>
Total .....	<u>\$ 2,919,543</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to spend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Further, during the year ended June 30, 2013, the Government made the following one-time transfers:

- 1) A transfer of \$245,000 from the General Fund to the Southside Fire Station Capital Project Fund for planning and construction of the fire station.

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2013**

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- 2) A transfer of \$330,000 from the Water and Sewer Fund to the General Fund as 1 of 5 payments to return the 6/30/2012 transfer of \$1,650,000 for construction of the Forest Ridge Pump Station.
- 3) A transfer of \$187,500 from the Water and Sewer Fund to the Southside Fire Station Capital Project Fund for planning and construction of the fire station.
- 4) A transfer of \$2,000,000 from the Water and Sewer Fund to the Wastewater Treatment Plant Upgrade Capital Project Fund for planning and construction.
- 5) A transfer of \$157,043 from the Water and Sewer Fund to the Water Treatment Plant Stage 2 Capital Project Fund for planning and construction.

**E. On-Behalf Payments for Fringe Benefits and Salaries**

For the fiscal year ended June 30, 2013, the City of Mebane has recognized on-behalf of payments for pension contributions made by the State as revenue and an expenditure of \$14,022, respectively, for the 23 volunteer firemen and 15 employed firemen who perform firefighting duties for the City's fire department. The volunteers and employees elected to be members of the Firemen's Pension Fund, a cost-sharing, multiple-employer public employee retirement system established and administered by the State of North Carolina. The plan is funded by a \$10 monthly contribution paid by the City, investment income, and a State appropriation.

Also, the City has recognized as a revenue and an expenditure on-behalf payments for fringe benefits and salaries of \$8,400, for the salary supplement and stipend benefits paid to eligible firemen by the local board of trustees of the Firemen's Relief Fund during the fiscal year ended June 30, 2013. Under State law the local board of trustees for the Fund receives an amount each year which the board may use at its own discretion for eligible firemen or their departments.

**F. 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.....	\$ 11,650,748
Less: Stabilization by State Statute.....	(755,213)
Appropriated fund balance in 2014 budget.....	(1,586,386)
Working capital .....	(9,309,149)
Remaining fund balance .....	<u>\$ -</u>

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. Outstanding encumbrances at June 30, 2013 were \$156,908.

**G. Jointly Governed Organization**

The City, in conjunction with twelve counties and sixty other municipalities established the Piedmont Triad Regional Council (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member and one alternate if they so desire, to the Council's governing board. The City paid membership fees of \$2,393 to the Council during the fiscal years ended June 30, 2013.

**H. Joint Ventures**

The City, in conjunction with the City's of Burlington and Graham, participate in the Alamance Municipal ABC Board. Each participating government appoints board members. The ABC Board is a joint venture established to facilitate control over alcoholic beverages within the Cities. The ABC Board has been in existence for over 36 years and is self-sustaining. The City has an ongoing financial responsibility for the ABC Board because it and the City's of Burlington and Graham are legally obligated under the intergovernmental agreement that created the ABC Board to honor any deficiencies in the event that

**City of Mebane, North Carolina**  
**Notes to the Financial Statements**  
**June 30, 2013**

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proceeds from other default remedies are insufficient. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2013. Complete financial statements for the ABC Board can be obtained from the administrative offices at 603 W. Harden Street, Graham, North Carolina, 27253.

**I. Summary Disclosure of Significant Contingencies**

**Federal and State Assisted Programs**

The City has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the grant monies.

**J. Significant Effects of Subsequent Events**

In accordance with ASC 855, the City evaluated subsequent events through October 31, 2013, the date the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**K. Change in Accounting Principles/Restatement**

The City implemented Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in the fiscal year ending June 30, 2013. In accordance with GASB Statement 63, the Statement of Net Assets has been replaced with the Statement of Net Position. Items on the Statement of Net Position are now classified into Assets, Deferred Outflows of Resources, Liabilities, deferred Inflows of Resources and Net Position.



# Required Supplementary Information

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This section contains additional information required by generally accepted accounting principles.

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- **Schedule of Funding Progress for the Law Enforcement Officers' Special Separation Allowance**
- **Schedule of Employer Contributions for the Other Postemployment Benefits (OPEB) Plan**



**City of Mebane, North Carolina  
 Required Supplementary Information  
 Law Enforcement Officers' Special Separation Allowance  
 June 30, 2013**

**Analysis of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Liability (AAL) -</u>			<u>Funded Ratio (a-b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAAL as a % of Covered Payroll ((b-a)/c)</u>
	<u>Value of Assets (a)</u>	<u>Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>			
12/31/2012.....	\$ -	\$ 226,153	\$ 226,153	0.0%	\$ 931,673	24.3%
12/31/2011.....	-	224,291	224,291	0.0%	946,084	23.7%
12/31/2010.....	-	267,638	267,638	0.0%	831,610	32.2%

**Schedule of Employer Contributions**

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2013.....	\$ 25,883	79.6%
2012.....	27,256	88.1%
2011.....	28,847	142.2%
2010.....	32,526	112.3%
2009.....	33,019	91.2%

**Notes to the Required Schedules**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation Date.....	12/31/2012
Actuarial cost method.....	Projected unit credit
Amortization method.....	Level Percentage of Pay, closed
Remaining amortization period.....	18 years
Asset valuation method.....	Market Value of Assets
<b>Actuarial assumptions:</b>	
Investment rate of return*.....	5.0%
Projected salary increases*.....	4.25% - 7.85%
*Includes inflation at.....	3.0%
Cost of living adjustments.....	n/a

**City of Mebane, North Carolina  
Required Supplementary Information  
Other Postemployment Benefits  
June 30, 2013**

**Analysis of Funding Progress**

<u>Actuarial Valuation Date</u>	<u>Actuarial Liability (AAL) - Accrued</u>			<u>Funded Ratio (a-b)</u>	<u>Annual Covered Payroll (c)</u>	<u>UAAAL as a % of Covered Payroll ((b-a)/c)</u>
	<u>Actuarial Value of Assets (a)</u>	<u>Projected Unit Credit (b)</u>	<u>Unfunded AAL (UAAAL) (b-a)</u>			
12/31/2011.....	\$ -	\$ 4,973,866	\$ 4,973,866	0.0%	\$ 4,239,872	117.3%
12/31/2010.....	-	3,751,373	3,751,373	0.0%	3,870,991	96.9%
12/31/2009.....	-	3,202,716	3,202,716	0.0%	4,022,808	79.6%

**Schedule of Employer Contributions**

<u>Year Ended June 30,</u>	<u>Annual Required Contribution</u>	<u>Percentage Contributed</u>
2013.....	\$ 569,739	15.9%
2012.....	433,028	20.8%
2011.....	428,986	22.5%
2010.....	427,040	17.0%

**Notes to the Required Schedules**

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation Date.....	12/31/2011
Actuarial cost method.....	Projected unit credit
Amortization method.....	Level Percentage of Pay, open
Remaining amortization period.....	30 years
Asset valuation method.....	Market Value of Assets
<b>Actuarial assumptions:</b>	
Investment rate of return*.....	4.0%
<b>Medical cost trend:</b>	
Pre-Medicare trend rate.....	9.5% - 5.0%
Post-Medicare trend rate.....	7.0% - 5.0%
Year of Ultimate trend rate.....	2018
*Includes inflation at.....	3.0%

# General Fund

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The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

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**City of Mebane, North Carolina**  
**Comparative Balance Sheets**  
**General Fund**  
**June 30, 2013 and 2012**

**Statement A-1**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>Assets</b>		
Cash and equivalents.....	\$ 11,540,049	\$ 10,557,027
Restricted cash.....	-	-
Accrued interest receivable.....	-	-
Taxes receivable.....	242,309	268,929
Accounts receivable.....	51,871	50,502
Prepaid expenses.....	15,402	3,533
Due from other governments.....	761,124	672,794
<b>Total assets.....</b>	<u><u>\$ 12,610,755</u></u>	<u><u>\$ 11,552,785</u></u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>		
Liabilities:		
Accounts payable .....	\$ 355,008	\$ 357,666
<b>Total liabilities.....</b>	<u>355,008</u>	<u>357,666</u>
Deferred inflows of resources:		
Property taxes receivable.....	230,093	229,436
Franchise and other taxes receivable.....	242,308	268,708
Prepaid taxes.....	9,605	6,392
Prepaid licenses and fees.....	122,993	25
<b>Total deferred inflows of resources.....</b>	<u>604,999</u>	<u>504,561</u>
<b>Fund balances:</b>		
Nonspendable.....	-	-
Restricted for:		
Stabilization by State Statute.....	755,213	497,614
Streets.....	-	-
Committed.....	-	-
Assigned:		
Subsequent year's expenditures.....	1,586,386	1,556,073
Unassigned.....	9,309,149	8,636,871
<b>Total fund balances.....</b>	<u>11,650,748</u>	<u>10,690,558</u>
<b>Total liabilities, deferred inflows of resources and fund balances.....</b>	<u><u>\$ 12,610,755</u></u>	<u><u>\$ 11,552,785</u></u>

**City of Mebane, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**

**For the Fiscal Year Ended June 30, 2013**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2012)**

**Statement A-2**

	<u>2013</u>		<u>Variance</u>	<u>2012 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>	
<b>Revenues</b>				
<b>Property taxes:</b>				
Current and prior years.....	\$	\$ 7,385,418	\$	\$ 7,021,064
Penalties and interest, net of discounts.....		(62,720)		(57,559)
Total.....	<u>7,157,500</u>	<u>7,322,698</u>	<u>165,198</u>	<u>6,963,505</u>
<b>Other taxes and licenses:</b>				
Privilege licenses.....	<u>80,000</u>	<u>189,355</u>	<u>109,355</u>	<u>19,253</u>
<b>Unrestricted intergovernmental:</b>				
Local Option Sales Tax.....		2,126,331		2,031,837
Telecommunications sales tax.....		142,090		156,444
Utility franchise tax/piped natural gas tax.....		694,554		614,058
Video franchise fee.....		65,388		64,982
Beer and wine tax.....		47,190		49,571
ABC profit distribution.....		25,492		26,411
Other.....		32,485		13,448
Total.....	<u>2,892,500</u>	<u>3,133,530</u>	<u>241,030</u>	<u>2,956,751</u>
<b>Restricted intergovernmental:</b>				
Powell Bill Allocation.....		321,024		308,284
Controlled substance tax.....		20,544		20,007
ABC Revenue for law enforcement.....		5,171		4,236
Solid waste disposal tax.....		6,584		7,814
On-behalf of payments - fire.....		22,422		-
Fire district tax funds.....		341,794		346,088
Total.....	<u>677,000</u>	<u>717,539</u>	<u>40,539</u>	<u>686,429</u>
<b>Permits and fees:</b>				
Building permits.....		64,964		49,060
Inspection fees.....		53,538		43,233
Street and utility inspection fees.....		14,317		20,392
Other.....		3,395		3,270
Total.....	<u>118,000</u>	<u>136,214</u>	<u>18,214</u>	<u>115,955</u>

**City of Mebane, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**

**For the Fiscal Year Ended June 30, 2013**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2012)**

**Statement A-2**

	<u>2013</u>		<u>Variance</u>	<u>2012 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>	
<b>Revenues (continued)</b>				
<b>Sales and services:</b>				
Recreation department fees.....	\$	\$ 79,968	\$	\$ 81,099
Sanitation fees.....		284,531		278,405
Other.....		17,550		18,920
Total.....	<u>370,450</u>	<u>382,049</u>	<u>11,599</u>	<u>378,424</u>
<b>Investment earnings.....</b>	<u>16,000</u>	<u>11,943</u>	<u>(4,057)</u>	<u>14,422</u>
<b>Miscellaneous:</b>				
Material sales.....		250		2,594
Rent.....		58,381		58,255
Other.....		53,402		25,162
Total.....	<u>85,080</u>	<u>112,033</u>	<u>26,953</u>	<u>86,011</u>
<b>Total revenues.....</b>	<u>11,396,530</u>	<u>12,005,361</u>	<u>608,831</u>	<u>11,220,750</u>
<b>Expenditures</b>				
<b>General government:</b>				
City council:				
Salaries and employee benefits.....		48,162		42,377
Other operating expenditures.....		25,284		23,257
Total.....	<u>80,388</u>	<u>73,446</u>	<u>6,942</u>	<u>65,634</u>
Mayor:				
Salaries and employee benefits.....		10,132		8,983
Other operating expenditures.....		162		631
Total.....	<u>12,699</u>	<u>10,294</u>	<u>2,405</u>	<u>9,614</u>
City manager:				
Salaries and employee benefits.....		644,119		375,836
Other operating expenditures.....		202,501		191,411
Capital outlay.....		6,658		9,860
Total.....	<u>917,079</u>	<u>853,278</u>	<u>63,801</u>	<u>577,107</u>
Finance:				
Salaries and employee benefits.....		290,163		308,142
Other operating expenditures.....		138,568		129,367
Capital outlay.....		8,392		-
Total.....	<u>552,563</u>	<u>437,123</u>	<u>115,440</u>	<u>437,509</u>

**City of Mebane, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**

**For the Fiscal Year Ended June 30, 2013**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2012)**

**Statement A-2**

	<u>2013</u>		<u>Variance</u>	<u>2012 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>	
<b>Expenditures (continued)</b>				
Elections:				
Other operating expenditures.....	\$	\$ -	\$	\$ 3,405
Total.....	<u>2,000</u>	<u>-</u>	<u>2,000</u>	<u>3,405</u>
Tax collector:				
Salaries and employee benefits.....		85,970		131,494
Other operating expenditures.....		11,992		9,328
Total.....	<u>170,789</u>	<u>97,962</u>	<u>72,827</u>	<u>140,822</u>
City attorney:				
Salaries and employee benefits.....		168,419		160,826
Other operating expenditures.....		6,889		7,956
Total.....	<u>182,000</u>	<u>175,308</u>	<u>6,692</u>	<u>168,782</u>
Public buildings:				
Salaries and employee benefits.....		148,409		142,308
Other operating expenditures.....		150,457		105,871
Capital outlay.....		7,250		-
Total.....	<u>435,048</u>	<u>306,116</u>	<u>128,932</u>	<u>248,179</u>
Total general government.....	<u>2,352,566</u>	<u>1,953,527</u>	<u>399,039</u>	<u>1,651,052</u>
<b>Public safety:</b>				
Police:				
Salaries and employee benefits.....		1,868,426		1,785,429
Maintenance.....		50,679		56,070
Other operating expenditures.....		319,353		230,653
Capital outlay.....		173,006		158,718
Total.....	<u>2,714,291</u>	<u>2,411,464</u>	<u>302,827</u>	<u>2,230,870</u>
Fire department:				
Salaries and employee benefits.....		1,113,389		974,698
Maintenance.....		72,040		95,693
Other operating expenditures.....		244,136		229,510
Capital outlay.....		43,683		126,916
Total.....	<u>1,622,840</u>	<u>1,473,248</u>	<u>149,592</u>	<u>1,426,817</u>

**City of Mebane, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**

**For the Fiscal Year Ended June 30, 2013**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2012)**

**Statement A-2**

	<u>2013</u>		<u>Variance</u>	<u>2012 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>	
<b>Expenditures (continued)</b>				
Inspections:				
Salaries and employee benefits.....	\$	\$ 271,843	\$	\$ 200,620
Maintenance.....		3,464		1,990
Other operating expenditures.....		20,126		12,674
Capital outlay.....		-		-
Total.....	<u>479,733</u>	<u>295,433</u>	<u>184,300</u>	<u>215,284</u>
Total public safety.....	<u>4,816,864</u>	<u>4,180,145</u>	<u>636,719</u>	<u>3,872,971</u>
<b>Public works:</b>				
Public works maintenance:				
Salaries and employee benefits.....		442,298		366,743
Maintenance.....		25,235		22,612
Other operating expenditures.....		96,411		75,481
Capital outlay.....		236,231		55,355
Total.....	<u>983,238</u>	<u>800,175</u>	<u>183,063</u>	<u>520,191</u>
Traffic engineering:				
Other operating expenditures.....		14,242		12,644
Total.....	<u>22,700</u>	<u>14,242</u>	<u>8,458</u>	<u>12,644</u>
Total public works.....	<u>1,005,938</u>	<u>814,417</u>	<u>191,521</u>	<u>532,835</u>
<b>Transportation:</b>				
Streets:				
Salaries and employee benefits.....		479,588		363,072
Maintenance.....		91,795		122,142
Other operating expenditures.....		647,951		772,465
Capital outlay.....		9,666		304,053
Total.....	<u>1,715,044</u>	<u>1,229,000</u>	<u>486,044</u>	<u>1,561,732</u>
Contribution to local transportation:				
Other operating expenditures.....		6,100		-
Total.....	<u>6,100</u>	<u>6,100</u>	<u>-</u>	<u>-</u>
Total transportation.....	<u>1,721,144</u>	<u>1,235,100</u>	<u>486,044</u>	<u>1,561,732</u>

**City of Mebane, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**

**For the Fiscal Year Ended June 30, 2013**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2012)**

**Statement A-2**

	2013		Variance	2012 Actual
	Budget	Actual	Positive (Negative)	
<b>Expenditures (continued)</b>				
<b>Environmental protection:</b>				
Sanitation:				
Salaries and employee benefits.....	\$	\$ 260,452	\$	\$ 256,902
Maintenance.....		83,620		98,621
Tipping fees.....		252,643		256,006
Other operating expenditures.....		128,206		118,678
Capital outlay.....		7,117		247,001
Total environmental protection.....	<u>904,976</u>	<u>732,038</u>	<u>172,938</u>	<u>977,208</u>
<b>Culture and recreation:</b>				
Recreation department:				
Salaries and employee benefits.....		432,094		419,630
Maintenance.....		63,952		82,772
Other operating expenditures.....		209,934		206,307
Capital outlay.....		35,134		109,757
Total.....	<u>939,912</u>	<u>741,114</u>	<u>198,798</u>	<u>818,466</u>
Graham/Mebane Lake:				
Other operating expenditures.....		56,270		38,392
Total.....	<u>62,000</u>	<u>56,270</u>	<u>5,730</u>	<u>38,392</u>
Arts and Community Center:				
Salaries and employee benefits.....		116,158		120,710
Maintenance.....		17,747		12,898
Other operating expenditures.....		87,372		79,081
Capital outlay.....		21,040		24,494
Total.....	<u>327,615</u>	<u>242,317</u>	<u>85,298</u>	<u>237,183</u>
Library:				
Maintenance.....		15,522		4,987
Other operating expenditures.....		55,641		53,438
Total.....	<u>84,000</u>	<u>71,163</u>	<u>12,837</u>	<u>58,425</u>
Total culture and recreation.....	<u>1,413,527</u>	<u>1,110,864</u>	<u>302,663</u>	<u>1,152,466</u>
<b>Economic and physical development:</b>				
Planning:				
Salaries and employee benefits.....		94,107		88,722
Professional services.....		68,023		34,406
Other operating expenditures.....		43,016		72,218
Capital outlay.....		300,000		-
Total economic and physical development.....	<u>523,188</u>	<u>505,146</u>	<u>18,042</u>	<u>195,346</u>

**City of Mebane, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**

**For the Fiscal Year Ended June 30, 2013**

**(With Comparative Totals for the Fiscal Year Ended June 30, 2012)**

**Statement A-2**

	<u>2013</u>		<u>Variance</u>	<u>2012 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>	
<b>Expenditures (continued)</b>				
<b>Cemetery:</b>				
Professional services.....		-		10,041
Other operating expenditures.....	\$	\$ 7,715	\$	\$ 21,090
Capital outlay.....		29,552		-
<b>Total cemetery.....</b>	<u>106,000</u>	<u>37,267</u>	<u>68,733</u>	<u>31,131</u>
<b>Debt Service:</b>				
Principal Retirement.....	429,000	426,667	2,333	613,255
Interest and other charges.....	141,000	135,000	6,000	155,859
<b>Total debt service.....</b>	<u>570,000</u>	<u>561,667</u>	<u>8,333</u>	<u>769,114</u>
<b>Total expenditures.....</b>	<u>13,414,203</u>	<u>11,130,171</u>	<u>2,284,032</u>	<u>10,743,855</u>
<b>Excess (deficiency) of revenues over expenditures.....</b>	<u>(2,017,673)</u>	<u>875,190</u>	<u>2,892,863</u>	<u>476,895</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in.....	330,000	330,000	-	-
Transfers out.....	(245,000)	(245,000)	-	(1,649,998)
<b>Total other financing sources (uses).....</b>	<u>85,000</u>	<u>85,000</u>	<u>-</u>	<u>(1,649,998)</u>
Fund balance appropriated.....	<u>1,932,673</u>	<u>-</u>	<u>(1,932,673)</u>	<u>-</u>
Net change in fund balances.....	<u>\$ -</u>	<u>960,190</u>	<u>\$ 960,190</u>	<u>(1,173,103)</u>
Fund balances - beginning.....		10,690,558		11,863,661
<b>Fund balances - ending.....</b>		<u>\$ 11,650,748</u>		<u>\$ 10,690,558</u>



# Non-Major Governmental Funds

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Non-major governmental funds are those funds whose revenues, expenditures/expenses, assets or liabilities are less than 10% of corresponding totals for all governmental or enterprise funds or less than 5% of the aggregate amount for all governmental and enterprise funds for the same item.

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- **The Mebane Mills Loft Community Development Block Grant (CDBG) Capital Project Fund** – This fund is used to account for all block grant funds expended for the renovation of the old Dixie Yarns Building into subsidized housing.
- **The West End Housing CDBG Capital Project Fund** – This fund is used to account for all block grant funds expended on the renovation and rehabilitation of homes in the West End area.
- **The Southside Fire Station Capital Project Fund** – This fund is used to account for the construction of the Southside Fire Station.



**City of Mebane, North Carolina**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2013**

**Statement B-1**

	<u>Capital Project</u> <u>Fund - CDBG -</u> <u>Mebane Mills</u> <u>Loft</u>	<u>Capital Project</u> <u>Fund - CDBG -</u> <u>West End</u> <u>Housing</u>	<u>Capital Project</u> <u>Fund -</u> <u>Southside Fire</u> <u>Station</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
<b>Assets</b>				
Cash and equivalents.....	\$ -	\$ -	\$ 332,270	\$ 332,270
Other receivables.....	-	-	-	-
<b>Total assets.....</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,270</u>	<u>\$ 332,270</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable .....	\$ -	\$ -	\$ 15,420	\$ 15,420
<b>Total liabilities.....</b>	<u>-</u>	<u>-</u>	<u>15,420</u>	<u>15,420</u>
<b>Fund balances:</b>				
Reserved for subsequent years' expenditures.....	-	-	316,850	316,850
<b>Total fund balances.....</b>	<u>-</u>	<u>-</u>	<u>316,850</u>	<u>316,850</u>
<b>Total liabilities and fund balances.....</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332,270</u>	<u>\$ 332,270</u>

**City of Mebane, North Carolina**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**

**Statement B-2**

	<u>Capital Project</u> <u>Fund - CDBG -</u> <u>Mebane Mills</u> <u>Loft</u>	<u>Capital Project</u> <u>Fund - CDBG -</u> <u>West End</u> <u>Housing</u>	<u>Capital Project</u> <u>Fund -</u> <u>Southside Fire</u> <u>Station</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
<b>Revenues</b>				
Intergovernmental.....	\$ -	\$ 2,500	\$ -	\$ 2,500
<b>Total revenues.....</b>	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
<b>Expenditures</b>				
Current:				
Administration.....	-	(4,019)	-	(4,019)
Pedestrian improvement and historical preservation.....	1,019	-	-	1,019
Private residence rehabilitation and relocation assistance.....	-	1,000	-	1,000
Capital outlay.....	-	-	115,650	115,650
<b>Total expenditures.....</b>	<u>1,019</u>	<u>(3,019)</u>	<u>115,650</u>	<u>113,650</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(1,019)</u>	<u>5,519</u>	<u>(115,650)</u>	<u>(111,150)</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in:				
From General Fund for fire station capital improvements.....	-	-	245,000	245,000
From Water and Sewer Fund for fire station capital improvements.....	-	-	187,500	187,500
<b>Total other financing sources (uses).....</b>	<u>-</u>	<u>-</u>	<u>432,500</u>	<u>432,500</u>
<b>Revenues and other sources over (under) expenditures and other uses.....</b>	<u>(1,019)</u>	<u>5,519</u>	<u>316,850</u>	<u>321,350</u>
Net change in fund balances.....	(1,019)	5,519	316,850	321,350
Fund balances - beginning.....	1,019	(5,519)	-	(4,500)
<b>Fund balances - ending.....</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316,850</u>	<u>\$ 316,850</u>

**City of Mebane, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Capital Project Fund - CDBG - Mebane Mills Loft**  
**From Inception and For the Year Ended June 30, 2013** **Statement B-3**

	<u>Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
			<u>Current</u> <u>Year</u>	<u>Total to Date</u>	
<b>Revenues</b>					
CDBG.....	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
<b>Total revenues.....</b>	<u>250,000</u>	<u>250,000</u>	<u>-</u>	<u>250,000</u>	<u>-</u>
<b>Expenditures</b>					
Pedestrian improvements.....	12,000	55,681	1,019	56,700	(44,700)
Historic preservation.....	218,000	145,645	-	145,645	72,355
Other activities.....	-	27,655	-	27,655	(27,655)
Administration.....	20,000	20,000	-	20,000	-
<b>Total expenditures.....</b>	<u>250,000</u>	<u>248,981</u>	<u>1,019</u>	<u>250,000</u>	<u>-</u>
<b>Revenue over (under) expenditures.....</b>	<u>-</u>	<u>1,019</u>	<u>(1,019)</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses)</b>					
Contributed capital.....	370,000	370,000	-	370,000	-
Community development.....	(370,000)	(370,000)	-	(370,000)	-
<b>Total other financing sources (uses).....</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balance.....</b>	<u>\$ -</u>	<u>\$ 1,019</u>	<u>(1,019)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, July 1.....			1,019		
<b>Fund balance, June 30.....</b>			<u>\$ -</u>		

**City of Mebane, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Capital Project Fund - CDBG - West End Housing**  
**From Inception and For the Year Ended June 30, 2013** **Statement B-4**

	<u>Authorization</u>	<u>Prior Years</u>	<u>Actual</u>		<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
			<u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	
<b>Revenues</b>					
CDBG.....	\$ 500,000	\$ 19,753	\$ 2,500	\$ 22,253	\$ (477,747)
<b>Total revenues.....</b>	<u>500,000</u>	<u>19,753</u>	<u>2,500</u>	<u>22,253</u>	<u>(477,747)</u>
<b>Expenditures</b>					
Clearance activities.....	35,000	-	-	-	35,000
Private residence rehabilitation.....	395,000	5,291	1,000	6,291	388,709
Relocation assistance.....	20,000	-	-	-	20,000
Administration.....	50,000	19,981	(4,019)	15,962	34,038
<b>Total expenditures.....</b>	<u>500,000</u>	<u>25,272</u>	<u>(3,019)</u>	<u>22,253</u>	<u>477,747</u>
<b>Revenue over (under) expenditures.....</b>	<u>-</u>	<u>(5,519)</u>	<u>5,519</u>	<u>-</u>	<u>-</u>
Net change in fund balance.....	<u>\$ -</u>	<u>\$ (5,519)</u>	5,519	<u>\$ -</u>	<u>\$ -</u>
Fund balance, July 1.....			(5,519)		
<b>Fund balance, June 30.....</b>			<u>\$ -</u>		

**City of Mebane, North Carolina**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Capital Project Fund - Southside Fire Station**  
**From Inception and For the Year Ended June 30, 2013** **Statement B-5**

	<u>Actual</u>				<u>Variance</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u> <u>(Negative)</u>
<b>Expenditures</b>					
Professional services.....	\$ 432,500	\$ -	\$ 115,650	\$ 115,650	\$ 316,850
Construction.....	2,865,000	-	-	-	2,865,000
Utility construction.....	455,250	-	-	-	455,250
Equipment.....	250,000	-	-	-	250,000
Contingency.....	332,250	-	-	-	332,250
<b>Total expenditures.....</b>	<u>4,335,000</u>	<u>-</u>	<u>115,650</u>	<u>115,650</u>	<u>4,219,350</u>
<b>Revenue over (under) expenditures.....</b>	<u>(4,335,000)</u>	<u>-</u>	<u>(115,650)</u>	<u>(115,650)</u>	<u>4,219,350</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in:					
From General Fund for					
fire station capital improvements.....	245,000	-	245,000	245,000	-
From Water and Sewer Fund for					
fire station capital improvements.....	187,500	-	187,500	187,500	-
Installment purchase obligations					
issued.....	3,902,500	-	-	-	(3,902,500)
<b>Total other financing sources (uses).....</b>	<u>4,335,000</u>	<u>-</u>	<u>432,500</u>	<u>432,500</u>	<u>(3,902,500)</u>
<b>Revenues and other sources over (under)</b>					
<b>expenditures and other uses.....</b>	<u>\$ -</u>	<u>\$ -</u>	316,850	<u>\$ 316,850</u>	<u>\$ 316,850</u>
Fund balance, July 1.....			-		
Fund balance, June 30.....			<u>\$ 316,850</u>		



# Proprietary Funds

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Enterprise 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 government's board is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the government's board has decided that periodic determination of net income is appropriate for accountability purposes.

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- **Water and Sewer Fund** – This fund is used to account for the operations of the City's water and sewer system.
- **Forest Ridge Pump Station and Mains – Capital Project Fund** – This fund is used to account for the construction of the Forest Ridge Pump Station and associated main sewer lines to the City's wastewater treatment plant.
- **Wastewater Treatment Plant Upgrade – Capital Project Fund** – This fund is used to account for the construction upgrade of the City's wastewater treatment plant.
- **Water Treatment Plant Stage 2 – Capital Project Fund** – This fund is used to account for stage 2 of the construction upgrade of the City's water treatment plant.



**City of Mebane, North Carolina**  
**Comparative Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2013 and 2012**

**Statement C-1**

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
<b>Assets</b>		
Current assets:		
Cash and equivalents.....	\$ 8,017,979	\$ 10,538,172
Restricted cash.....	267,190	249,280
Accrued interest receivable .....	-	-
Accounts Receivable, net - billed.....	489,931	428,841
Accounts Receivable, net - unbilled.....	191,511	167,687
Inventories.....	132,421	100,171
<b>Total current assets.....</b>	<u>9,099,032</u>	<u>11,484,151</u>
Non-current assets:		
Capital assets:		
Land and other non-depreciable assets.....	3,052,146	268,947
Other capital assets, net of depreciation.....	29,957,182	29,587,580
<b>Total capital assets.....</b>	<u>33,009,328</u>	<u>29,856,527</u>
<b>Total non-current assets.....</b>	<u>33,009,328</u>	<u>29,856,527</u>
<b>Total assets.....</b>	<u>42,108,360</u>	<u>41,340,678</u>
<b>Deferred outflows of resources</b>		
Deferred charge on refunding.....	19,510	22,187
<b>Total deferred outflows of resources.....</b>	<u>19,510</u>	<u>22,187</u>
<b>Total assets and deferred outflows of resources.....</b>	<u>\$ 42,127,870</u>	<u>\$ 41,362,865</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities.....	\$ 188,729	\$ 97,040
Accrued interest payable.....	30,453	39,337
Customer deposits.....	267,190	249,280
Compensated absences.....	32,942	28,882
Long-term debt - current.....	695,665	679,597
General obligation bonds payable - current.....	115,000	110,000
<b>Total current liabilities.....</b>	<u>1,329,979</u>	<u>1,204,136</u>
Noncurrent liabilities:		
Other postemployment benefits.....	217,747	153,662
Compensated absences.....	13,908	12,899
Long-term debt - noncurrent.....	2,062,503	2,758,166
General obligation bonds payable - noncurrent.....	455,000	570,000
<b>Total noncurrent liabilities.....</b>	<u>2,749,158</u>	<u>3,494,727</u>
<b>Total liabilities.....</b>	<u>4,079,137</u>	<u>4,698,863</u>
<b>Net Position</b>		
Net investment in capital assets.....	29,700,671	25,760,951
Unrestricted .....	8,348,062	10,903,051
<b>Total net position.....</b>	<u>38,048,733</u>	<u>36,664,002</u>
<b>Total liabilities and net position.....</b>	<u>\$ 42,127,870</u>	<u>\$ 41,362,865</u>

**City of Mebane, North Carolina**  
**Schedule of Revenues and Expenditures - Budget to Actual**  
**Water and Sewer Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(With Comparative Totals for the Fiscal Year Ended June 30, 2012)** **Statement C-2**

	<u>2013</u>		<u>Variance</u>	<u>2012 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive (Negative)</u>	
<b>Revenues</b>				
<b>Charges for services:</b>				
Water sales.....	\$	\$ 2,145,543	\$	\$ 2,053,462
Sewer charges.....		2,012,812		1,906,698
Water and sewer taps.....		8,000		10,550
Total.....	<u>3,964,000</u>	<u>4,166,355</u>	<u>202,355</u>	<u>3,970,710</u>
<b>Other operating revenues:</b>				
Other operating revenues.....		514,395		416,071
Total.....	<u>459,000</u>	<u>514,395</u>	<u>55,395</u>	<u>416,071</u>
<b>Other nonoperating revenues:</b>				
Interest and investment earnings.....		9,706		31,212
Other nonoperating revenues.....		9,865		1,760
Total.....	<u>22,000</u>	<u>19,571</u>	<u>(2,429)</u>	<u>32,972</u>
<b>Total revenues.....</b>	<u><b>4,445,000</b></u>	<u><b>4,700,321</b></u>	<u><b>255,321</b></u>	<u><b>4,419,753</b></u>
<b>Expenditures</b>				
<b>Water and sewer administration:</b>				
Billing and metering:				
Salaries and employee benefits.....		214,512		170,049
Supplies.....		49,806		29,267
Other operating expenditures.....		10,829		8,555
Total water and sewer administration.....	<u>413,554</u>	<u>275,147</u>	<u>138,407</u>	<u>207,871</u>
<b>Water treatment and distribution:</b>				
Water distribution and maintenance:				
Salaries and employee benefits.....		184,587		168,266
Supplies.....		68,650		90,462
Maintenance.....		3,163		15,747
Other operating expenditures.....		49,395		33,099
Total.....	<u>382,568</u>	<u>305,795</u>	<u>76,773</u>	<u>307,574</u>
Purchases of water:				
Other operating expenditures.....		535,487		505,561
Total.....	<u>591,000</u>	<u>535,487</u>	<u>55,513</u>	<u>505,561</u>
<b>Total water treatment and distribution.....</b>	<u><b>973,568</b></u>	<u><b>841,282</b></u>	<u><b>132,286</b></u>	<u><b>813,135</b></u>

**City of Mebane, North Carolina**  
**Schedule of Revenues and Expenditures - Budget to Actual**  
**Water and Sewer Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(With Comparative Totals for the Fiscal Year Ended June 30, 2012)**

**Statement C-2**

	2013		Variance	2012 Actual
	Budget	Actual	Positive (Negative)	
<b>Expenditures (continued)</b>				
<b>Waste collection and treatment:</b>				
Wastewater treatment plant:				
Salaries and employee benefits.....	\$	\$ 421,401	\$	\$ 414,020
Chemicals.....		92,149		79,334
Supplies.....		17,113		15,968
Maintenance.....		219,390		258,601
Other operating expenditures.....		169,538		177,462
Total.....		<u>1,075,174</u>		<u>945,385</u>
Laboratory:				
Salaries and employee benefits.....		107,602		109,748
Chemicals.....		5,723		5,497
Supplies.....		18,144		18,643
Maintenance.....		4,660		2,380
Other operating expenditures.....		63,052		57,701
Total.....		<u>250,750</u>		<u>193,969</u>
Sewer mains and lift stations:				
Salaries and employee benefits.....		212,452		204,040
Chemicals.....		127,198		118,629
Supplies.....		65,047		77,183
Maintenance.....		101,185		135,031
Other operating expenditures.....		119,697		86,642
Total.....		<u>719,911</u>		<u>621,525</u>
Total waste collection and treatment.....		<u>2,045,835</u>		<u>1,760,879</u>
<b>Debt Service:</b>				
Principal Retirement.....	792,000	789,597	2,403	769,467
Interest and other charges.....	180,000	144,775	35,225	176,505
Total debt service.....	<u>972,000</u>	<u>934,372</u>	<u>37,628</u>	<u>945,972</u>
<b>Capital outlay:</b>				
Miscellaneous water.....	595,500	183,234	412,266	117,364
Miscellaneous sewer.....	-	-	-	39,814
Total capital outlay.....	<u>595,500</u>	<u>183,234</u>	<u>412,266</u>	<u>157,178</u>
<b>Total expenditures.....</b>	<u>5,000,457</u>	<u>3,978,386</u>	<u>1,022,071</u>	<u>3,885,035</u>
<b>Excess (deficiency) of revenues over expenditures.....</b>	<u>(555,457)</u>	<u>721,935</u>	<u>1,277,392</u>	<u>534,718</u>

**City of Mebane, North Carolina**  
**Schedule of Revenues and Expenditures - Budget to Actual**  
**Water and Sewer Fund**  
**For the Fiscal Year Ended June 30, 2013**  
**(With Comparative Totals for the Fiscal Year Ended June 30, 2012)** **Statement C-2**

	<u>2013</u>		<u>Variance</u>	<u>2012 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>	
<b>Other Financing Sources (Uses)</b>				
Transfers in.....	\$ -	\$ -	\$ -	\$ 1,650,000
Transfers out.....	(2,674,543)	(2,674,543)	-	(3,356,358)
<b>Total other financing sources (uses).....</b>	<u>(2,674,543)</u>	<u>(2,674,543)</u>	<u>-</u>	<u>(1,706,358)</u>
Fund balance appropriated.....	<u>3,230,000</u>	<u>-</u>	<u>(3,230,000)</u>	<u>-</u>
 <b>Revenues and other sources over expenditures and other uses.....</b>	 <u>\$ -</u>	 <u>\$ (1,952,608)</u>	 <u>\$ (1,952,608)</u>	 <u>\$ (1,171,640)</u>
 <b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>				
 <b>Revenues and other sources over expenditures and other uses.....</b>		 \$ (1,952,608)		 \$ (1,171,640)
 <b>Reconciling items:</b>				
Principal retirement.....		789,597		769,467
Capital outlays.....		183,234		157,178
(Increase) decrease in receivable allowance.....		(21,762)		(35,901)
Increase (decrease) in unbilled receivables.....		23,824		(28,309)
Increase (decrease) in other receivables.....		50,000		-
Increase (decrease) in inventories.....		32,250		(41,353)
(Increase) decrease in accrued interest payable.....		8,884		6,731
(Increase) decrease in accrued salaries and wages.....		(270)		(2,579)
(Increase) decrease in vacation pay.....		(5,068)		(6,849)
Increase (decrease) in OPEB.....		(64,085)		(47,902)
Depreciation.....		(864,882)		(860,083)
Amortization of bond costs.....		(2,676)		(2,676)
Capital contributions.....		1,051,250		284,300
Transfer to Water and Sewer Capital Project Fund.....		<u>2,157,043</u>		<u>3,356,358</u>
Total reconciling items.....		<u>3,337,339</u>		<u>3,548,382</u>
<b>Change in net position.....</b>		<u>\$ 1,384,731</u>		<u>\$ 2,376,742</u>

**City of Mebane, North Carolina**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)**  
**Capital Project Fund - Forest Ridge Pump Stations and Mains**  
**From Inception and For the Year Ended June 30, 2013**

**Statement C-3**

	<u>Authorization</u>	<u>Actual</u>			<u>Variance</u>
		<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Positive</u> <u>(Negative)</u>
<b>Expenditures</b>					
Professional services.....	\$ 346,000	\$ 157,747	\$ 194,543	\$ 352,290	\$ (6,290)
Easements.....	97,000	38,594	43,281	81,875	15,125
Construction.....	2,857,000	59,203	2,406,567	2,465,770	391,230
<b>Total expenditures.....</b>	<u>3,300,000</u>	<u>255,544</u>	<u>2,644,391</u>	<u>2,899,935</u>	<u>400,065</u>
<b>Revenue over (under) expenditures.....</b>	<u>(3,300,000)</u>	<u>(255,544)</u>	<u>(2,644,391)</u>	<u>(2,899,935)</u>	<u>400,065</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in:					
From Water and Sewer Fund for sewer capital improvements.....	3,300,000	3,356,358	-	3,356,358	56,358
Total other financing sources (uses).....	<u>3,300,000</u>	<u>3,356,358</u>	<u>-</u>	<u>3,356,358</u>	<u>56,358</u>
<b>Revenues and other sources over (under) expenditures and other uses.....</b>	<u>\$ -</u>	<u>\$ 3,100,814</u>	<u>\$ (2,644,391)</u>	<u>\$ 456,423</u>	<u>\$ 456,423</u>

City of Mebane, North Carolina

Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)

Capital Project Fund - Wastewater Treatment Plant Upgrade

From Inception and For the Year Ended June 30, 2013

Statement C-4

	<u>Actual</u>				<u>Variance Positive (Negative)</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Expenditures</b>					
Professional services.....	\$ 930,000	\$ -	\$ 55,379	\$ 55,379	\$ 874,621
Construction.....	5,820,000	-	54,258	54,258	5,765,742
Contingency.....	550,000	-	-	-	550,000
<b>Total expenditures.....</b>	<u>7,300,000</u>	<u>-</u>	<u>109,637</u>	<u>109,637</u>	<u>7,190,363</u>
<b>Revenue over (under) expenditures.....</b>	<u>(7,300,000)</u>	<u>-</u>	<u>(109,637)</u>	<u>(109,637)</u>	<u>7,190,363</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in:					
From Water and Sewer Fund for					
WWTP capital improvements.....	2,000,000	-	2,000,000	2,000,000	-
Installment purchase obligations issued.....	5,300,000	-	-	-	(5,300,000)
Total other financing sources (uses).....	<u>7,300,000</u>	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>(5,300,000)</u>
<b>Revenues and other sources over (under) expenditures and other uses.....</b>					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,890,363</u>	<u>\$ 1,890,363</u>	<u>\$ 1,890,363</u>

**City of Mebane, North Carolina**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non - GAAP)**  
**Capital Project Fund - Water Treatment Plant Stage 2**  
**From Inception and For the Year Ended June 30, 2013** **Statement C-5**

	<u>Actual</u>				<u>Variance Positive (Negative)</u>
	<u>Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	
<b>Expenditures</b>					
Professional services.....	\$ 157,043	\$ -	\$ 29,175	\$ 29,175	\$ 127,868
Construction.....	-	-	-	-	-
<b>Total expenditures.....</b>	<u>157,043</u>	<u>-</u>	<u>29,175</u>	<u>29,175</u>	<u>127,868</u>
<b>Revenue over (under) expenditures.....</b>	<u>(157,043)</u>	<u>-</u>	<u>(29,175)</u>	<u>(29,175)</u>	<u>127,868</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in:					
From Water and Sewer Fund for					
WWTP capital improvements.....	157,043	-	157,043	157,043	-
Installment purchase obligations issued.....	-	-	-	-	-
Total other financing sources (uses).....	<u>157,043</u>	<u>-</u>	<u>157,043</u>	<u>157,043</u>	<u>-</u>
<b>Revenues and other sources over (under) expenditures and other uses.....</b>					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,868</u>	<u>\$ 127,868</u>	<u>\$ 127,868</u>



# Additional Financial Data

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This section contains additional information on property taxes and interfund transfers.

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- **Schedule of Ad Valorem Taxes Receivable**
- **Analysis of Current Tax Levy**
- **Schedule of Ten Largest Taxpayers**



**City of Mebane, North Carolina**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2013**

**Schedule D-1**

<u>Fiscal Year</u>	<u>Uncollected</u> <u>Balance</u> <u>6/30/2012</u>	<u>Additions</u>	<u>Collections</u> <u>and Credits</u>	<u>Uncollected</u> <u>Balance</u> <u>6/30/2013</u>
2012-2013.....	\$ -	\$ 7,354,497	\$ 7,224,810	\$ 129,687
2011-2012.....	145,832	-	96,564	49,268
2010-2011.....	48,872	-	30,438	18,434
2009-2010.....	28,743	-	11,566	17,177
2008-2009.....	26,450	-	7,302	19,148
2007-2008.....	15,112	-	2,239	12,873
2006-2007.....	9,224	-	710	8,514
2005-2006.....	11,421	-	562	10,859
2004-2005.....	6,329	-	258	6,071
2003-2004.....	6,003	-	556	5,447
2002-2003.....	4,572	-	4,572	-
	<u>\$ 302,558</u>	<u>\$ 7,354,497</u>	<u>\$ 7,379,577</u>	<u>277,478</u>
Less: Allowance for uncollectible accounts (General Fund).....				<u>35,169</u>
<b>Ad valorem taxes receivable - net.....</b>				<u><u>\$ 242,309</u></u>
<b>Reconciliation with revenues:</b>				
Ad valorem taxes - General Fund.....				\$ 7,322,698
Add (subtract):				
Penalties and interest, net of discounts.....				62,720
Amount written off for tax year 2002-2003.....				4,572
Refunds and other adjustments.....				<u>(10,413)</u>
<b>Total collections and credits.....</b>				<u><u>\$ 7,379,577</u></u>

**City of Mebane, North Carolina**  
**Analysis of Current Tax Levy**  
**City - Wide Levy**  
**For the Fiscal Year Ended June 30, 2013**

**Schedule D-2**

	<u>City - Wide</u>			<u>Total Levy</u>	
	<u>Total Property</u> <u>Valuation</u>	<u>Rate</u>	<u>Amount of</u> <u>Levy</u>	<u>Property</u> <u>Excluding</u> <u>Registered</u> <u>Motor</u> <u>Vehicles</u>	<u>Registered</u> <u>Motor</u> <u>Vehicles</u>
<b>Tax levy:</b>					
Real property at:					
current year's rate.....	\$ 1,138,480,584	0.47	\$ 5,350,859	\$ 5,350,859	\$ -
at prior year's rate.....	-	0.50	-	-	-
Personal property at:					
current year's rate.....	417,384,904	0.47	1,961,709	1,532,229	429,480
at prior year's rate.....	580,140	0.50	2,901	2,901	-
Public service companies.....	22,126,189	0.47	103,993	103,993	-
Subtotals.....	<u>1,578,571,817</u>		<u>7,419,462</u>	<u>6,989,982</u>	<u>429,480</u>
Less: Homestead exemptions.....	<u>(8,199,338)</u>	0.47	<u>(38,537)</u>	<u>(38,537)</u>	<u>-</u>
<b>Totals.....</b>	<b><u>\$ 1,570,372,479</u></b>		<b>7,380,925</b>	<b>6,951,445</b>	<b>429,480</b>
Advertising, interest cost and late filing fees.....			<u>6,491</u>	<u>6,491</u>	<u>-</u>
Gross levy.....			7,387,416	6,957,936	429,480
Release and adjustments.....			<u>(32,919)</u>	<u>(23,479)</u>	<u>(9,440)</u>
Net levy.....			7,354,497	6,934,457	420,040
Uncollected taxes at June 30, 2013.....			<u>129,687</u>	<u>67,450</u>	<u>62,237</u>
<b>Current year taxes collected.....</b>			<b><u>\$ 7,224,810</u></b>	<b><u>\$ 6,867,007</u></b>	<b><u>\$ 357,803</u></b>
<b>Current levy collection percentage.....</b>			<b><u>98.24%</u></b>	<b><u>99.03%</u></b>	<b><u>85.18%</u></b>

**City of Mebane, North Carolina**  
**Analysis of Current Tax Levy**  
**City - Wide Levy**  
**For the Fiscal Year Ended June 30, 2013**

**Schedule D-3**

**Secondary Market Disclosures:**

Assessed Valuation:

Assessment Ratio (Note 1)..... 100%

	<u>Current Year Rate</u>	<u>Prior Year Rate</u>
Real Property.....	\$ 1,138,480,584	\$ -
Personal Property.....	417,384,904	580,140
Public service companies (Note 2).....	22,126,189	-
Total Assessed Valuation.....	<u>1,577,991,677</u>	<u>580,140</u>
Tax Rate per \$100.....	<u>0.47</u>	<u>0.50</u>
Levy.....	<u>7,416,560</u>	<u>2,901</u>
		<u>\$ 7,419,462</u>

Note 1: Percentage of appraised value has been established by statute.

Note 2: Valuation of railroads, telephone companies and other utilities as determined by the North Carolina Property Tax Commission.

**City of Mebane, North Carolina  
 Ten Largest Taxpayers  
 For the Fiscal Year Ended June 30, 2013**

**Schedule D-4**

<u>Name</u>	<u>Type of Enterprise</u>	<u>Assessed Valuation</u>	<u>Tax Levy</u>	<u>Percentage of Total Assessed Valuation</u>
GKN Automotive Components.....	Auto Components Manufacturing.....	\$ 101,632,878	\$ 477,675	6.47%
Liggett Group - One Hundred Maple, LLC.....	Tobacco Manufacturing.....	68,000,708	319,603	4.33%
Sandvik, Inc.....	Metal Cutting.....	49,305,583	231,736	3.14%
Tanger Piedmont, LLC.....	Retail.....	34,813,065	163,621	2.22%
Mebane Packaging - Meadwestvaco Health.....	Packaging Manufacturing.....	21,569,012	101,374	1.37%
Armacell LLC - Armstrong.....	Pipe Insulation Manufacturing.....	20,656,625	97,086	1.32%
Carden Place Investors, LLC....	Real Estate Management & Development.	16,868,033	79,280	1.07%
Wal-Mart.....	Retail.....	16,372,001	76,948	1.04%
Nypro, Inc.....	Plastics Manufacturing.....	13,930,219	65,472	0.89%
Spring Forest Spe 5, LLC.....	Apartment Complex.....	13,251,550	62,282	0.84%
		<u>\$ 356,399,674</u>	<u>\$ 1,675,078</u>	<u>22.70%</u>

# Statistical Section

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

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- **Financial Trends** - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.
- **Revenue Capacity** - These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.
- **Debt Capacity** - These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.
- **Demographic and Economic Information** - These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.
- **Operating Information** - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government 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.



**City of Mebane, North Carolina**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 1**  
**Page 1 of 2**

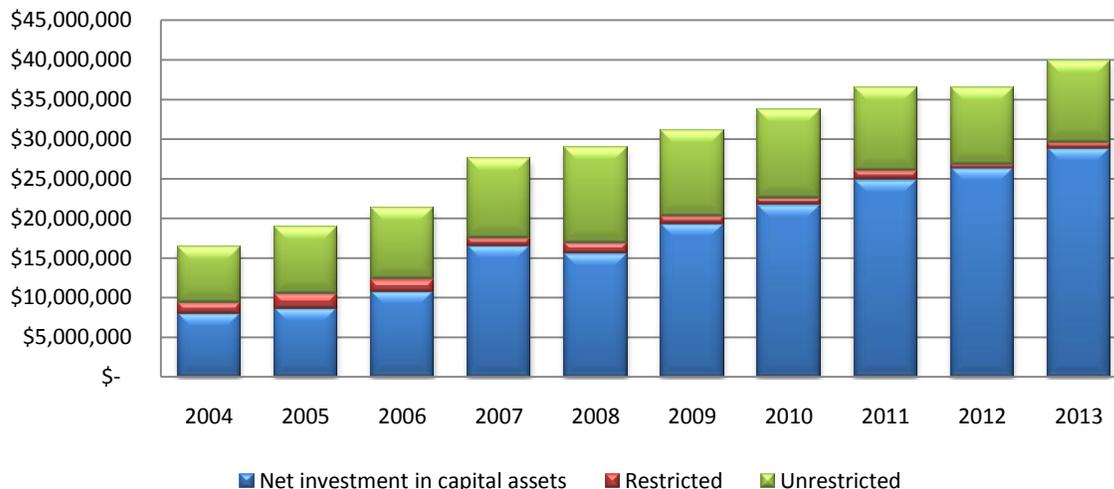
	Fiscal Year Ending June 30,				
	2004	2005	2006	2007	2008
<b>Governmental activities</b>					
Net investment in capital assets.....	\$ 7,960,699	\$ 8,584,564	\$ 10,749,593	\$ 16,494,673	\$ 15,562,758
Restricted.....	1,436,458	1,948,183	1,526,155	1,056,483	1,394,981
Unrestricted.....	7,019,040	8,360,274	9,074,877	9,949,510	11,998,285
<b>Total governmental activities net position.....</b>	<b><u>\$ 16,416,197</u></b>	<b><u>\$ 18,893,021</u></b>	<b><u>\$ 21,350,625</u></b>	<b><u>\$ 27,500,666</u></b>	<b><u>\$ 28,956,024</u></b>
<b>Business-type activities</b>					
Net investment in capital assets.....	\$ 16,081,287	\$ 16,876,512	\$ 17,658,679	\$ 19,726,956	\$ 23,419,003
Restricted.....	-	-	-	-	-
Unrestricted.....	4,781,002	5,136,522	5,973,684	10,104,557	8,028,179
<b>Total business-type activities net position.....</b>	<b><u>\$ 20,862,289</u></b>	<b><u>\$ 22,013,034</u></b>	<b><u>\$ 23,632,363</u></b>	<b><u>\$ 29,831,513</u></b>	<b><u>\$ 31,447,182</u></b>
<b>Primary government</b>					
Net investment in capital assets.....	\$ 24,041,986	\$ 25,461,076	\$ 28,408,272	\$ 36,221,629	\$ 38,981,761
Restricted.....	1,436,458	1,948,183	1,526,155	1,056,483	1,394,981
Unrestricted.....	11,800,042	13,496,796	15,048,561	20,054,067	20,026,464
<b>Total primary government activities net position.....</b>	<b><u>\$ 37,278,486</u></b>	<b><u>\$ 40,906,055</u></b>	<b><u>\$ 44,982,988</u></b>	<b><u>\$ 57,332,179</u></b>	<b><u>\$ 60,403,206</u></b>

**Notes:**

(1) Fiscal years presented prior to 2011 have been restated to reflect the changes required by GASB Statement No. 54.

(2) 2010 includes a prior period restatement of \$(279,161); 2009 includes prior period restatements of \$323,564 and \$(283,174); 2008 includes a prior period restatement of \$(280,275).

**Governmental Activities - Net Assets by Component**



**City of Mebane, North Carolina**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 1**  
**Page 2 of 2**

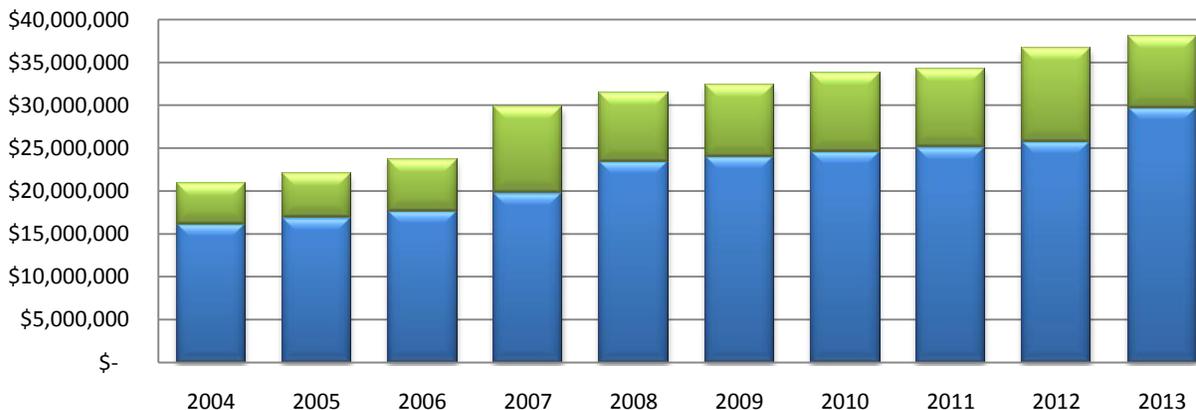
	Fiscal Year Ending June 30,				
	2009	2010	2011	2012	2013
<b>Governmental activities</b>					
Net investment in capital assets.....	\$ 19,329,954	\$ 21,705,437	\$ 24,920,842	\$ 26,347,904	\$ 28,863,807
Restricted.....	1,000,710	845,711	1,110,038	497,614	755,213
Unrestricted.....	<u>10,824,598</u>	<u>11,125,637</u>	<u>10,452,320</u>	<u>9,633,083</u>	<u>10,202,825</u>
<b>Total governmental activities net position.....</b>	<b><u>\$ 31,155,262</u></b>	<b><u>\$ 33,676,785</u></b>	<b><u>\$ 36,483,200</u></b>	<b><u>\$ 36,478,601</u></b>	<b><u>\$ 39,821,845</u></b>
<b>Business-type activities</b>					
Net investment in capital assets.....	\$ 23,967,839	\$ 24,612,653	\$ 25,132,355	\$ 25,760,951	\$ 29,700,671
Restricted.....	-	-	-	-	-
Unrestricted.....	<u>8,384,291</u>	<u>9,163,444</u>	<u>9,154,905</u>	<u>10,903,051</u>	<u>8,348,062</u>
<b>Total business-type activities net position.....</b>	<b><u>\$ 32,352,130</u></b>	<b><u>\$ 33,776,097</u></b>	<b><u>\$ 34,287,260</u></b>	<b><u>\$ 36,664,002</u></b>	<b><u>\$ 38,048,733</u></b>
<b>Primary government</b>					
Net investment in capital assets.....	\$ 43,297,793	\$ 46,318,090	\$ 50,053,197	\$ 52,108,855	\$ 58,564,478
Restricted.....	1,000,710	845,711	1,110,038	497,614	755,213
Unrestricted.....	<u>19,208,889</u>	<u>20,289,081</u>	<u>19,607,225</u>	<u>20,536,134</u>	<u>18,550,887</u>
<b>Total primary government activities net position.....</b>	<b><u>\$ 63,507,392</u></b>	<b><u>\$ 67,452,882</u></b>	<b><u>\$ 70,770,460</u></b>	<b><u>\$ 73,142,603</u></b>	<b><u>\$ 77,870,578</u></b>

**Notes:**

(1) Fiscal years presented prior to 2011 have been restated to reflect the changes required by GASB Statement No. 54.

(2) 2010 includes a prior period restatement of \$(279,161); 2009 includes prior period restatements of \$323,564 and \$(283,174); 2008 includes a prior period restatement of \$(280,275).

**Business-type Activities - Net Assets by Component**



**City of Mebane, North Carolina**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 2**  
**(Page 1 of 2)**

	Fiscal Year Ending June 30				
	2004	2005	2006	2007	2008
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government.....	\$ 976,555	\$ 1,137,167	\$ 1,180,204	\$ 1,283,811	\$ 1,379,526
Public safety.....	2,542,217	2,632,762	2,680,929	3,023,083	3,890,166
Public works.....	-	-	-	-	-
Transportation.....	451,331	746,896	734,732	907,826	1,139,572
Environmental protection.....	410,379	473,777	482,076	764,670	706,009
Cultural and recreation.....	677,003	828,856	1,048,441	884,553	892,209
Cemetery.....	4,561	1,066	1,833	20,533	1,986
Economic and physical development.....	374,030	79,686	94,329	168,347	295,150
Interest on long-term debt.....	-	-	184,020	177,361	143,044
<b>Total governmental activities expenses.....</b>	<b>5,436,076</b>	<b>5,900,210</b>	<b>6,406,564</b>	<b>7,230,184</b>	<b>8,447,662</b>
<b>Business-type activities.....</b>	<b>2,272,138</b>	<b>2,382,502</b>	<b>2,185,228</b>	<b>1,623,450</b>	<b>3,241,878</b>
<b>Total primary government expenses.....</b>	<b>7,708,214</b>	<b>8,282,712</b>	<b>8,591,792</b>	<b>8,853,634</b>	<b>11,689,540</b>
<b>Program revenues</b>					
<b>Governmental activities:</b>					
Charges for services:					
General government.....	-	16,101	39,798	41,748	59,960
Public safety.....	119,784	141,972	255,795	203,646	135,198
Public works.....	-	-	-	-	-
Transportation.....	-	-	-	-	110,656
Environmental protection.....	181,978	176,039	199,320	203,983	208,465
Cultural and recreation.....	81,172	80,476	80,675	84,422	75,950
Cemetery.....	-	-	-	-	6,250
Economic and physical development.....	15,534	-	-	-	-
Operating grants and contributions.....	407,408	424,065	416,566	366,352	156,252
Capital grants and contributions.....	37,473	107,885	33,330	61,878	215,625
<b>Total governmental activities program revenue.....</b>	<b>843,349</b>	<b>946,538</b>	<b>1,025,484</b>	<b>962,029</b>	<b>968,356</b>
<b>Business-type activities:</b>					
Charges for services.....	2,689,616	2,893,186	3,098,969	3,457,258	3,551,393
Capital grants and contributions.....	837,127	640,061	705,588	4,365,342	416,275
<b>Total business-type activities program revenue.....</b>	<b>3,526,743</b>	<b>3,533,247</b>	<b>3,804,557</b>	<b>7,822,600</b>	<b>3,967,668</b>
<b>Total primary government program revenue.....</b>	<b>4,370,092</b>	<b>4,479,785</b>	<b>4,830,041</b>	<b>8,784,629</b>	<b>4,936,024</b>
<b>Total primary government net expense.....</b>	<b>(3,338,122)</b>	<b>(3,802,927)</b>	<b>(3,761,751)</b>	<b>(69,005)</b>	<b>(6,753,516)</b>
<b>General revenues and other changes in net position</b>					
<b>Governmental activities:</b>					
Taxes.....					
Property taxes, levied for general purpose.....	4,417,732	4,590,675	4,888,919	5,350,407	5,664,589
Other taxes.....	1,219,836	1,346,589	1,448,101	1,625,093	1,935,772
Grants and contributions not restricted					
to specific programs.....	793,327	1,409,197	864,175	4,773,025	837,918
Unrestricted investment earnings.....	-	-	420,782	565,175	470,362
Miscellaneous.....	63,311	84,035	216,707	104,496	26,023
Transfers.....	-	-	-	-	-
<b>Total governmental activities general revenues.....</b>	<b>6,494,206</b>	<b>7,430,496</b>	<b>7,838,684</b>	<b>12,418,196</b>	<b>8,934,664</b>
<b>Business-type activities:</b>					
Unrestricted investment earnings.....	-	-	-	-	355,827
Miscellaneous.....	-	-	-	-	534,052
Transfers.....	-	-	-	-	-
<b>Total business-type activities general revenues.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>889,879</b>
<b>Total primary government general revenues.....</b>	<b>6,494,206</b>	<b>7,430,496</b>	<b>7,838,684</b>	<b>12,418,196</b>	<b>9,824,543</b>
<b>Change in primary government net position.....</b>	<b>\$ 3,156,084</b>	<b>\$ 3,627,569</b>	<b>\$ 4,076,933</b>	<b>\$ 12,349,191</b>	<b>\$ 3,071,027</b>

**Notes:**

(1) 2010 includes a prior period restatement of \$4,013; 2009 includes prior period restatements of \$323,564 and \$(2,899); 2008 includes a prior period restatement of \$(280,275).

**City of Mebane, North Carolina**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**

**Table 2**  
**(Page 2 of 2)**

	Fiscal Year Ending June 30				
	2009	2010	2011	2012	2013
<b>Expenses</b>					
<b>Governmental activities:</b>					
General government.....	\$ 1,468,861	\$ 1,663,985	\$ 1,753,985	\$ 1,854,901	\$ 2,143,420
Public safety.....	3,447,735	4,207,196	3,863,952	4,107,505	4,571,950
Public works.....	-	-	511,015	464,956	569,646
Transportation.....	981,355	1,007,150	1,470,542	1,478,975	1,474,886
Environmental protection.....	727,367	823,890	794,960	812,641	812,163
Cultural and recreation.....	952,090	1,015,382	1,091,761	1,167,086	1,224,727
Cemetery.....	8,835	19,122	24,248	46,302	22,886
Economic and physical development.....	171,038	345,051	202,085	402,748	207,551
Interest on long-term debt.....	227,537	201,996	176,371	150,948	132,923
<b>Total governmental activities expenses.....</b>	<b>7,984,818</b>	<b>9,283,772</b>	<b>9,888,919</b>	<b>10,486,062</b>	<b>11,160,152</b>
<b>Business-type activities.....</b>	<b>3,545,224</b>	<b>3,607,648</b>	<b>3,923,837</b>	<b>3,913,101</b>	<b>3,901,404</b>
<b>Total primary government expenses.....</b>	<b>11,530,042</b>	<b>12,891,420</b>	<b>13,812,756</b>	<b>14,399,163</b>	<b>15,061,556</b>
<b>Program revenues</b>					
<b>Governmental activities:</b>					
Charges for services:					
General government.....	55,801	57,150	54,800	58,255	58,381
Public safety.....	118,440	181,616	209,242	104,563	130,897
Public works.....	-	-	39,091	20,392	14,317
Transportation.....	47,319	63,537	-	-	-
Environmental protection.....	259,831	264,070	274,442	279,405	284,531
Cultural and recreation.....	81,742	83,836	79,972	75,649	74,518
Cemetery.....	6,650	4,250	4,650	18,920	17,550
Economic and physical development.....	-	-	-	-	-
Operating grants and contributions.....	435,425	303,803	321,016	338,677	397,732
Capital grants and contributions.....	19,443	1,282,843	1,698,372	858,449	2,013,681
<b>Total governmental activities program revenue.....</b>	<b>1,024,651</b>	<b>2,241,105</b>	<b>2,681,585</b>	<b>1,754,310</b>	<b>2,991,607</b>
<b>Business-type activities:</b>					
Charges for services.....	3,717,104	3,510,744	3,942,483	4,322,571	4,732,814
Capital grants and contributions.....	368,356	510,712	471,250	284,300	1,051,250
<b>Total business-type activities program revenue.....</b>	<b>4,085,460</b>	<b>4,021,456</b>	<b>4,413,733</b>	<b>4,606,871</b>	<b>5,784,064</b>
<b>Total primary government program revenue.....</b>	<b>5,110,111</b>	<b>6,262,561</b>	<b>7,095,318</b>	<b>6,361,181</b>	<b>8,775,671</b>
<b>Total primary government net expense.....</b>	<b>(6,419,931)</b>	<b>(6,628,859)</b>	<b>(6,717,438)</b>	<b>(8,037,982)</b>	<b>(6,285,885)</b>
<b>General revenues and other changes in net position</b>					
<b>Governmental activities:</b>					
Taxes.....					
Property taxes, levied for general purpose.....	6,181,452	6,726,223	6,805,448	7,376,275	7,640,328
Other taxes.....	1,906,140	2,378,979	2,617,082	2,973,118	3,297,348
Grants and contributions not restricted					
to specific programs.....	866,810	370,000	4,770	3,045	4,000
Unrestricted investment earnings.....	165,200	47,149	22,532	14,422	11,943
Miscellaneous.....	34,615	41,839	563,917	10,293	40,670
Transfers.....	5,188	-	-	(1,650,000)	517,500
<b>Total governmental activities general revenues.....</b>	<b>9,159,405</b>	<b>9,564,190</b>	<b>10,013,749</b>	<b>8,727,153</b>	<b>11,511,789</b>
<b>Business-type activities:</b>					
Unrestricted investment earnings.....	106,519	27,306	14,608	31,212	9,706
Miscellaneous.....	263,381	982,853	6,659	1,760	9,865
Transfers.....	(5,188)	-	-	1,650,000	(517,500)
<b>Total business-type activities general revenues.....</b>	<b>364,712</b>	<b>1,010,159</b>	<b>21,267</b>	<b>1,682,972</b>	<b>(497,929)</b>
<b>Total primary government general revenues.....</b>	<b>9,524,117</b>	<b>10,574,349</b>	<b>10,035,016</b>	<b>10,410,125</b>	<b>11,013,860</b>
<b>Change in primary government net position.....</b>	<b>\$ 3,104,186</b>	<b>\$ 3,945,490</b>	<b>\$ 3,317,578</b>	<b>\$ 2,372,143</b>	<b>\$ 4,727,975</b>

**Notes:**

(1) 2010 includes a prior period restatement of \$4,013; 2009 includes prior period restatements of \$323,564 and \$(2,899); 2008 includes a prior period restatement of \$(280,275).

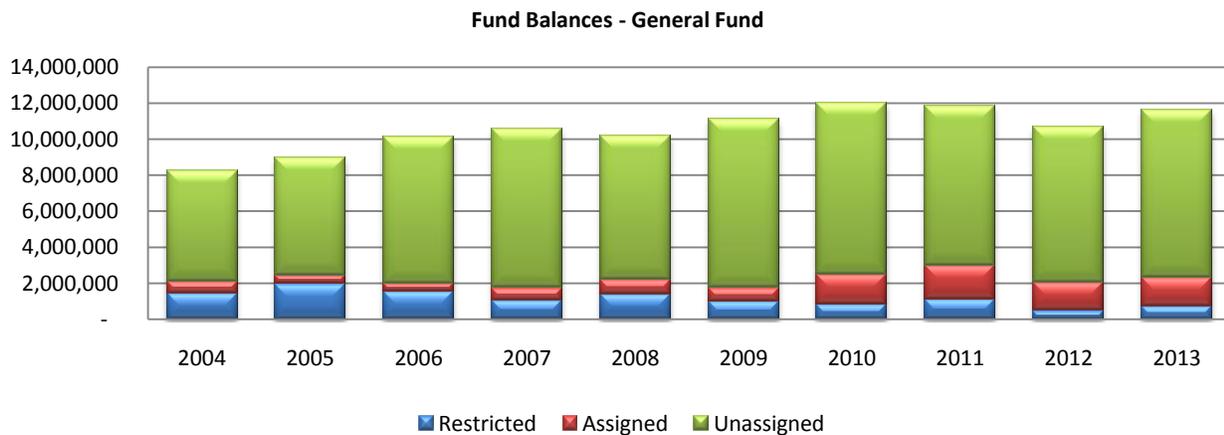
**City of Mebane, North Carolina**  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 3**  
**Page 1 of 2**

	Fiscal Year Ending June 30				
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<b>General Fund</b>					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	1,436,458	1,948,183	1,526,155	1,056,483	1,394,981
Committed.....	-	-	-	-	-
Assigned.....	706,302	520,847	512,229	705,793	817,443
Unassigned.....	6,070,310	6,517,201	8,100,010	8,820,690	7,961,226
<b>Total general fund.....</b>	<b><u>\$ 8,213,070</u></b>	<b><u>\$ 8,986,231</u></b>	<b><u>\$ 10,138,394</u></b>	<b><u>\$ 10,582,966</u></b>	<b><u>\$ 10,173,650</u></b>
<b>All Other Governmental Funds</b>					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Assigned.....	185,694	1,085,951	352,576	315,288	3,418,439
Unassigned.....	-	-	-	-	-
<b>Total all other governmental funds.....</b>	<b><u>\$ 185,694</u></b>	<b><u>\$ 1,085,951</u></b>	<b><u>\$ 352,576</u></b>	<b><u>\$ 315,288</u></b>	<b><u>\$ 3,418,439</u></b>
<b>Total Governmental Funds</b>					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	1,436,458	1,948,183	1,526,155	1,056,483	1,394,981
Committed.....	-	-	-	-	-
Assigned.....	891,996	1,606,798	864,805	1,021,081	4,235,882
Unassigned.....	6,070,310	6,517,201	8,100,010	8,820,690	7,961,226
<b>Total governmental funds.....</b>	<b><u>\$ 8,398,764</u></b>	<b><u>\$ 10,072,182</u></b>	<b><u>\$ 10,490,970</u></b>	<b><u>\$ 10,898,254</u></b>	<b><u>\$ 13,592,089</u></b>

**Notes:**

(1) Fiscal years presented prior to 2011 have been restated to reflect the changes required by GASB Statement No. 54.



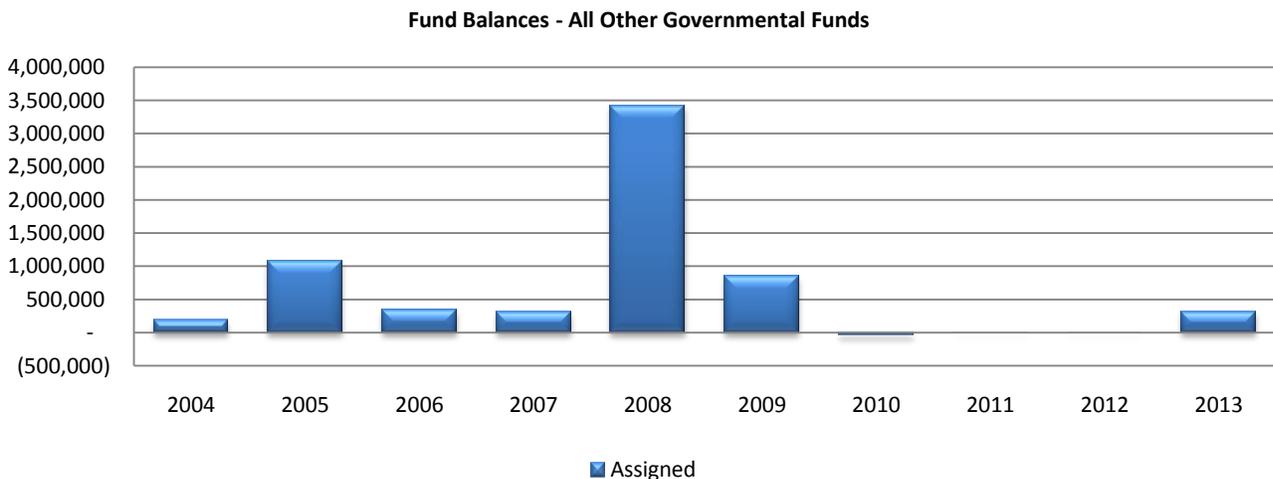
**City of Mebane, North Carolina**  
**Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 3**  
**Page 2 of 2**

	Fiscal Year Ending June 30				
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>General Fund</b>					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	1,000,710	845,711	1,110,040	497,614	755,213
Committed.....	-	-	-	-	-
Assigned.....	777,851	1,661,531	1,888,098	1,556,073	1,586,386
Unassigned.....	9,306,177	9,497,290	8,865,523	8,636,871	9,309,149
<b>Total general fund.....</b>	<b><u>\$ 11,084,738</u></b>	<b><u>\$ 12,004,532</u></b>	<b><u>\$ 11,863,661</u></b>	<b><u>\$ 10,690,558</u></b>	<b><u>\$ 11,650,748</u></b>
<b>All Other Governmental Funds</b>					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	-	-	-	-	-
Committed.....	-	-	-	-	-
Assigned.....	851,001	(38,414)	(350)	(4,500)	316,850
Unassigned.....	-	-	-	-	-
<b>Total all other governmental funds.....</b>	<b><u>\$ 851,001</u></b>	<b><u>\$ (38,414)</u></b>	<b><u>\$ (350)</u></b>	<b><u>\$ (4,500)</u></b>	<b><u>\$ 316,850</u></b>
<b>Total Governmental Funds</b>					
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	1,000,710	845,711	1,110,040	497,614	755,213
Committed.....	-	-	-	-	-
Assigned.....	1,628,852	1,623,117	1,887,748	1,551,573	1,903,236
Unassigned.....	9,306,177	9,497,290	8,865,523	8,636,871	9,309,149
<b>Total governmental funds.....</b>	<b><u>\$ 11,935,739</u></b>	<b><u>\$ 11,966,118</u></b>	<b><u>\$ 11,863,311</u></b>	<b><u>\$ 10,686,058</u></b>	<b><u>\$ 11,967,598</u></b>

**Notes:**

(1) Fiscal years presented prior to 2011 have been restated to reflect the changes required by GASB Statement No. 54.



**City of Mebane, North Carolina**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 4**  
**Page 1 of 2**

	Fiscal Year Ending June 30				
	2004	2005	2006	2007	2008
<b>Revenues</b>					
Ad valorem taxes.....	\$ 4,421,516	\$ 4,549,493	\$ 4,899,477	\$ 5,339,605	\$ 5,658,842
Other taxes and licenses.....	1,219,836	1,346,589	1,448,101	1,623,093	1,633,744
Unrestricted intergovernmental.....	478,505	660,651	824,190	731,730	793,568
Restricted intergovernmental.....	629,054	558,964	571,792	679,139	615,101
Permits and fees.....	115,810	137,070	251,782	199,343	239,888
Sales and services.....	266,277	269,694	288,399	312,152	291,728
Investment earnings.....	103,361	247,614	449,670	592,209	518,711
Miscellaneous.....	79,173	91,174	252,114	174,303	136,634
<b>Total revenues.....</b>	<b>7,313,532</b>	<b>7,861,249</b>	<b>8,985,525</b>	<b>9,651,574</b>	<b>9,888,216</b>
<b>Expenditures</b>					
General government.....	1,563,749	1,185,953	1,264,291	1,356,764	1,492,986
Public safety.....	2,280,150	2,622,944	2,592,021	3,501,737	3,915,193
Public works.....	-	-	-	-	-
Transportation.....	1,180,928	815,805	916,059	923,565	1,374,628
Environmental protection.....	469,459	413,436	428,811	1,094,078	617,811
Cultural and recreation.....	621,504	1,219,945	1,684,606	866,067	1,444,810
Economic and physical development.....	374,030	79,686	94,329	168,347	288,595
Cemetery.....	4,561	1,066	1,833	462,053	342,683
Debt service:					
Principal.....	438,186	531,085	624,549	642,080	660,302
Interest and other charges.....	159,508	140,981	202,870	177,361	151,349
Capital outlay.....	485,965	1,476,930	757,368	52,238	106,024
<b>Total expenditures.....</b>	<b>7,578,040</b>	<b>8,487,831</b>	<b>8,566,737</b>	<b>9,244,290</b>	<b>10,394,381</b>
<b>Excess (deficiency) of revenues over (under) expenditures.....</b>	<b>(264,508)</b>	<b>(626,582)</b>	<b>418,788</b>	<b>407,284</b>	<b>(506,165)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds.....	-	(42,266)	-	-	-
Transfers from other funds.....	-	42,266	-	-	-
Issuance of debt.....	-	2,300,000	-	-	3,200,000
<b>Total other financing sources (uses).....</b>	<b>-</b>	<b>2,300,000</b>	<b>-</b>	<b>-</b>	<b>3,200,000</b>
<b>Net change in fund balances.....</b>	<b>(264,508)</b>	<b>1,673,418</b>	<b>418,788</b>	<b>407,284</b>	<b>2,693,835</b>
Fund balances, beginning.....	8,663,272	8,398,764	10,072,182	10,490,970	10,898,254
Prior period adjustment.....	-	-	-	-	-
Fund balances, beginning as restated.....	8,663,272	8,398,764	10,072,182	10,490,970	10,898,254
<b>Fund balances, ending.....</b>	<b>\$ 8,398,764</b>	<b>\$ 10,072,182</b>	<b>\$ 10,490,970</b>	<b>\$ 10,898,254</b>	<b>\$ 13,592,089</b>
<b>Debt service as a percentage of noncapital expenditures.....</b>	<b>9.9%</b>	<b>11.1%</b>	<b>12.5%</b>	<b>11.1%</b>	<b>9.9%</b>

**City of Mebane, North Carolina**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

**Table 4**  
**Page 2 of 2**

	Fiscal Year Ending June 30				
	2009	2010	2011	2012	2013
<b>Revenues</b>					
Ad valorem taxes.....	\$ 6,051,214	\$ 6,349,231	\$ 6,527,203	\$ 6,963,505	\$ 7,322,698
Other taxes and licenses.....	1,608,851	14,040	19,855	19,253	189,355
Unrestricted intergovernmental.....	835,870	2,396,729	3,184,785	3,183,950	3,136,030
Restricted intergovernmental.....	706,142	805,095	641,518	686,429	695,117
Permits and fees.....	159,173	236,153	239,333	115,955	136,214
Sales and services.....	345,139	356,106	364,014	378,424	382,049
Investment earnings.....	188,700	47,149	22,532	14,422	11,943
Miscellaneous.....	169,980	98,903	107,047	86,011	112,033
<b>Total revenues.....</b>	<b>10,065,069</b>	<b>10,303,406</b>	<b>11,106,287</b>	<b>11,447,949</b>	<b>11,985,439</b>
<b>Expenditures</b>					
General government.....	1,391,877	1,542,016	1,600,612	1,676,324	1,950,508
Public safety.....	3,287,593	3,832,452	4,298,873	3,872,971	4,157,723
Public works.....	-	-	524,857	532,835	814,417
Transportation.....	994,262	1,012,076	1,877,683	1,561,730	1,235,100
Environmental protection.....	675,760	995,138	713,222	977,208	732,038
Cultural and recreation.....	1,181,615	321,052	1,074,413	1,152,466	1,110,864
Economic and physical development.....	171,179	735,745	178,908	204,146	505,146
Cemetery.....	407,488	78,431	9,305	31,131	37,267
Debt service:					
Principal.....	789,142	697,638	707,641	613,255	426,667
Interest and other charges.....	234,778	207,030	181,520	155,859	135,000
Capital outlay.....	2,587,725	851,449	42,060	197,277	116,669
<b>Total expenditures.....</b>	<b>11,721,419</b>	<b>10,273,027</b>	<b>11,209,094</b>	<b>10,975,202</b>	<b>11,221,399</b>
<b>Excess (deficiency) of revenues over (under) expenditures.....</b>	<b>(1,656,350)</b>	<b>30,379</b>	<b>(102,807)</b>	<b>472,747</b>	<b>764,040</b>
<b>Other Financing Sources (Uses)</b>					
Transfers to other funds.....	-	(191,531)	(64,144)	(1,650,000)	(245,000)
Transfers from other funds.....	-	191,531	64,144	-	762,500
Issuance of debt.....	-	-	-	-	-
<b>Total other financing sources (uses).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,650,000)</b>	<b>517,500</b>
<b>Net change in fund balances.....</b>	<b>(1,656,350)</b>	<b>30,379</b>	<b>(102,807)</b>	<b>(1,177,253)</b>	<b>1,281,540</b>
Fund balances, beginning.....	13,592,089	11,935,739	11,966,118	11,863,311	10,686,058
Prior period adjustment.....	-	-	-	-	-
Fund balances, beginning as restated.....	13,592,089	11,935,739	11,966,118	11,863,311	10,686,058
<b>Fund balances, ending.....</b>	<b>\$ 11,935,739</b>	<b>\$ 11,966,118</b>	<b>\$ 11,863,311</b>	<b>\$ 10,686,058</b>	<b>\$ 11,967,598</b>
<b>Debt service as a percentage of noncapital expenditures.....</b>	<b>12.7%</b>	<b>10.0%</b>	<b>9.3%</b>	<b>7.7%</b>	<b>5.5%</b>

**City of Mebane, North Carolina**  
**Assessed Value and Estimated Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

**Table 5**

<u>Fiscal Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Companies</u>	<u>Less Tax-Exempt Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Ratio of Assessed Value to Estimated Actual Value</u>
2004	\$ 588,556,998	\$ 309,578,679	\$ 53,650,300	\$ (3,754,698)	\$ 948,031,279	\$ 0.47	\$ 984,456,157	96.3%
2005	607,135,200	295,203,299	27,648,805	(3,670,310)	926,316,994	0.50	964,913,535	96.0%
2006	670,742,881	296,282,625	27,131,917	(3,916,614)	990,240,809	0.50	1,071,689,187	92.4%
2007	730,108,050	327,092,385	26,511,271	(3,750,559)	1,079,961,147	0.50	1,167,525,564	92.5%
2008	807,372,595	336,693,393	25,236,720	(3,448,708)	1,165,854,000	0.50	1,301,176,339	89.6%
2009	851,771,930	379,017,958	21,525,590	(4,532,143)	1,247,783,335	0.47	1,251,537,949	99.7%
2010	995,258,975	369,782,703	22,357,578	(6,990,713)	1,380,408,543	0.47	1,377,653,237	100.2%
2011	1,027,885,319	358,562,377	20,777,547	(8,037,388)	1,399,187,855	0.47	1,396,931,471	100.2%
2012	1,101,391,678	400,790,237	20,894,610	(8,275,108)	1,514,801,417	0.47	1,481,995,824	102.2%
2013	1,138,480,584	417,965,044	22,126,189	(8,199,338)	1,570,372,479	0.47	1,489,959,352	105.4%

**Sources:**

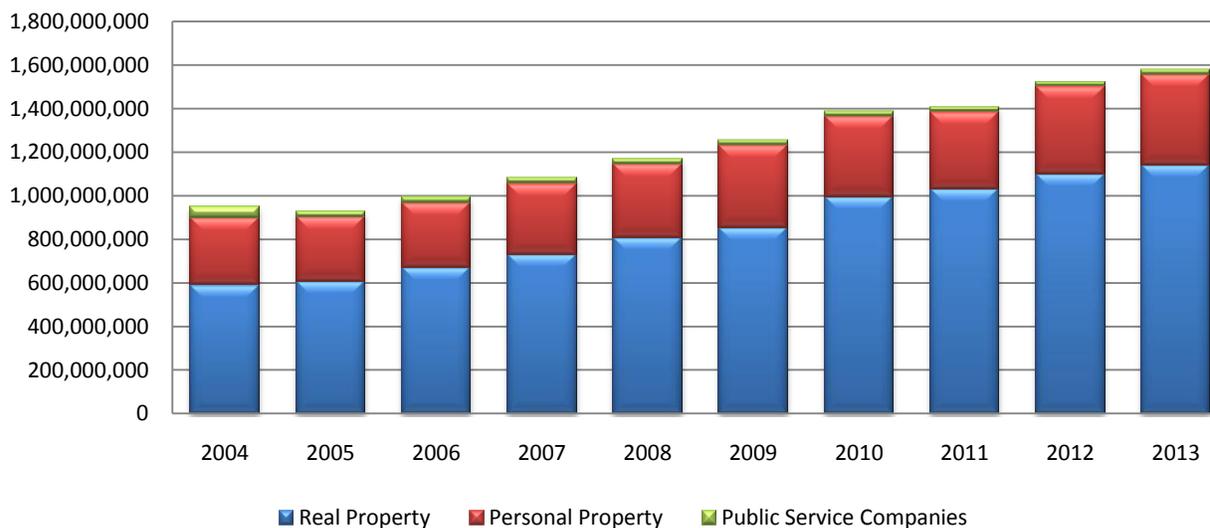
Alamance County Tax Department.

**Notes:**

Assessed valuations are established by the Alamance County Board of Commissioners at 100% of estimated market value. A revaluation of real property is required by the North Carolina General Statutes at least every eight years. Property was last revalued in FY 2009.

Estimated actual taxable value is calculated using information provided in Alamance and Orange County's Comprehensive Annual Financial Reports (CAFRs).

**Assessed Value of Property  
(Including Tax-Exempt)**



**City of Mebane, North Carolina**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Years**  
**(Rates are Per \$100 of Assessed Value)**

**Table 6**

<u>Fiscal Year</u>	<u>Direct Rate</u>	<u>Overlapping Rates</u>		<u>Combined Tax Rate</u>	
	<u>City of Mebane</u>	<u>Alamance County<sup>(1)</sup></u>	<u>Orange County<sup>(2)</sup></u>	<u>Alamance County</u>	<u>Orange County</u>
2004.....	0.47	0.520	0.880	0.990	1.350
2005.....	0.50	0.510	0.843	1.010	1.343
2006.....	0.50	0.563	0.843	1.063	1.343
2007.....	0.50	0.575	0.903	1.075	1.403
2008.....	0.50	0.580	0.950	1.080	1.450
2009.....	0.50	0.580	0.998	1.080	1.498
2010.....	0.47	0.520	0.858	0.990	1.328
2011.....	0.47	0.520	0.858	0.990	1.328
2012.....	0.47	0.520	0.858	0.990	1.328
2013.....	0.47	0.520	0.858	0.990	1.328

**Sources:**

<sup>(1)</sup> Alamance County Tax Department.

<sup>(2)</sup> Orange County Tax Department.

**Notes:**

Overlapping rates are the county government rates that apply to property owners within the City of Mebane. The City of Mebane is located in both Alamance and Orange counties. Not all overlapping rates apply to all property owners, but at least one County overlapping rates applies to each property owner.

**City of Mebane, North Carolina  
Principal Property Taxpayers  
Current Year and Nine Years Ago**

**Table 7**

<u>Taxpayer</u>	<u>2004</u>			<u>2013</u>		
	<u>Taxable</u>	<u>Rank</u>	<u>Percentage</u>	<u>Taxable</u>	<u>Rank</u>	<u>Percentage</u>
	<u>Assessed</u>		<u>of Total</u>	<u>Assessed Value</u>		<u>of Total</u>
	<u>Value</u>		<u>Assessed</u>	<u>(1)</u>		<u>Assessed</u>
	<u>Value</u>		<u>Value</u>		<u>Value</u>	<u>Value</u>
GKN Automotive Components.....	\$ 91,351,487	1	9.6%	\$ 101,632,878	1	6.5%
Liggett Group - One Hundred Maple, LLC.....	56,538,933	2	6.0%	68,000,708	2	4.3%
Sandvik, Inc.....	17,125,189	4	1.8%	49,305,583	3	3.1%
Tanger Piedmont, LLC.....	(2)		-	34,813,065	4	2.2%
Mebane Packaging / Meadwestvaco						
Healthcare Packaging.....	11,276,076	8	-	21,569,012	5	1.4%
Armacell LLC / Armstrong.....	11,241,873	9	-	20,656,625	6	1.3%
Carden Place Investors, LLC.....	(2)		-	16,868,033	7	1.1%
Wal-Mart.....	(2)		-	16,372,001	8	1.0%
Nypro.....	(2)		-	13,930,219	9	0.9%
Spring Forest Spe 5, LLC.....	(2)		-	13,251,550	10	0.8%
Oakland/Quaker Creek.....	16,386,300	5	1.7%	(2)		-
Madison River / Mebtel.....	33,752,426	3	3.6%	(2)		-
Walter Kidde / HKID 42.....	13,403,635	7	1.4%	(2)		-
WCL One / Five / Six LLC.....	10,918,391	10	1.2%	(2)		-
A.O. Smith Corporation.....	16,030,034	6	1.7%	(2)		-
Total.....	<u>\$278,024,344</u>		<u>29.3%</u>	<u>\$356,399,674</u>		<u>22.7%</u>

**Source:**

Alamance County Tax Department.

**Notes:**

<sup>(1)</sup> Assessed valuation represents taxes assessed and due in the fiscal year ended June 30, 2013.

<sup>(2)</sup> Not within top ten ranking.

**City of Mebane, North Carolina  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

**Table 8**

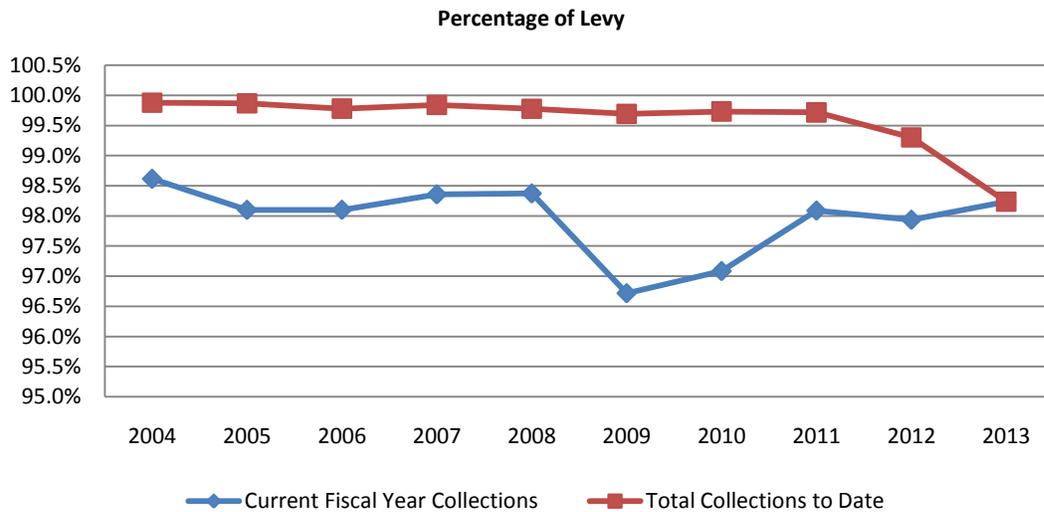
<u>Fiscal Year</u>	<u>Fiscal Year of the Levy</u>			<u>Total Collections to Date</u>		
	<u>Taxes Levied for the Fiscal</u>		<u>Percentage of Levy</u>	<u>Collections in Subsequent</u>		<u>Percentage of Levy</u>
	<u>Year <sup>(1)</sup></u>	<u>Amount</u>		<u>Years</u>	<u>Amount</u>	
2004.....	\$ 4,450,613	\$ 4,388,980	98.6%	\$ 56,186	\$ 4,445,166	99.9%
2005.....	4,622,288	4,534,458	98.1%	81,759	4,616,217	99.9%
2006.....	4,928,078	4,834,477	98.1%	82,742	4,917,219	99.8%
2007.....	5,394,461	5,305,833	98.4%	80,114	5,385,947	99.8%
2008.....	5,777,291	5,683,257	98.4%	81,161	5,764,418	99.8%
2009.....	6,221,517	6,017,237	96.7%	185,132	6,202,369	99.7%
2010.....	6,416,271	6,229,142	97.1%	169,952	6,399,094	99.7%
2011.....	6,517,986	6,393,383	98.1%	106,169	6,499,552	99.7%
2012.....	7,062,935	6,917,103	97.9%	96,564	7,013,667	99.3%
2013.....	7,354,497	7,224,810	98.2%	-	7,224,810	98.2%

**Sources:**

Alamance County Tax Department.

**Notes:**

<sup>(1)</sup> Taxes levied for the fiscal year are not adjusted for discoveries in subsequent years but their collection is included in the total collections to date for the year in which they would have been levied.



**City of Mebane, North Carolina**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

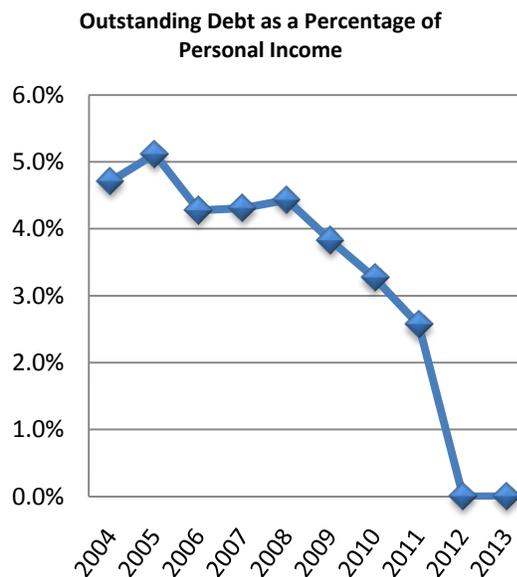
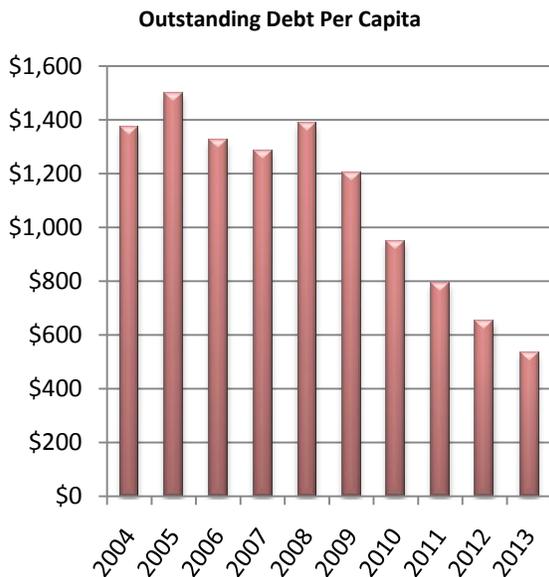
**Table 9**

Fiscal Year	Governmental Activities		Business-type Activities		Total	Percentage of	
	Installment Financing <sup>(2)</sup>	General Obligation Bonds	Installment Financing <sup>(2)</sup>	Personal Income <sup>(1)</sup>		Per Capita <sup>(1)</sup>	
2004.....	\$ 3,622,361	\$ 1,410,000	\$ 5,848,216	\$ 10,880,577	4.7%	\$ 1,372	
2005.....	5,391,276	1,330,000	5,415,002	12,136,278	5.1%	1,498	
2006.....	4,766,728	1,250,000	4,969,511	10,986,239	4.3%	1,324	
2007.....	4,124,561	1,165,000	6,511,852	11,801,413	4.3%	1,285	
2008.....	6,664,343	1,075,000	5,907,970	13,647,313	4.4%	1,386	
2009.....	5,875,201	980,000	5,291,319	12,146,520	3.8%	1,202	
2010.....	5,177,565	885,000	4,751,940	10,814,505	3.3%	949	
2011.....	4,469,919	785,000	4,102,225	9,357,144	2.6%	792	
2012.....	3,856,669	680,000	3,437,758	7,974,427	N/A	650	
2013.....	3,430,002	570,000	2,758,161	6,758,163	N/A	533	

**Notes:**

<sup>(1)</sup> See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the calendar year.

<sup>(2)</sup> Details regarding outstanding debt can be found in the notes to the financial statements.



**City of Mebane, North Carolina**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

**Table 10**

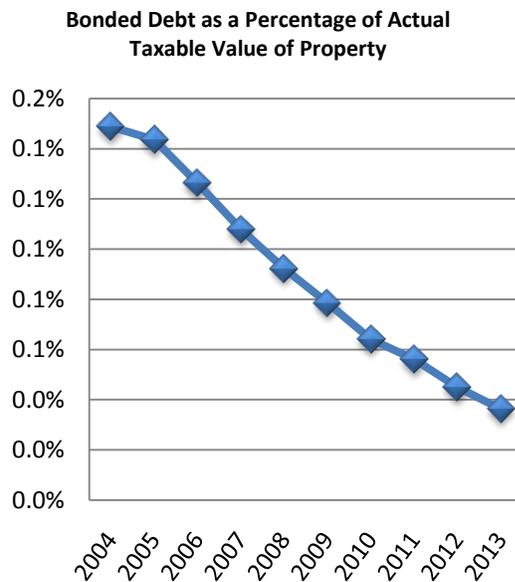
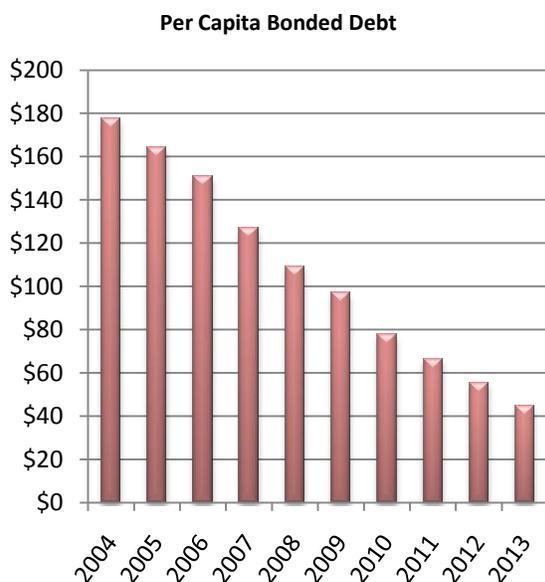
<u>Fiscal Year</u>	<u>General Bonded Debt</u>	<u>Percentage of Actual</u>	
		<u>Taxable Value of Property</u> <sup>(1)</sup>	<u>Per Capita Bonded Debt</u> <sup>(2)</sup>
2004.....	\$ 1,410,000	0.15%	\$ 178
2005.....	1,330,000	0.14%	164
2006.....	1,250,000	0.13%	151
2007.....	1,165,000	0.11%	127
2008.....	1,075,000	0.09%	109
2009.....	980,000	0.08%	97
2010.....	885,000	0.06%	78
2011.....	785,000	0.06%	66
2012.....	680,000	0.04%	55
2013.....	570,000	0.04%	45

**Notes:**

<sup>(1)</sup> See Table 5 for Assessed Value of Taxable Property.

<sup>(2)</sup> See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the calendar year.

<sup>(3)</sup> Details regarding outstanding debt can be found in the notes to the financial statements.



**City of Mebane, North Carolina**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2013**

**Table 11**

<u>Governmental Unit</u>	<u>Debt</u> <u>Outstanding</u>	<u>Estimated</u> <u>Percentage</u> <u>Applicable</u> <sup>(1)</sup>	<u>Estimated</u> <u>Share of Direct</u> <u>and</u> <u>Overlapping</u> <u>Debt</u>
Alamance County general obligation debt.....	\$ 50,680,000	10.9%	\$ 5,515,320
Orange County general obligation debt.....	86,205,000	1.5%	<u>1,305,244</u>
Subtotal, overlapping debt.....			6,820,564
City of Mebane debt.....			<u>3,430,002</u>
Total direct and overlapping debt.....			<u>\$ 10,250,566</u>

**Sources:**

Alamance and Orange County debt outstanding provided by Alamance and Orange Counties.

**Notes:**

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

<sup>(1)</sup> For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City of Mebane's boundaries and dividing it by each unit's total taxable assessed value. Taxable assessed property values as of June 30, 2013 were used to determine the overlapping debt percentage.

**City of Mebane, North Carolina  
 Legal Debt Margin Information  
 Last Ten Fiscal Years**

**Table 12**

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt</u>		<u>Legal Debt Margin as a</u>	
		<u>Limit</u>	<u>Applicable to</u>	<u>Legal Debt</u>	<u>Percent of Debt</u>
2004.....	\$ 75,842,502	\$ 6,023,195	69,819,307	92.1%	
2005.....	74,105,360	12,313,231	61,792,129	83.4%	
2006.....	79,219,265	11,162,551	68,056,714	85.9%	
2007.....	86,396,892	12,006,051	74,390,841	86.1%	
2008.....	93,268,320	10,700,374	82,567,946	88.5%	
2009.....	99,822,667	12,393,747	87,428,920	87.6%	
2010.....	110,432,683	11,075,272	99,357,411	90.0%	
2011.....	111,935,028	9,660,046	102,274,982	91.4%	
2012.....	121,184,113	8,311,706	112,872,407	93.1%	
2013.....	125,629,798	7,112,016	118,517,782	94.3%	

**Notes:**

**Legal Debt Margin Calculation for Fiscal Year 2013:**

Assessed valuation.....	\$ 1,570,372,479
Statutory limit percentage.....	8.0%
Debt limit - 8.0% of assessed value.....	\$ 125,629,798
Gross debt:	
Total bonded debt.....	570,000
Authorized and unissued bonds.....	-
Lease financing agreements.....	6,188,166
Vacation payable.....	<u>353,850</u>
Total gross debt.....	7,112,016
Less: statutory deductions.....	<u>-</u>
Total amount of debt applicable to debt limit (net debt).....	<u>7,112,016</u>
<b>Legal Debt Margin.....</b>	<b><u>\$ 118,517,782</u></b>

**City of Mebane, North Carolina**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

**Table 13**

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income</u> <sup>(1)</sup>	<u>Per Capita Income</u> <sup>(1)</sup>	<u>Median Age</u> <sup>(2)</sup>	<u>Unemployment Rate</u>
2004.....	7,930	\$ 230,894,904	29,361	34.7	4.4%
2005.....	8,100	237,210,090	29,913	34.9	4.0%
2006.....	8,296	257,029,200	31,732	35.1	3.9%
2007.....	9,187	273,942,216	33,021	35.3	4.1%
2008.....	9,848	307,984,988	33,524	35.4	4.5%
2009.....	10,106	317,755,568	32,266	35.6	8.1%
2010.....	11,393	331,334,588	34,410	35.8	7.9%
2011.....	11,820	364,813,073	36,011	36.2	7.1%
2012.....	12,265	N/A	N/A	35.9	6.5%
2013.....	12,685	N/A	N/A	36.2	6.2%

**Sources:**

Population-NC Office of Budget & Management. Estimate as of beginning of fiscal year.

Personal & Per Capita Income - US Bureau of Economic Analysis.

Median Age - US Census Bureau, decennial Census.

Unemployment Rate - US Census Bureau (American Community Survey) and the Employment Security Commission of NC.

**Notes:**

<sup>(1)</sup> These data variables are not published annually for municipalities. This data was estimated using the ratio of Mebane to Alamance County from the 2000 Census and the 2005-2009 American Community Survey. That ratio was then applied back to annual county level data to estimate the data for the City of Mebane.

<sup>(2)</sup> Annual data on median age for Mebane is not available. Estimates are based on trend analysis between 2000 and 2010 median age figures for the City from the US Census Bureau, decennial census of population & housing.

**City of Mebane, North Carolina  
Principal Employers  
Current Year and Nine Years Ago**

**Table 14**

<u>Employer</u>	<u>2013</u>			<u>2004</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Employment</u>
GKN.....	500	1	8.0%	800	2	19.6%
Meadwestvaco Healthcare Packaging.....	400	2	6.4%	350	5	8.6%
AKG of America.....	350	3	5.6%	93	10+	2.3%
General Electric.....	315	4	5.0%	950	1	23.2%
Sports Endeavors Inc.....	311	5	4.9%	-	-	-
Liggett Group LLC.....	299	6	4.8%	-	-	-
Armacell.....	250	7	4.0%	-	-	-
Nypro.....	250	8	4.0%	-	-	-
Kingsdown.....	150	9	2.4%	200	8	4.9%
Kidde.....	114	10	1.8%	270	6	6.6%
A.O. Smith Electrical Components.....	-	-	-	500	3	12.2%
Alphabet Inc.....	-	-	-	400	4	9.8%
Royal Home Fashions.....	-	-	-	265	7	6.5%
Dixie Yarns Inc.....	-	-	-	148	8	3.6%
Armstrong World Industries.....	-	-	-	-	9	-
Tri-Star Hosier Mills Inc.....	-	-	-	-	10	-
<b>Total.....</b>	<b><u>2,939</u></b>		<b><u>46.8%</u></b>	<b><u>3,976</u></b>		<b><u>97.2%</u></b>

**Sources:**

Alamance County Area Chamber of Commerce, October 2013.

**Notes:**

GASB 44 requires comparative data for the current calendar year and nine years prior. Census data for 2000 and 2010 were used to estimate 2004 and 2013 total employment in order to compute percentage of employment.

**City of Mebane, North Carolina**  
**Full-time-Equivalent Employees by Function**  
**Last Ten Fiscal Years**

**Table 15**

<b>Function / Department</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>General Government:</b>										
Mayor & City Council.....	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
City Manager.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Finance & City Clerk.....	3.0	3.0	3.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0
Tax Collector.....	1.0	1.0	2.0	1.0	1.0	1.0	2.0	2.0	2.0	1.0
City Attorney.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Public Buildings.....	2.0	2.0	1.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
<b>Public Safety:</b>										
Police Department.....	19.0	25.0	24.0	24.0	24.0	24.0	26.0	30.0	30.0	31.0
Fire Department.....	10.0	11.0	11.0	12.0	11.0	14.0	15.0	15.0	16.0	16.0
Inspections.....	1.0	2.0	1.0	1.0	1.0	1.0	4.0	4.0	3.0	3.0
Public Works.....	4.0	4.0	5.0	5.0	4.0	5.0	4.0	5.0	5.0	5.0
<b>Transportation:</b>										
Streets.....	5.0	4.0	5.0	7.0	7.0	7.0	7.0	6.0	7.0	9.0
<b>Environmental Protection:</b>										
Sanitation.....	3.0	4.0	5.0	5.0	5.0	6.0	6.0	5.0	5.0	4.0
<b>Culture and Recreation:</b>										
Recreation.....	5.0	5.0	5.0	5.0	5.0	5.0	4.0	5.0	5.0	5.0
Arts and Community Center.....	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0
<b>Water and Sewer Administration:</b>										
Billing and Metering.....	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<b>Water Treatment and Distribution:</b>										
Water distribution and maintenance.....	3.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.0
<b>Waste Collection and Treatment:</b>										
Pretreatment - industrial monitoring.....	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.0	1.0	1.0
Wastewater Treatment Plant.....	3.0	4.0	4.0	3.0	4.0	4.0	4.0	6.0	6.0	5.0
Laboratory.....	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.0	1.0	1.0
Sewer mains and lift stations.....	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
<b>Total.....</b>	<b>76.0</b>	<b>85.0</b>	<b>85.0</b>	<b>88.0</b>	<b>87.0</b>	<b>92.0</b>	<b>97.0</b>	<b>104.0</b>	<b>105.0</b>	<b>104.0</b>

**Notes:**

A full-time employee is scheduled to work 2,080 hours per year (including vacation and sick leave).  
Full-time-equivalent employment is calculated by dividing total labor hours by 2,080.

**City of Mebane, North Carolina  
Operating Indicators by Function  
Last Ten Fiscal Years**

**Table 16**

<u>Function</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012</u>	<u>2013</u>
<b>General Government</b>										
Finance Department										
Vendor checks issued.....	NA	NA	NA	2,528	2,466	2,423	2,509	1,545	2,675	3,003
Human Resources										
Workers' compensation lost time (days).....	-	20	287	2	2	4	-	2	155	52
Employee turnover rate.....	10%	10%	13%	21%	14%	9%	8%	6%	3%	7%
<b>Public Safety</b>										
Fire Protection										
Incident calls.....	1,424	1,552	1,790	1,743	1,905	1,841	1,775	873	1,812	732
Structure fires.....	46	47	56	63	69	80	67	37	168	303
Inspections.....	NA	92	90	203	138	121	1,009	442	103	177
Child passenger seat inspections.....	120	87	89	108	78	105	157	49	197	242
Police Protection										
Physical arrests.....	339	322	400	410	430	459	457	240	552	653
Citations issued.....	1,134	1,206	1,388	1,644	2,128	1,388	960	544	1,073	1,489
Response to calls/officer initiated activity.....	3,597	7,776	9,832	9,560	10,378	9,672	8,470	5,625	13,163	15,363
Traffic accidents.....	132	300	409	410	436	428	471	198	593	583
Inspections										
Residential inspections conducted.....	NA	NA	NA	2,979	1,851	2,648	3,549	2,722	3,247	3,460
Commercial inspections conducted.....	NA	NA	NA	1,158	1,134	883	1,001	724	490	332
Total inspections conducted.....	<u>2,895</u>	<u>3,886</u>	<u>6,581</u>	<u>4,137</u>	<u>2,985</u>	<u>3,531</u>	<u>4,550</u>	<u>3,446</u>	<u>3,737</u>	<u>3,792</u>
Certificates of occupancy issued.....	132	196	227	212	100	171	171	74	136	125
<b>Transportation</b>										
Street resurfacing (miles).....	2.06	1.25	0.86	1.19	2.15	0.85	1.20	1.48	3.19	0.54
<b>Environmental Protection</b>										
Refuse collected (tons annually).....	2,585	2,691	2,754	2,963	3,024	3,072	3,126	NA	3,200	3,267
Homes receiving service.....	2,703	2,946	3,240	3,538	3,785	4,031	4,088	NA	4,581	4,522
Recyclables collected (tons annually).....	553	603	619	735	NA	707	724	NA	946	1,063
<b>Economic &amp; Physical Development</b>										
Building permits issued.....	996	1,282	1,715	1,670	1,132	1,195	1,771	455	245	277
<b>Cultural &amp; Recreation</b>										
Recreation										
Athletics participants.....	1,248	2,126	2,296	2,399	2,661	2,909	NA	NA	2,458	3,140
<b>Water Distribution</b>										
Accounts.....	2,930	3,156	3,346	3,588	3,799	3,905	4,007	4,174	4,302	4,454
Average daily consumption (mgd).....	0.884	0.894	1.128	1.285	1.201	1.161	1.257	1.321	1.150	1.290
<b>Wastewater Treatment</b>										
Accounts.....	2,589	2,816	2,947	3,171	3,382	3,546	3,674	3,836	3,974	4,125
Average daily treatment (mgd).....	0.997	0.958	0.963	0.980	1.080	1.120	1.093	1.082	1.000	1.100

**Sources:**

Various City departments

**Notes:**

"NA" indicates "not available"

\*As of June 30, 2011

**City of Mebane, North Carolina**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

**Table 17**

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Public Safety</b>										
Fire Protection										
Stations.....	2	2	2	2	2	2	2	2	2	2
Fire trucks.....	11	13	12	13	12	12	12	11	12	12
Police Protection										
Stations.....	1	1	1	1	1	1	1	1	1	1
Patrol units.....	NA	11	11	13	16	19	22	27	30	32
<b>Transportation</b>										
Miles of streets.....	38.8	40.7	43.2	45.6	46.7	48.0	48.8	50.4	51.0	52.2
Maintenance vehicles.....	NA	NA	NA	NA	NA	NA	93	93	58	56
Brick sidewalks (linear feet).....	NA	NA	NA	NA	NA	NA	25.3	38.2	42.9	43.0
<b>Environmental Protection</b>										
Refuse collection trucks.....	NA	NA	NA	NA	NA	NA	6	6	5	5
<b>Economic &amp; Physical Development</b>										
Storm water drainage areas.....	NA									
<b>Cultural &amp; Recreation</b>										
Number of parks .....	5	5	6	6	6	6	6	6	6	6
Park acreage.....	255	255	275	275	275	275	275	275	275	275
Trails (miles).....	2.5	2.5	2.5	2.5	3	3	3	3	3	3
Playgrounds.....	5	5	5	5	5	5	5	5	5	5
Baseball/softball diamonds.....	6	6	6	6	6	6	6	6	6	6
Soccer fields.....	4	4	8	8	8	8	8	8	10	10
<b>Water and Sewer</b>										
Miles of gravity sewer lines.....	NA	NA	NA	NA	NA	NA	81.8	81.8	88.1	88.7
Miles of water lines.....	NA	NA	NA	NA	NA	NA	91.6	91.6	100.1	103.1
Miles of sewer force mains.....	NA	NA	NA	NA	NA	NA	16.5	16.5	17.3	18.7
Miles of storm sewer.....	NA	NA	NA	NA	NA	NA	55.9	55.9	57.0	57.0

**Source:**

Various City departments

**Notes:**

"NA" indicates "not available"





**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 City Council  
City of Mebane, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mebane, North Carolina, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprises the City of Mebane's basic financial statements, and have issued our report thereon dated October 31, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Mebane's internal control over financial reporting (internal control) to determine the 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 City of Mebane's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency to be a material weakness.

Comment

During our audit process, it was noted that the individual responsible for processing and recording payroll also reconciles the payroll checking account. We also noted that the individual responsible for processing and recording operating disbursements also reconciles the operations checking account.

Recommendation

We suggest that a better control structure be implemented whereby the bank reconciliation functions for payroll and operating disbursements are segregated and performed by individuals separate from the related processing and recording functions. Further, we suggest that a member of management review the bank reconciliations for any unusual items, investigate and fully resolve any such items, and document his or her approval by initialing the form.

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. We consider the deficiency described below to be a significant deficiency.

**Comment**

During our analysis of accounts receivable, we noted a continued issue with collections on outstanding balances. Although steps have been taken to improve past due collections, we noted that several accounts were more than sixty (60) days past due while the customer retained the City services.

**Recommendation**

We recommend that the City continue to enforce its service cut-off policies for past due accounts. We further recommend that a monitoring control be put into place whereby past due reports are utilized, on a timely basis, to detect customers with non-payment issues and to prevent the allowance of continued services for these customers who are past due on their accounts.

Further, we noted certain other less significant matters that we reported to management of the City of Mebane, in a separate letter dated October 31, 2013.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Mebane's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

  
\_\_\_\_\_  
Certified Public Accountants

October 31, 2013